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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2021

or

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

For the transition period from to

Commission file number 001-38142

DELEK US HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**35-2581557**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

7102 Commerce Way	**Brentwood Tennessee**	**37027**
(Address of principal executive offices)		*(Zip Code)*

(615) 771-6701

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value $0.01	DK	New York Stock Exchange

At April 30, 2021, there were 73,875,724 shares of common stock, $0.01 par value, outstanding (excluding securities held by, or for the account of, the Company or its subsidiaries).

Delek US Holdings, Inc.

Quarterly Report on Form 10-Q
For the Quarterly Period Ended March 31, 2021

Part I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Delek US Holdings, Inc.

Condensed Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 793.5	$ 787.5
Accounts receivable, net	720.2	527.9
Inventories, net of inventory valuation reserves	1,034.6	727.7
Other current assets	358.2	256.4
Total current assets	2,906.5	2,299.5
Property, plant and equipment:		
Property, plant and equipment	3,580.7	3,519.5
Less: accumulated depreciation	(1,212.9)	(1,152.3)
Property, plant and equipment, net	2,367.8	2,367.2
Operating lease right-of-use assets	174.1	182.0
Goodwill	729.7	729.7
Other intangibles, net	106.9	107.8
Equity method investments	360.2	363.6
Other non-current assets	98.8	84.3
Total assets	$ 6,744.0	$ 6,134.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,353.6	$ 1,144.0
Current portion of long-term debt	13.4	33.4
Obligation under Supply and Offtake Agreements	125.0	129.2
Current portion of operating lease liabilities	47.5	50.2
Accrued expenses and other current liabilities	961.8	546.4
Total current liabilities	2,501.3	1,903.2
Non-current liabilities:		
Long-term debt, net of current portion	2,354.4	2,315.0
Obligation under Supply and Offtake Agreements	287.1	224.9
Environmental liabilities, net of current portion	107.0	107.4
Asset retirement obligations	37.8	37.5
Deferred tax liabilities	258.5	255.5
Operating lease liabilities, net of current portion	125.9	131.8
Other non-current liabilities	43.1	33.7
Total non-current liabilities	3,213.8	3,105.8
Stockholders' equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.01 par value, 110,000,000 shares authorized, 91,450,724 shares and 91,356,868 shares issued at March 31, 2021 and December 31, 2020, respectively	0.9	0.9
Additional paid-in capital	1,188.6	1,185.1
Accumulated other comprehensive loss	(7.4)	(7.2)
Treasury stock, 17,575,527 shares, at cost, as of March 31, 2021 and December 31, 2020, respectively	(694.1)	(694.1)
Retained earnings	423.2	522.0
Non-controlling interests in subsidiaries	117.7	118.4
Total stockholders' equity	1,028.9	1,125.1
Total liabilities and stockholders' equity	$ 6,744.0	$ 6,134.1

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.

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

	Three Months Ended March 31,	
	2021	2020
Net revenues	$ 2,392.2	$ 1,821.2
Cost of sales:		
Cost of materials and other	2,205.5	1,910.6
Operating expenses (excluding depreciation and amortization presented below)	128.0	129.2
Depreciation and amortization	62.3	47.0
Total cost of sales	2,395.8	2,086.8
Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	21.3	25.3
General and administrative expenses	47.1	65.7
Depreciation and amortization	6.2	5.6
Other operating loss (income), net	1.9	(0.7)
Total operating costs and expenses	2,472.3	2,182.7
Operating loss	(80.1)	(361.5)
Interest expense	29.6	36.3
Interest income	(0.2)	(1.7)
Income from equity method investments	(4.8)	(5.1)
Other income, net	(1.0)	(0.9)
Total non-operating expense, net	23.6	28.6
Loss before income tax benefit	(103.7)	(390.1)
Income tax benefit	(12.4)	(83.1)
Net loss	(91.3)	(307.0)
Net income attributed to non-controlling interests	7.3	7.4
Net loss attributable to Delek	$ (98.6)	$ (314.4)
Basic loss per share	$ (1.34)	$ (4.28)
Diluted loss per share	$ (1.34)	$ (4.28)
Dividends declared per common share outstanding	$ —	$ 0.31

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2021	2020
Net loss	$ (91.3)	$ (307.0)
Other comprehensive income (loss):		
Commodity contracts designated as cash flow hedges:		
Net (loss) gain related to commodity cash flow hedges	(0.2)	1.8
Income tax expense	—	0.4
Net comprehensive (loss) income on commodity contracts designated as cash flow hedges	(0.2)	1.4
Other loss, net of taxes	—	(0.3)
Total other comprehensive (loss) gain	(0.2)	1.1
Comprehensive loss	(91.5)	(305.9)
Comprehensive income attributable to non-controlling interest	7.3	7.4
Comprehensive loss attributable to Delek	$ (98.8)	$ (313.3)

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
(In millions, except share and per share data)

	Three Months Ended March 31, 2021								
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock		Non-Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance at December 31, 2020	91,356,868	$ 0.9	$ 1,185.1	$ (7.2)	$ 522.0	(17,575,527)	$ (694.1)	$ 118.4	$ 1,125.1
Net (loss) income	—	—	—	—	(98.6)	—	—	7.3	(91.3)
Other comprehensive loss related to commodity contracts, net	—	—	—	(0.2)	—	—	—	—	(0.2)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(8.0)	(8.0)
Equity-based compensation expense	—	—	4.6	—	—	—	—	—	4.6
Taxes paid due to the net settlement of equity-based compensation	—	—	(1.1)	—	—	—	—	—	(1.1)
Exercise of equity-based awards	93,856	—	—	—	—	—	—	—	—
Other	—	—	—	—	(0.2)	—	—	—	(0.2)
Balance at March 31, 2021	91,450,724	$ 0.9	$ 1,188.6	$ (7.4)	$ 423.2	(17,575,527)	$ (694.1)	$ 117.7	$ 1,028.9

Delek US Holdings, Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited) (Continued)
(In millions, except share and per share data)

	Three Months Ended March 31, 2020								
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Stock		Non-Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance at December 31, 2019	90,987,025	$ 0.9	$ 1,151.9	$ 0.1	$ 1,205.6	(17,516,814)	$ (692.2)	$ 169.0	$ 1,835.3
Cumulative effect of adopting accounting principle regarding measurement of credit losses on financial instruments, net	—	—	—	—	(6.5)	—	—	—	(6.5)
Net (loss) income	—	—	—	—	(314.4)	—	—	7.4	(307.0)
Other comprehensive income related to commodity contracts, net	—	—	—	1.4	—	—	—	—	1.4
Common stock dividends ($0.31 per share)	—	—	—	—	(23.1)	—	—	—	(23.1)
Distribution to non-controlling interest	—	—	—	—	—	—	—	(8.6)	(8.6)
Equity-based compensation expense	—	—	6.2	—	—	—	—	0.1	6.3
Repurchase of common stock	—	—	—	—	—	(58,713)	(1.9)	—	(1.9)
Repurchases of non-controlling interests	—	—	—	—	—	—	—	(5.0)	(5.0)
Taxes paid due to the net settlement of equity-based compensation	—	—	(0.7)	—	—	—	—	—	(0.7)
Exercise of equity-based awards	102,895	—	—	—	—	—	—	—	—
Other	—	—	—	(0.3)	—	—	—	—	(0.3)
Balance at March 31, 2020	91,089,920	$ 0.9	$ 1,157.4	$ 1.2	$ 861.6	(17,575,527)	$ (694.1)	$ 162.9	$ 1,489.9

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2021	**2020**
Cash flows from operating activities:		
Net loss	$ (91.3)	$ (307.0)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	68.5	52.6
Other amortization/accretion	3.0	2.2
Non-cash lease expense	15.3	13.3
Deferred income taxes	5.1	(24.5)
Income from equity method investments	(4.8)	(5.1)
Dividends from equity method investments	5.7	4.9
Non-cash lower of cost or market/net realizable value adjustment	(20.4)	280.8
Equity-based compensation expense	4.6	6.3
Other	0.9	1.1
Changes in assets and liabilities:		
Accounts receivable	(192.3)	351.6
Inventories and other current assets	(304.2)	250.9
Fair value of derivatives	(91.9)	(36.1)
Accounts payable and other current liabilities	524.5	(546.3)
Obligation under Supply and Offtake Agreements	51.6	(199.9)
Non-current assets and liabilities, net	(8.6)	1.1
Net cash used in operating activities	(34.3)	(154.1)
Cash flows from investing activities:		
Equity method investment contributions	(1.5)	(27.1)
Distributions from equity method investments	4.0	69.4
Purchases of property, plant and equipment	(48.3)	(189.2)
Purchase of intangible assets	(0.5)	—
Proceeds from sale of property, plant and equipment	0.2	0.3
Net cash used in investing activities	(46.1)	(146.6)

Delek US Holdings, Inc.

Condensed Consolidated Statements of Cash Flows (Unaudited) (continued)
(In millions)

	Three Months Ended March 31,	
	2021	**2020**
Cash flows from financing activities:		
Proceeds from long-term revolvers	$ 609.0	$ 1,230.2
Payments on long-term revolvers	(568.1)	(1,053.5)
Payments on term debt	(23.3)	(27.9)
Proceeds from product financing agreements	277.2	42.0
Repayments of product financing agreements	(199.3)	(21.0)
Taxes paid due to the net settlement of equity-based compensation	(1.1)	(0.7)
Repurchase of common stock	—	(1.9)
Repurchase of non-controlling interest	—	(5.0)
Distribution to non-controlling interest	(8.0)	(8.6)
Dividends paid	—	(23.1)
Deferred financing costs paid	—	(0.2)
Net cash provided by financing activities	86.4	130.3
Net increase (decrease) in cash and cash equivalents	6.0	(170.4)
Cash and cash equivalents at the beginning of the period	787.5	955.3
Cash and cash equivalents at the end of the period	$ 793.5	$ 784.9
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of capitalized interest of $0.4 million and $0.2 million in the 2021 and 2020 periods, respectively	$ 142.1	$ 32.2
Income taxes	$ 0.1	$ 0.2
Non-cash investing activities:		
Increase in accrued capital expenditures	$ 18.8	$ 1.1
Non-cash financing activities:		
Non-cash lease liability arising from obtaining right of use assets during the period	$ 19.6	$ 6.8

See accompanying notes to condensed consolidated financial statements

Note 1 - Organization and Basis of Presentation

Delek US Holdings, Inc. operates through its consolidated subsidiaries, which include Delek US Energy, Inc. ("Delek Energy") (and its subsidiaries) and Alon USA Energy, Inc. ("Alon") (and its subsidiaries). The terms "we," "our," "us," "Delek" and the "Company" are used in this report to refer to Delek and its consolidated subsidiaries. Delek's Common Stock is listed on the New York Stock Exchange ("NYSE") under the symbol "DK."

Our condensed consolidated financial statements include the accounts of Delek and its subsidiaries. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") have been condensed or omitted, although management believes that the disclosures herein are adequate to make the financial information presented not misleading. Our unaudited condensed consolidated financial statements have been prepared in conformity with GAAP applied on a consistent basis with those of the annual audited consolidated financial statements included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2021 (the "Annual Report on Form 10-K") and in accordance with the rules and regulations of the SEC. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2020 included in our Annual Report on Form 10-K.

Our condensed consolidated financial statements include Delek Logistics Partners, LP ("Delek Logistics", NYSE:DKL), which is a variable interest entity ("VIE"). As the indirect owner of the general partner of Delek Logistics, we have the ability to direct the activities of this entity that most significantly impact its economic performance. We are also considered to be the primary beneficiary for accounting purposes for this entity and are Delek Logistics' primary customer. As Delek Logistics does not derive an amount of gross margin material to us from third parties, there is limited risk to Delek associated with Delek Logistics' operations. However, in the event that Delek Logistics incurs a loss, our operating results will reflect such loss, net of intercompany eliminations, to the extent of our ownership interest in this entity.

In the opinion of management, all adjustments necessary for a fair presentation of the financial condition and the results of operations for the interim periods have been included. All significant intercompany transactions and account balances have been eliminated in consolidation. All adjustments are of a normal, recurring nature. Operating results for the interim period should not be viewed as representative of results that may be expected for any future interim period or for the full year.

Accounting Policies

With the exception of the policy updates below, there have been no new or material changes to the significant accounting policies discussed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Risks and Uncertainties Arising from the COVID-19 Pandemic

The outbreak of COVID-19 and its development into a pandemic in March 2020 (the "COVID-19 Pandemic" or the "Pandemic") continues to have an on-going impact. The restrictions imposed to prevent its spread, the challenges with the vaccination rollout, and the spread of new variants of the virus, continue to cause significant economic disruption globally, including in the U.S. and specific geographic areas where we operate. Compared to the prior year, the first quarter of 2021 has witnessed economic recovery trends including a resumption of flights by major airlines and increased motor vehicle use. As a result, there has also been an increase in the demand for, and thus also the market prices of, crude oil and certain of our products. Uncertainty about the duration of the COVID-19 Pandemic has caused storage constraints in the United States resulting from over-supply of produced oil. Therefore, downward pressure on commodity prices could exist for the foreseeable future.

Uncertainties related to the impact of the COVID-19 Pandemic and other events exist that could impact our future results of operations and financial position, the nature of which and the extent to which are currently unknown. To the extent these uncertainties have been identified and are believed to have an impact on our current period results of operations or financial position based on the requirements for assessing such financial statement impact under GAAP, we have considered them in the preparation of our unaudited financial statements as of and for the three months ended March 31, 2021. The application of accounting policies impacted by such considerations include (but are not necessarily limited to) the following:

- The interim evaluation of indefinite-lived intangibles and goodwill for potential impairment, where indicators exist, as defined by GAAP;
- The interim evaluation of long-lived assets for potential impairment, where indicators exist, as defined by GAAP;
- The interim evaluation of joint ventures for potential impairment, where indicators exist, as defined by GAAP;
- The evaluation of derivatives and hedge accounting for counterparty risk and changes in forecasted transactions, as provided for under GAAP;
- The evaluation of inventory valuation allowances that may be warranted under the lower of cost or net realizable value analysis, for first-in, first-out (“FIFO”), and the lower of cost or market analysis, for last-in, first-out ("LIFO"), pursuant to GAAP;

- The consideration of debt modifications and/or covenant requirements, as applicable;
- The evaluation of commitments and contingencies, including changes in concentrations, as applicable;
- The interim evaluation of the impact of changing forecasts on our assessment of deferred tax asset valuation allowances and annual effective tax rates; and
- The interim evaluation of our ability to continue as a going concern.

Reclassifications

Certain prior period amounts have been reclassified in order to conform to the current period presentation.

New Accounting Pronouncements Adopted During 2021

ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815

In January 2020, the Financial Account Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-01 which is intended to clarify interactions between the guidance to account for certain equity securities under Topics 321, 323 and 815, and improve current GAAP by reducing diversity in practice and increasing comparability of accounting. The pronouncement is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2020. We adopted this guidance on January 1, 2021 and the adoption did not have a material impact on our business, financial condition or results of operations.

ASU 2019-12, Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued guidance intended to simplify various aspects related to accounting for income taxes, eliminate certain exceptions within Accounting Standards Codification ("ASC") 740, *Income Taxes* (“ASC 740”) and clarify certain aspects of the current guidance to promote consistency among reporting entities. The pronouncement is effective for fiscal years and for interim periods within those fiscal years beginning after December 15, 2020. We adopted this guidance on January 1, 2021 and the adoption did not have a material impact on our business, financial condition or results of operations.

ASU 2018-14, Compensation - Changes to the Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB issued guidance related to disclosure requirements for defined benefit plans. The pronouncement eliminates, modifies and adds disclosure requirements for defined benefit plans. The pronouncement is effective for fiscal years beginning after December 15, 2020. We adopted this guidance on January 1, 2021 and the adoption did not have a material impact on our business, financial condition or results of operations.

Accounting Pronouncements Not Yet Adopted

ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity

In August 2020, the FASB issued ASU 2020-06, which is intended to simplify the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. The guidance allows for either full retrospective adoption or modified retrospective adoption. The pronouncement is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2021, and early adoption is permitted. The Company is evaluating the impact of this guidance but does not currently expect adopting this new guidance will have a material impact on its condensed consolidated financial statements and related disclosures.

ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848)

In March 2020, the FASB issued an amendment which is intended to provide temporary optional expedients and exceptions to GAAP guidance on contracts, hedge accounting and other transactions affected by the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank rates. This guidance is effective for all entities at any time beginning on March 12, 2020 through December 31, 2022 and may be applied from the beginning of an interim period that includes the issuance date of the ASU. The Company is currently evaluating the impact this guidance may have on its condensed consolidated financial statements and related disclosures.

Note 2 - Segment Data

We aggregate our operating units into three reportable segments: Refining, Logistics, and Retail. Operations that are not specifically included in the reportable segments are included in Corporate, Other and Eliminations, which consist of the following:

- our corporate activities;
- results of certain immaterial operating segments, including our Canadian crude trading operations (as discussed in Note 9);

- wholesale crude operations;
- Alon's asphalt terminal operations; and
- intercompany eliminations.

Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each of the reportable segments based on the segment contribution margin. Segment contribution margin is defined as net revenues less cost of materials and other and operating expenses, excluding depreciation and amortization.

Refining Segment

The refining segment processes crude oil and other feedstocks for the manufacture of transportation motor fuels, including various grades of gasoline, diesel fuel and aviation fuel, asphalt and other petroleum-based products that are distributed through owned and third-party product terminals. The refining segment has a combined nameplate capacity of 302,000 barrels per day ("bpd") as of March 31, 2021, including the following:

- 75,000 bpd Tyler, Texas refinery (the "Tyler refinery");
- 80,000 bpd El Dorado, Arkansas refinery (the "El Dorado refinery");
- 73,000 bpd Big Spring, Texas refinery (the "Big Spring refinery"); and
- 74,000 bpd Krotz Springs, Louisiana refinery (the "Krotz Springs refinery").

The refining segment also owns and operates three biodiesel facilities involved in the production of biodiesel fuels and related activities, located in Crossett, Arkansas, Cleburne, Texas and New Albany, Mississippi. The biodiesel industry has historically been substantially aided by federal and state tax incentives. One tax incentive program that has been significant to our renewable fuels facilities is the federal blender's tax credit (also known as the biodiesel tax credit or "BTC"). The BTC provides a $1.00 refundable tax credit per gallon of pure biodiesel to the first blender of biodiesel with petroleum-based diesel fuel. The blender's tax credit was re-enacted in December 2019 for the years 2020 through 2022.

On May 7, 2020, we sold our equity interests in Alon Bakersfield Property, Inc., an indirect wholly-owned subsidiary that owned our non-operating refinery located in Bakersfield, California, to a subsidiary of Global Clean Energy Holdings, Inc. (“GCE”) for total cash consideration of $40.0 million. As a result of this sale, we recognized a gain of $56.8 million during 2020, none of which was recognized during the first quarter, largely due to the buyer assuming substantially all of the asset retirement obligations and environmental liabilities associated with this refinery. As part of the transaction, GCE granted a call option to Delek to acquire up to a 33 1/3% limited member interest in the acquiring subsidiary of GCE for up to $13.3 million, subject to certain adjustments. Such option is exercisable by Delek through the 90th day after GCE demonstrates commercial operations, as contractually defined, which has not yet occurred as of March 31, 2021.

The refining segment's petroleum-based products are marketed primarily in the south central, southwestern and western regions of the United States. This segment also ships and sells gasoline into wholesale markets in the southern and eastern United States. Motor fuels are sold under the Alon or Delek brand through various terminals to supply Alon or Delek branded retail sites. In addition, Alon sells motor fuels through its wholesale distribution network on an unbranded basis.

Logistics Segment

Our logistics segment owns and operates crude oil and refined products logistics and marketing assets. The logistics segment generates revenue by charging fees for gathering, transporting and storing crude oil and for marketing, distributing, transporting and storing intermediate and refined products in select regions of the southeastern United States and West Texas for our refining segment and third parties, and sales of wholesale products in the West Texas market.

Retail Segment

Our retail segment consists of 253 owned and leased convenience store sites as of March 31, 2021, located primarily in Central and West Texas and New Mexico. These convenience stores typically offer various grades of gasoline and diesel primarily under the Alon or Delek brand name and food products, food service, tobacco products, non-alcoholic and alcoholic beverages, general merchandise as well as money orders to the public, primarily under the 7-Eleven and Alon brand names. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery, which is transferred to the retail segment at prices substantially determined by reference to published commodity pricing information. In November 2018, we terminated the license agreement with 7-Eleven, Inc. The terms of such agreement and subsequent amendments require the removal of all 7-Eleven branding on a store-by-store basis by December 31, 2023.

Significant Inter-segment Transactions

All inter-segment transactions have been eliminated in consolidation and consist primarily of the following:

- refining segment refined product sales to the retail segment to be sold through the store locations;

- refining segment sales of asphalt and refined product to entities included in corporate, other and eliminations;
- logistics segment service fee revenue under service agreements with the refining segment based on the number of gallons sold and to share a portion of the margin achieved in return for providing marketing, sales and customer services;
- logistics segment sales of wholesale finished product to our refining segment; and
- logistics segment crude transportation, terminalling and storage fee revenue from our refining segment for the utilization of pipeline, terminal and storage assets.

Business Segment Operating Performance

The following is a summary of business segment operating performance as measured by contribution margin for the period indicated (in millions):

	Three Months Ended March 31, 2021				
(In millions)	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding inter-segment fees and revenues)	$ 1,584.5	$ 56.7	$ 174.8	$ 576.2	$ 2,392.2
Inter-segment fees and revenues	155.6	96.2	—	(251.8)	—
Operating costs and expenses:					
Cost of materials and other	1,647.7	81.1	136.5	340.2	2,205.5
Operating expenses (excluding depreciation and amortization presented below)	113.6	14.1	21.4	0.2	149.3
Segment contribution margin	$ (21.2)	$ 57.7	$ 16.9	$ (16.0)	37.4
Depreciation and amortization	$ 52.1	$ 10.7	$ 3.2	$ 2.5	68.5
General and administrative expenses					47.1
Other operating expense, net					1.9
Operating loss					$ (80.1)
Capital spending (excluding business combinations)	$ 57.8	$ 7.8	$ 0.8	$ 0.6	$ 67.0

	Three Months Ended March 31, 2020				
	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding inter-segment fees and revenues)	$ 1,569.3	$ 56.8	$ 178.6	$ 16.5	$ 1,821.2
Inter-segment fees and revenues	158.6	106.6	—	(265.2)	—
Operating costs and expenses:					
Cost of materials and other	1,906.6	101.3	144.1	(241.4)	1,910.6
Operating expenses (excluding depreciation and amortization presented below)	111.7	14.8	22.2	5.8	154.5
Segment contribution margin	$ (290.4)	$ 47.3	$ 12.3	$ (13.1)	(243.9)
Depreciation and amortization	$ 37.2	$ 6.3	$ 2.9	$ 6.2	52.6
General and administrative expenses					65.7
Other operating income, net					(0.7)
Operating loss					$ (361.5)
Capital spending (excluding business combinations)	$ 168.1	$ 3.0	$ 6.2	$ 12.9	$ 190.2

Other Segment Information

Total assets by segment were as follows as of March 31, 2021:

	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Total assets	$ 6,527.9	$ 948.9	$ 255.3	$ (988.1)	$ 6,744.0
Less:					
Inter-segment notes receivable	(1,372.8)	—	—	1,372.8	—
Inter-segment right of use lease assets	(346.4)	—	—	346.4	—
Total assets, excluding inter-segment notes receivable and right of use assets	$ 4,808.7	$ 948.9	$ 255.3	$ 731.1	$ 6,744.0

Property, plant and equipment and accumulated depreciation as of March 31, 2021 and depreciation expense by reporting segment for the three months ended March 31, 2021 are as follows (in millions):

	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Property, plant and equipment	$ 2,619.3	$ 699.6	$ 165.8	$ 96.0	$ 3,580.7
Less: Accumulated depreciation	(856.9)	(237.5)	(51.8)	(66.7)	(1,212.9)
Property, plant and equipment, net	$ 1,762.4	$ 462.1	$ 114.0	$ 29.3	$ 2,367.8
Depreciation expense for the three months ended March 31, 2021	$ 50.4	$ 10.7	$ 3.0	$ 2.5	$ 66.6

In accordance with ASC 360, *Property, Plant and Equipment* ("ASC 360"), Delek evaluates the realizability of property, plant and equipment as events occur that might indicate potential impairment. There were no indicators of impairment related to our property, plant and equipment as of March 31, 2021 (see Note 1 for further discussion on the impact of COVID-19 Pandemic).

Note 3 - Earnings (Loss) Per Share

Basic earnings per share (or "EPS") is computed by dividing net income (loss) by the weighted average common shares outstanding. Diluted earnings per share is computed by dividing net income (loss), as adjusted for changes to income that would result from the assumed settlement of the dilutive equity instruments included in diluted weighted average common shares outstanding, by the diluted weighted average common shares outstanding. For all periods presented, we have outstanding various equity-based compensation awards that are considered in our diluted EPS calculation (when to do so would be dilutive), and is inclusive of awards disclosed in Note 15 to these condensed consolidated financial statements. For those instruments that are indexed to our common stock, they are generally dilutive when the market price of the underlying indexed share of common stock is in excess of the exercise price.

The following table sets forth the computation of basic and diluted earnings per share.

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Numerator:		
Numerator for EPS		
Net loss	$ (91.3)	$ (307.0)
Less: Income attributed to non-controlling interest	7.3	7.4
Numerator for basic and diluted EPS attributable to Delek	$ (98.6)	$ (314.4)
Denominator:		
Weighted average common shares outstanding (denominator for basic EPS)	73,803,772	73,437,730
Dilutive effect of stock-based awards	—	—
Weighted average common shares outstanding, assuming dilution (denominator for diluted EPS)	73,803,772	73,437,730
EPS:		
Basic loss per share	$ (1.34)	$ (4.28)
Diluted loss per share	$ (1.34)	$ (4.28)
The following equity instruments were excluded from the diluted weighted average common shares outstanding because their effect would be antidilutive:		
Antidilutive stock-based compensation (because average share price is less than exercise price)	634,006	3,684,935
Antidilutive due to loss	2,733,056	433,488
Total antidilutive stock-based compensation	3,367,062	4,118,423

Note 4 - Delek Logistics

Delek Logistics is a publicly traded limited partnership that was formed by Delek in 2012 to own, operate, acquire and construct crude oil and refined products logistics and marketing assets. A substantial majority of Delek Logistics' assets are integral to Delek's refining and marketing operations. As of March 31, 2021, we owned an 80.0% interest in Delek Logistics, consisting of 34,745,868 common limited partner units and the non-economic general partner interest. The limited partner interests in Delek Logistics not owned by us are reflected in net income attributable to non-controlling interest in the accompanying condensed consolidated statements of income and in non-controlling interest in subsidiaries in the accompanying condensed consolidated balance sheets.

On August 13, 2020, Delek Logistics completed a transaction to eliminate the incentive distribution rights ("IDRs") held by Delek Logistics GP, LLC, the general partner, and convert the economic general partner interest into a non-economic general partner interest in exchange for total consideration consisting of $45.0 million cash and 14.0 million newly issued common limited partner units. Contemporaneously, we repurchased the 5.2% ownership interest in the general partner from affiliates, who are also members of the general partner's management and board of directors, for $23.1 million, increasing our ownership interest in the general partner to 100.0%.

As a result of these transactions, the non-controlling interest in our consolidated balance sheets decreased by $50.8 million, with a $37.2 million increase to additional paid-in capital which is net of $11.5 million related to deferred income taxes and $2.1 million of transaction costs, none of which was recognized during the first quarter of 2020.

In August 2020, Delek Logistics filed a shelf registration statement, which subsequently became effective, with the SEC for the proposed re-sale or other disposition from time to time by Delek of up to 14.0 million common limited partner units representing our limited partner interests in Delek Logistics. No units were sold as of March 31, 2021.

We have agreements with Delek Logistics that, among other things, establish fees for certain administrative and operational services provided by us and our subsidiaries to Delek Logistics, provide certain indemnification obligations and establish terms for fee-based commercial logistics and marketing services provided by Delek Logistics and its subsidiaries to us. The revenues and expenses associated with these agreements are eliminated in consolidation.

Delek Logistics is a VIE, as defined under GAAP, and is consolidated into our condensed consolidated financial statements, representing our logistics segment. The assets of Delek Logistics can only be used to settle its own obligations and its creditors have no recourse to our assets. Exclusive of intercompany balances and the marketing agreement intangible asset between Delek Logistics and Delek which are eliminated in consolidation, the Delek Logistics condensed consolidated balance sheets as presented below are included in the condensed consolidated balance sheets of Delek (unaudited, in millions).

	March 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	$ 13.4	$ 4.2
Accounts receivable	12.3	15.7
Accounts receivable from related parties	—	5.9
Inventory	1.9	3.1
Other current assets	0.5	0.4
Property, plant and equipment, net	462.1	464.8
Equity method investments	251.4	253.7
Operating lease right-of-use assets	24.8	24.2
Goodwill	12.2	12.2
Intangible assets, net	158.8	160.1
Other non-current assets	11.5	12.1
Total assets	$ 948.9	$ 956.4
LIABILITIES AND DEFICIT		
Accounts payable	$ 4.2	$ 6.7
Accounts payable to related parties	4.5	—
Current portion of operating lease liabilities	8.4	8.7
Accrued expenses and other current liabilities	15.7	12.9
Long-term debt	983.4	992.3
Asset retirement obligations	6.1	6.0
Deferred tax liabilities	0.7	0.6
Operating lease liabilities, net of current portion	16.3	15.4
Other non-current liabilities	21.0	22.1
Deficit	(111.4)	(108.3)
Total liabilities and deficit	$ 948.9	$ 956.4

Effective May 1, 2020, Delek through its wholly owned subsidiaries Lion Oil Company, LLC ("Lion Oil") and Delek Refining, Ltd. ("Delek Refining") contributed certain leased and owned tractors and trailers and related assets used in the provision of trucking and transportation services for crude oil, petroleum and certain other products throughout Arkansas, Oklahoma and Texas to Delek Trucking, LLC ("Delek Trucking"), a direct wholly owned subsidiary of Lion Oil. Following this contribution, Lion Oil sold all of the issued and outstanding membership interests in Delek Trucking (the "Trucking Acquisition") to DKL Transportation, LLC ("DKL Transportation"), a wholly owned subsidiary of Delek Logistics. Promptly following the consummation of the Trucking Acquisition, Delek Trucking merged with and into DKL Transportation, with DKL Transportation continuing as the surviving entity. Total consideration for the Trucking Acquisition was approximately $48.0 million in cash, subject to certain post-closing adjustments, financed primarily with borrowings on the Delek Logistics Credit Facility (as defined in Note 8). In connection with the Trucking Acquisition, Delek Refining, Lion Oil and DKL Transportation entered into a Transportation Services Agreement pursuant to which DKL Transportation will gather, coordinate the pickup of, transport and deliver petroleum products for Delek Refining and Lion Oil, as well as provide ancillary services as requested. Prior periods have not been recast in our Note 2 - Segment Data, as these assets did not constitute a business in accordance with ASU 2017-01, *Clarifying the Definition of a Business* ("ASU 2017-01"), and the transaction was accounted for as an acquisition of assets between entities under common control.

Effective March 31, 2020, Delek Logistics, through its wholly-owned subsidiary DKL Permian Gathering, LLC, acquired the Big Spring Gathering System, located in Howard, Borden and Martin Counties, Texas, from Delek, which included the execution of related commercial agreements. In connection with the closing of the transaction, Delek, Delek Logistics and various of their respective subsidiaries entered into a Throughput and Deficiency Agreement (the "T&D Agreement"). Under the T&D Agreement, Delek Logistics will operate and maintain the Big Spring Gathering System connecting our interests in and to certain crude oil production with the Delek Logistics' Big Spring, Texas terminal and provide gathering, transportation and other related services. The total consideration was subject to certain post-closing adjustments and was comprised of $100.0 million in cash and 5.0 million common units representing a limited partner interest in Delek Logistics. The cash component of this dropdown was financed with borrowings on the Delek Logistics Credit Facility (as defined in Note 8).

Prior periods have not been recast in our Segment Data Note 2, as these assets did not constitute a business in accordance with ASU 2017-01 and the transaction was accounted for as an acquisition of assets between entities under common control.

Additionally, in March 2020, we purchased 451,822 of Delek Logistics limited partner units from an investor pursuant to a Common Unit Purchase Agreement between Delek Marketing & Supply, LLC and such investor. The purchase price of the units amounted to approximately $5.0 million.

Note 5 - Equity Method Investments

Wink to Webster Pipeline

On July 30, 2019, we, through our wholly-owned direct subsidiary Delek Energy, entered into a limited liability company agreement (the “LLCA”) and related agreements with multiple joint venture members of Wink to Webster Pipeline LLC (“WWP”). Pursuant to the LLCA, Delek Energy acquired a 15% ownership interest in WWP ("WWP Joint Venture"). WWP intends to construct and operate a crude oil pipeline system from Wink, Texas to Webster, Texas along with certain pipelines from Webster, Texas to other destinations in the Gulf Coast area. Pursuant to the LLCA, Delek Energy will be required to contribute its percentage interest of the applicable construction costs (including certain costs previously incurred by WWP) and, at the date we acquired our ownership interest, it was anticipated that Delek Energy’s capital contributions would total approximately $340 million to $380 million over the course of construction (expected to be two to three years). Construction of the crude oil pipeline system remains ongoing, where the main segment of the pipeline system connecting the Permian Basin to Houston, Texas was completed and began transporting crude oil in October 2020, and where other construction continues to progress. During the three months ended March 31, 2020, we made capital contributions totaling $18.9 million. Additionally, during the three months ended March 31, 2021, we made additional capital contributions totaling $0.1 million based on capital calls received.

On February 21, 2020, we, through our wholly-owned direct subsidiary Delek Energy, entered into the W2W Holdings LLC Agreement with MPLX Operations LLC ("MPLX") (collectively, with its wholly-owned subsidiaries, the "WWP Project Financing Joint Venture" or the "WWP Project Financing JV"). The WWP Project Financing JV was created for the specific purpose of obtaining financing to fund our combined capital calls resulting from and occurring during the construction period of the pipeline system under the WWP Joint Venture, and to service that debt. In connection with the arrangement, both Delek Energy and MPLX contributed their respective 15% ownership interests to the WWP Project Financing JV as collateral for and in service of the related project financing. Accordingly, distributions received from WWP through the WWP Project Financing JV will first be applied in service of the related project financing debt, with excess distributions being made to the members of the WWP Project Financing JV as provided for in the W2W Holdings LLC Agreement and as allowed under the project financing debt. The obligations of the members under the W2W Holdings LLC Agreement are guaranteed by the parents of the members of the WWP Project Financing JV.

The Company evaluated Delek Energy's investment in W2W Holdings LLC ("HoldCo") and determined that HoldCo is a VIE. The Company determined it is not the primary beneficiary since it does not have the power to direct activities that most significantly impact HoldCo. The Company does not hold a controlling financial interest in HoldCo because no single party has the power to direct the activities that most significantly impact HoldCo’s economic performance since power to make the decisions about the significant activities is shared equally with MPLX and all significant decisions require unanimous consent of the board of directors of HoldCo. The Company accounts for its investment in HoldCo using the equity method of accounting due to its significant influence with its 50% membership interest.

The Company's maximum exposure to any losses incurred by HoldCo is limited to its investment. As of March 31, 2021, except for the guarantee of member obligations under the W2W Holdings LLC Agreement, the Company does not have other existing guarantees with or to HoldCo, or any third-party work contracted with it.

As of March 31, 2021 and December 31, 2020, Delek's investment balance in WWP Project Financing Joint Venture totaled $66.4 million and $66.6 million, respectively, and is included as part of total assets in corporate, other and eliminations in our segment disclosure. During the three months ended March 31, 2020, we received distributions of $69.3 million from WWP Project Financing Joint Venture to return excess contributions made. In addition, we recognized a loss on the investment totaling $0.3 million and $1.1 million for the three months ended March 31, 2021 and 2020, respectively.

Delek Logistics Investments

In May 2019, Delek Logistics, through its wholly owned indirect subsidiary DKL Pipeline, LLC (“DKL Pipeline”), entered into a Contribution and Subscription Agreement (the “Contribution Agreement”) with Plains Pipeline, L.P. (“Plains”) and Red River Pipeline Company LLC (“Red River”). Pursuant to the Contribution Agreement, DKL Pipeline contributed $124.7 million, substantially all of which was financed under the Delek Logistics Credit Facility (as defined in Note 8), to Red River in exchange for a 33% membership interest in Red River and DKL Pipeline’s admission as a member of Red River (the "Red River Pipeline Joint Venture"). Red River owns a 16-inch crude oil pipeline running from Cushing, Oklahoma to Longview, Texas. In August 2020, Red River completed a planned expansion project to increase the pipeline capacity which commenced operations on October 1, 2020. Delek Logistics contributed an additional $3.5 million related to such expansion project in May 2019 and during 2020 made additional capital contributions of $12.2 million based on capital calls received. During the three months ended March 31, 2021, we made additional capital contributions totaling $1.4 million based on capital calls received. As of March 31, 2021 and December 31, 2020, Delek's investment balance in Red River totaled $140.1 million and $141.8 million, respectively. We recognized income on the investment totaling $2.7 million and $1.8 million for the three months ended March 31, 2021 and 2020, respectively. This investment is accounted for using the equity method and is included as part of total assets in our logistics segment.

In addition to Red River, Delek Logistics has two joint ventures that own and operate logistics assets, and which serve third parties and subsidiaries of Delek. We own a 50% membership interest in the entity formed with an affiliate of Plains All American Pipeline, L.P. to operate one of these pipeline systems (the "Caddo Pipeline") and a 33% membership interest in Andeavor Logistics Rio Pipeline LLC which operates the other pipeline system (the "Rio Pipeline"). As of March 31, 2021 and December 31, 2020, Delek Logistics' investment balances in these joint ventures totaled $111.8 million and $111.9 million, respectively, and were accounted for using the equity method. We recognized income on these investments totaling $1.8 million and $3.8 million for the three months ended March 31, 2021 and 2020, respectively.

Other Investments

We have a 50% interest in a joint venture that owns an asphalt terminal located in Brownwood, Texas. As of March 31, 2021 and December 31, 2020, Delek's investment balance in this joint venture was $38.2 million and $39.3 million, respectively. We recognized income on this investment totaling $0.9 million and $0.4 million for the three months ended March 31, 2021 and 2020, respectively. This investment is accounted for using the equity method and is included as part of total assets in corporate, other and eliminations in our segment disclosure.

Delek Renewables, LLC, a wholly-owned subsidiary of Delek, has a joint venture that owns, operates and maintains a terminal consisting of an ethanol unit train facility with an ethanol tank in North Little Rock, Arkansas. As of March 31, 2021 and December 31, 2020, Delek Renewables, LLC's investment balance in this joint venture was $4.2 million and $4.0 million, respectively, and was accounted for using the equity method. We recognized income on this investment totaling $0.2 million for both the three months ended March 31, 2021 and 2020. The investment in this joint venture is reflected in the refining segment.

Note 6 - Inventory

Crude oil, work in process, refined products, blendstocks and asphalt inventory for all of our operations, excluding the Tyler refinery and merchandise inventory in our retail segment, are stated at the lower of cost determined using FIFO basis or net realizable value. Cost of all inventory at the Tyler refinery is determined using the LIFO inventory valuation method and inventory is stated at the lower of cost or market. Retail merchandise inventory consists of cigarettes, beer, convenience merchandise and food service merchandise and is stated at estimated cost as determined by the retail inventory method.

Carrying value of inventories consisted of the following (in millions):

	March 31, 2021	December 31, 2020
Refinery raw materials and supplies	$ 528.0	$ 270.7
Refinery work in process	109.4	92.1
Refinery finished goods	363.1	327.1
Retail fuel	6.7	6.2
Retail merchandise	25.5	28.5
Logistics refined products	1.9	3.1
Total inventories	$ 1,034.6	$ 727.7

At March 31, 2021, we recorded a pre-tax inventory valuation reserve of $10.7 million, $8.9 million of which related to LIFO inventory, due to a market price decline below our cost of certain inventory products. At December 31, 2020, we recorded a pre-tax inventory valuation reserve of $31.1 million, $30.3 million of which related to LIFO inventory, which reversed in the first quarter of 2021 due to the sale of inventory quantities that gave rise to the December 31, 2020 reserve. We recognized a net reduction (increase) in cost of materials and other in the accompanying condensed consolidated statements of income related to the change in pre-tax inventory valuation of $20.4 million and $(280.8) million for the three months ended March 31, 2021 and 2020, respectively.

Note 7 - Crude Oil Supply and Inventory Purchase Agreement

Delek has Supply and Offtake Agreements with J. Aron & Company ("J. Aron") in connection with its El Dorado, Big Spring and Krotz Springs refineries (collectively, the "Supply and Offtake Agreements"). Pursuant to the Supply and Offtake Agreements, (i) J. Aron agrees to sell to us, and we agree to buy from J. Aron, at market prices, crude oil for processing at these refineries and (ii) we agree to sell, and J. Aron agrees to buy, at market prices, certain refined products produced at these refineries. The Supply and Offtake Agreements also provide for the lease to J. Aron of crude oil and refined product storage facilities, and the identification of prospective purchasers of refined products on J. Aron's behalf. At the inception of the Supply and Offtake Agreements, we transferred title to a certain number of barrels of crude and other inventories to J. Aron (the "Step-In"), and the Supply and Offtake Agreements require the repurchase of remaining inventory (including certain "Baseline Volumes") at the termination of those Agreements (the "Step-Out"). The Supply and Offtake Agreements are accounted for as inventory financing arrangements under the fair value election provided by ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 825, *Financial Instruments* ("ASC 825").

Barrels subject to the Supply and Offtake Agreements are as follows:

(in millions)	El Dorado	Big Spring	Krotz Springs
Baseline Volumes pursuant to the respective Supply and Offtake Agreements	2.0	0.8	1.3
Barrels of inventory consigned under the respective Supply and Offtake Agreements as of March 31, 2021 (1)	3.4	1.3	1.4
Barrels of inventory consigned under the respective Supply and Offtake Agreements as of December 31, 2020 (1)	4.0	1.3	1.2

(1) Includes Baseline Volumes plus/minus over/short quantities.

The Supply and Offtake Agreements have certain termination provisions, which may include requirements to negotiate with third parties for the assignment to us of certain contracts, commitments and arrangements, including procurement contracts, commitments for the sale of product, and pipeline, terminalling, storage and shipping arrangements.

In January 2020, we amended our three Supply and Offtake Agreements so that the repurchase of Baseline Volumes at the end of the Supply and Offtake Agreement term (representing the "Baseline Step-Out Liability" or, collectively, the "Baseline Step-Out Liabilities") was based on market-indexed prices subject to commodity price risk. As a result of the amendment, such Baseline Step-Out Liabilities continued to be recorded at fair value under the fair value election provided by ASC 815 and ASC 825, where the fair value now reflected changes in commodity price risk rather than interest rate risk with subsequent changes in fair value being recorded in cost of materials and other. We recognized a loss in the first quarter of 2020 of $1.5 million on the change in fair value resulting from the modification.

In April 2020, we amended and restated our three Supply and Offtake Agreements to renew and extend the terms to December 30, 2022, with J. Aron having the sole discretion to further extend to May 30, 2025 by giving at least 6 months prior notice to the current maturity date. As part of this amendment, there were changes to the underlying market index, annual fee, the crude purchase fee, crude roll fees and timing of cash settlements related to periodic price adjustments (the "Periodic Price Adjustments"). The Baseline Step-Out Liabilities continue to be recorded at fair value under the fair value election included under ASC 815 and ASC 825. The Baseline Step-Out Liabilities have a floating component whose fair value reflects changes to commodity price risk with changes in fair value recorded in cost of materials and other and a fixed component whose fair value reflects changes to interest rate risk with changes in fair value recorded in interest expense. There was no amendment date change in fair value resulting from the modification. The Baseline Step-Out Liabilities are reflected as non-current liabilities on our consolidated balance sheet to the extent that they are not contractually due within twelve months.

Pursuant to the Periodic Price Adjustments provision in the Supply and Offtake Agreements, the Company may be required to pay down all or a portion of the fixed component of the Baseline Step-Out Liabilities or may receive additional proceeds depending on the change in fair value of the inventory collateral subject to a threshold at certain specified periodic pricing dates (the "Periodic Pricing Dates"), which occur on October 1st and May 1st, annually, not to extend beyond expiration of the Supply and Offtake Agreements. Additionally, at the Periodic Pricing Dates, if a Periodic Price Adjustment is triggered, the prospective pricing underlying the fixed component of the Baseline Step-Out Liabilities will be adjusted to reflect either the pay-down or the incremental proceeds, accordingly. On October 1, 2020, the provision was triggered and a paydown amounting to $20.8 million was made to J. Aron on October 30, 2020. The prospective pricing underlying the fixed component of the Baseline Step-Out liabilities was adjusted accordingly to reflect this payment, resulting in a reduction to the fixed differential component of our long-term Supply and Offtake Obligation totaling $20.8 million and a prospective contractual reset of the fixed differentials subject to future Periodic Price Adjustments. Contemporaneous with the payment, J. Aron separately refunded to us the $10.0 million of deferred additional monthly fees. As of both March 31, 2021 and December 31, 2020, the fixed component of the Baseline Step-Out Liabilities subject to the Periodic Price Adjustments amounted to approximately $33.1 million. All or some portion of that amount may become due or payable in periods occurring within twelve months, if Periodic Price Adjustments are triggered on the Periodic Pricing Dates.

Monthly activity resulting in over and short volumes continue to be valued using market-indexed pricing, and are included in current liabilities (or receivables) on our condensed consolidated balance sheet. Net balances payable (receivable) under the Supply and Offtake Agreements were as follows as of the balance sheet dates:

(in millions)	El Dorado	Big Spring	Krotz Springs	Total
Balances as of March 31, 2021:				
Baseline Step-Out Liability	$ 136.8	$ 60.1	$ 90.2	$ 287.1
Revolving over/short inventory financing liability	85.0	31.7	6.9	123.6
Total Obligations Under Supply and Offtake Agreements	221.8	91.8	97.1	410.7
Less: Current portion	85.0	31.7	6.9	123.6
Obligations Under Supply and Offtake Agreements - Noncurrent portion	$ 136.8	$ 60.1	$ 90.2	$ 287.1
Other current payable (receivable) for monthly activity true-up	$ 1.4	$ 4.7	$ (7.0)	$ (0.9)

(in millions)	El Dorado	Big Spring	Krotz Springs	Total
Balances as of December 31, 2020:				
Baseline Step-Out Liability	$ 106.3	$ 47.9	$ 70.7	$ 224.9
Revolving over/short inventory financing liability (receivable)	102.0	25.3	(4.5)	122.8
Total Obligations Under Supply and Offtake Agreements	208.3	73.2	66.2	347.7
Less: Current portion [1]	102.0	25.3	(4.5)	122.8
Obligations Under Supply and Offtake Agreements - Noncurrent portion	$ 106.3	$ 47.9	$ 70.7	$ 224.9
Other current payable for monthly activity true-up	$ 6.6	$ 7.0	$ —	$ 13.6

[1] Current portion for Krotz Springs includes $1.9 million of current portion of obligations under Supply and Offtake Agreements and $6.4 million of current assets presented in our condensed consolidated balance sheet.

The Supply and Offtake Agreements require payments of fixed annual fees which are factored into the interest rate yield under the fair value accounting model. Recurring cash fees paid during the periods presented were as follows:

(in millions)	El Dorado	Big Spring	Krotz Springs	Total
Recurring cash fees paid during the three months ended March 31, 2021	$ 2.4	$ 0.7	$ 1.1	$ 4.2
Recurring cash fees paid during the three months ended March 31, 2020	$ 3.2	$ 1.0	$ 1.0	$ 5.2

Interest expense recognized under the Supply and Offtake Agreements includes the yield attributable to recurring cash fees, one-time cash fees (e.g., in connection with amendments), as well as other changes in fair value, which may increase or decrease interest expense. Total interest expense incurred during the periods presented was as follows:

(in millions)	El Dorado	Big Spring	Krotz Springs	Total
Interest expense for the three months ended March 31, 2021	$ 2.4	$ 0.7	$ 1.1	$ 4.2
Interest expense for the three months ended March 31, 2020	$ 3.6	$ 4.1	$ 1.4	$ 9.1

There were losses totaling $3.9 million for the three months ended March 31, 2020, reflected in interest expense related to the changes in fair value in the Baseline Step-Out Liabilities component of Obligations Under Supply and Offtake Agreements. There were no such losses for the three months ended March 31, 2021.

We maintained letters of credit under the Supply and Offtake Agreements as follows:

(in millions)	El Dorado	Big Spring and Krotz Springs
Letters of credit outstanding as of March 31, 2021	$ 145.0	$ 10.0
Letters of credit outstanding as of December 31, 2020	$ 195.0	$ 10.0

Note 8 - Long-Term Obligations and Notes Payable

Outstanding borrowings, net of unamortized debt discounts and certain deferred financing costs, under Delek's existing debt instruments are as follows (in millions):

	March 31, 2021	December 31, 2020
Revolving Credit Facility	$ 50.0	$ —
Term Loan Credit Facility [1]	1,245.2	1,246.8
Hapoalim Term Loan [2]	39.2	39.3
Delek Logistics Credit Facility	737.5	746.6
Delek Logistics Notes [3]	245.9	245.7
Reliant Bank Revolver	50.0	50.0
Promissory Notes	—	20.0
	2,367.8	2,348.4
Less: Current portion of long-term debt and notes payable	13.4	33.4
	$ 2,354.4	$ 2,315.0

(1) Net of deferred financing costs of $2.7 million and $2.9 million and debt discount of $21.9 million and $23.3 million at March 31, 2021 and December 31, 2020, respectively.
(2) Net of deferred financing costs of $0.2 million and $0.2 million and debt discount of $0.1 million and $0.1 million at March 31, 2021 and December 31, 2020, respectively.
(3) Net of deferred financing costs of $3.1 million and $3.3 million and debt discount of $1.0 million and $1.0 million at March 31, 2021 and December 31, 2020, respectively.

Delek Revolver and Term Loan

On March 30, 2018 (the "Closing Date"), Delek entered into (i) a new term loan credit agreement with Wells Fargo Bank, National Association, as administrative agent (the "Term Administrative Agent"), Delek, as borrower, certain subsidiaries of Delek, as guarantors, and the lenders from time to time party thereto, providing for a senior secured term loan facility in an amount of $700.0 million (the "Term Loan Credit Facility") and (ii) a second amended and restated credit agreement with Wells Fargo Bank, National Association, as administrative agent (the "Revolver Administrative Agent"), Delek, as borrower, certain subsidiaries of Delek, as guarantors, and the other lenders party thereto, providing for a senior secured asset-based revolving credit facility with commitments of $1.0 billion (the "Revolving Credit Facility" and, together with the Term Loan Credit Facility, the "New Credit Facilities").

The Revolving Credit Facility permits borrowings in Canadian dollars of up to $50.0 million. The Revolving Credit Facility also permits the issuance of letters of credit of up to $400.0 million, including letters of credit denominated in Canadian dollars of up to $10.0 million. Delek may designate restricted subsidiaries as additional borrowers under the Revolving Credit Facility.

The Term Loan Credit Facility was drawn in full for $700.0 million on the Closing Date at an original issue discount of 0.50%. Proceeds under the Term Loan Credit Facility, as well as proceeds of approximately $300.0 million in borrowings under the Revolving Credit Facility on the Closing Date, were used to repay certain indebtedness of Delek and its subsidiaries (the “Refinancing”), as well as certain fees, costs and expenses in connection with the closing of the New Credit Facilities, with any remaining proceeds held in cash. Proceeds of future borrowings under the Revolving Credit Facility may be used for working capital and general corporate purposes of Delek and its subsidiaries.

On May 22, 2019 (the "First Incremental Effective Date"), we amended the Term Loan Credit Facility agreement pursuant to the terms of the First Incremental Amendment to Term Loan Credit Agreement (the "Incremental Amendment"). Pursuant to the Incremental Amendment, the Company borrowed $250.0 million in aggregate principal amount of incremental term loans (the “Incremental Term Loans”) at an original issue discount of 0.75%. On November 12, 2019 (the "Second Incremental Effective Date"), we amended the Term Loan Credit facility agreement pursuant to the terms of the Second Incremental Amendment to the Term Loan Credit Agreement (the "Second Incremental Amendment") and borrowed $150.0 million in aggregate principal amount of incremental term loans (the "Incremental Loans") at an original issue discount of 1.21%. The terms of the Incremental Term Loans and Incremental Loans are substantially identical to the terms applicable to the initial term loans under the Term Loan Credit Facility borrowed in March 2018. There are no restrictions on the Company's use of the proceeds of the Incremental Term Loans and Incremental Loans. The proceeds may be used for (i) reducing utilizations under the Revolving Credit Facility, (ii) general corporate purposes and (iii) paying transaction fees and expenses associated with the incremental amendments.

On May 19, 2020, we amended the Term Loan Credit Facility agreement and borrowed $200.0 million in aggregate principal amount of incremental term loans (the “Third Incremental Term Loan”) at an original issue discount of 7.00%. The Third Incremental Term Loan constitutes a separate class of term loans (the "Class B Loans") under the Term Loan Credit Facility from those initially borrowed in March 2018 and the incremental term loans borrowed in May 2019 and November 2019 (collectively, the "Class A Loans"). Delek will be required to pay a make-whole prepayment fee if the Third Incremental Term Loan is prepaid pursuant to an optional prepayment, in connection with a non-permitted debt issuance or in connection with an acceleration within one year of the incurrence of the Third Incremental Term Loan. Delek may voluntarily prepay the outstanding Third Incremental Term Loan at any time subject to customary breakage costs with respect to LIBOR loans and subject to a prepayment premium of 1.00% in connection with certain customary repricing events that may occur during the period from the day after the first anniversary of the Third Incremental Term Loan through the second anniversary of the Third Incremental Term Loan. The other terms of the Third Incremental Term Loan are substantially identical to the terms applicable to the Class A Loans. The proceeds of the Third Incremental Term Loan may be used (i) for general corporate purposes and (ii) to pay transaction fees and expenses associated with the Third Incremental Term Loan.

Interest and Unused Line Fees

The interest rates applicable to borrowings under the Term Loan Credit Facility and the Revolving Credit Facility are based on a fluctuating rate of interest measured by reference to either, at Delek’s option, (i) a base rate, plus an applicable margin, or (ii) a reserve-adjusted LIBOR, plus an applicable margin (or, in the case of Revolving Credit Facility borrowings denominated in Canadian dollars, the Canadian dollar bankers' acceptances rate ("CDOR")). On October 26, 2018, Delek entered into an amendment to the Term Loan Credit Facility (the “First Amendment”) to reduce the margin on certain borrowings under the Term Loan Credit Facility and incorporate certain other changes. The First Amendment decreased the applicable margins for Class A Loans under (i) Base Rate Loans by 0.25% to 1.25% and (ii) LIBOR Rate Loans by 0.25% to 2.25%, as such terms are defined in the Term Loan Credit Facility. Class B Loans incurred under the Third Incremental Term Loan bear interest at a rate that is determined, at the Company’s election, at LIBOR or at base rate, in each case, plus an applicable margin of 5.50% with respect to LIBOR borrowings and 4.50% with respect to base rate borrowings. Additionally, Class B loans that are LIBOR borrowings are subject to a minimum LIBOR rate floor of 1.00%.

The applicable margin for Revolving Credit Facility borrowings is based on Delek’s excess availability as determined by reference to a borrowing base, ranging from 0.25% to 0.75% per annum with respect to base rate borrowings and from 1.25% to 1.75% per annum with respect to LIBOR and CDOR borrowings.

In addition, the Revolving Credit Facility requires Delek to pay an unused line fee on the average amount of unused commitments thereunder in each quarter, which the fee is at a rate of 0.25% or 0.375% per annum, depending on average commitment usage for such quarter. As of March 31, 2021, the unused line fee was 0.375% per annum.

Maturity and Repayments

The Revolving Credit Facility will mature and the commitments thereunder will terminate on March 30, 2023. The Term Loan Credit Facility matures on March 30, 2025 and requires scheduled quarterly principal payments on the last business day of the applicable quarter. Pursuant to the Second Incremental Amendment, the quarterly payments increased to $2.75 million commencing with December 31, 2019 on the Class A Loans. Additionally, the Term Loan Credit Facility requires prepayments by Delek with the net cash proceeds from certain debt incurrences, asset dispositions and insurance or condemnation events with respect to Delek’s assets, subject to certain exceptions, thresholds and reinvestment rights. The Term Loan Credit Facility also requires annual prepayments with a variable percentage of Delek’s excess cash flow, ranging from 50.0% to 0% depending on Delek’s consolidated fiscal year end secured net leverage ratio. The Third Incremental Term Loan requires quarterly payments on the Class B Loans of $0.5 million commencing June 30, 2020.

Guarantee and Security

The obligations of the borrowers under the New Credit Facilities are guaranteed by Delek and each of its direct and indirect, existing and future, wholly-owned domestic subsidiaries, subject to customary exceptions and limitations, and excluding Delek Logistics Partners, LP, Delek Logistics GP, LLC, and each subsidiary of the foregoing (collectively, the "MLP Subsidiaries"). Borrowings under the New Credit Facilities are also guaranteed by DK Canada Energy ULC, a British Columbia unlimited liability company and a wholly-owned restricted subsidiary of Delek.

The Revolving Credit Facility is secured by a first priority lien over substantially all of Delek's and each guarantor's receivables, inventory, renewable identification numbers ("RINs"), instruments, intercompany loan receivables, deposit and securities accounts and related books and records and certain other personal property, subject to certain customary exceptions (the "Revolving Priority Collateral"), and a second priority lien over substantially all of Delek's and each guarantor's other assets, including all of the equity interests of any subsidiary held by Delek or any guarantor (other than equity interests in certain MLP Subsidiaries) subject to certain customary exceptions, but excluding real property (such real property and equity interests, the "Term Priority Collateral").

The Term Loan Credit Facility is secured by a first priority lien on the Term Priority Collateral and a second priority lien on the Revolving Priority Collateral, all in accordance with an intercreditor agreement between the Term Administrative Agent and the Revolver Administrative Agent and acknowledged by Delek and the subsidiary guarantors. Certain excluded assets are not included in the Term Priority Collateral and the Revolving Priority Collateral.

Additional Information

At March 31, 2021, the weighted average borrowing rate under the Revolving Credit Facility was 3.50% and was comprised entirely of a base rate borrowing, and the principal amount outstanding thereunder was $50.0 million. Additionally, there were letters of credit issued of approximately $314.6 million as of March 31, 2021 under the Revolving Credit Facility. Unused credit commitments under the Revolving Credit Facility, as of March 31, 2021, were approximately $635.4 million.

At March 31, 2021, the weighted average borrowing rate under the Term Loan Credit Facility was approximately 3.00% comprised entirely of LIBOR borrowings, and the principal amount outstanding thereunder was $1,269.8 million. As of March 31, 2021, the effective interest rate related to the Term Loan Credit Facility was 3.61%.

Delek Hapoalim Term Loan

On December 31, 2019, Delek entered into a term loan credit and guaranty agreement (the "Agreement") with Bank Hapoalim B.M. ("BHI") as the administrative agent. Pursuant to the Agreement, on December 31, 2019, Delek borrowed $40.0 million (the "BHI Term Loan"). The interest rate under the Agreement is equal to LIBOR plus a margin of 3.00%. The Agreement has a current maturity of December 31, 2022 and requires quarterly loan amortization payments of $0.1 million, commencing March 31, 2020. Proceeds may be used for general corporate purposes. The Agreement has an accordion feature that allows increasing the term loan to maximum size of $100.0 million, subject to receiving increased or new commitments from lenders and the satisfaction of certain other conditions precedent. Any such additional borrowings must be completed by December 31, 2021. On December 30, 2020, we amended the BHI Term Loan to modify one of the required quarterly financial covenant metrics; there were no other changes as a result of this amendment.

At March 31, 2021, the weighted average borrowing rate under the term loan was approximately 3.11% comprised entirely of a LIBOR borrowing and the principal amount outstanding thereunder was $39.5 million. As of March 31, 2021, the effective interest rate related to the BHI Term Loan was 3.54%.

Delek Logistics Credit Facility

On September 28, 2018, Delek Logistics and all of its subsidiaries entered into a third amended and restated senior secured revolving credit agreement with Fifth Third Bank ("Fifth Third") as administrative agent and a syndicate of lenders (hereafter, the "Delek Logistics Credit Facility") with lender commitments of 850.0 million. The Delek Logistics Credit Facility also contains an accordion feature whereby Delek Logistics can increase the size of the credit facility to an aggregate of $1.0 billion, subject to receiving increased or new commitments from lenders and the satisfaction of certain other conditions precedent.

The obligations under the Delek Logistics Credit Facility remain secured by first priority liens on substantially all of Delek Logistics' tangible and intangible assets.

The Delek Logistics Credit Facility has a maturity date of September 28, 2023. Borrowings under the Delek Logistics Credit Facility bear interest at either a U.S. dollar prime rate, Canadian dollar prime rate, LIBOR, or a CDOR rate, in each case plus applicable margins, at the election of the borrowers and as a function of draw down currency. The applicable margin in each case and the fee payable for the unused revolving commitments vary based upon Delek Logistics' most recent total leverage ratio calculation delivered to the lenders, as called for and defined under the terms of the Delek Logistics Credit Facility. At March 31, 2021, the weighted average borrowing rate was approximately 2.45%. Additionally, the Delek Logistics Credit Facility requires Delek Logistics to pay a leverage ratio dependent quarterly fee on the average unused revolving commitment. As of March 31, 2021, this fee was 0.35% on an annualized basis.

In connection with the elimination of IDRs in August 2020, Delek Logistics entered into a First Amendment to the Delek Logistics Credit Facility which, among other things, permitted the transfer of cash and equity consideration for the elimination of IDRs. It also modified the total leverage ratio and the senior leverage ratio (each as defined in the Delek Logistics Credit Facility) calculations to reduce the total funded debt (as defined in the Delek Logistics Credit Facility) component thereof by the total amount of unrestricted consolidated cash and cash equivalents on the balance sheet of the Delek Logistics and its subsidiaries up to $20.0 million.

As of March 31, 2021, Delek Logistics had $737.5 million of outstanding borrowings under the Delek Logistics Credit Facility, with no letters of credit in place. Unused credit commitments under the Delek Logistics Credit Facility, as of March 31, 2021, were $112.5 million.

Delek Logistics Notes

On May 23, 2017, Delek Logistics and Delek Logistics Finance Corp. (collectively, the “Issuers”) issued $250.0 million in aggregate principal amount of 6.75% senior notes due 2025 (the “Delek Logistics Notes”) at a discount. The Delek Logistics Notes are general unsecured senior obligations of the Issuers. The Delek Logistics Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by Delek Logistics' existing subsidiaries (other than Delek Logistics Finance Corp., the "Guarantors") and will be unconditionally guaranteed on the same basis by certain of Delek Logistics' future subsidiaries. The Delek Logistics Notes rank equal in right of payment with all existing and future senior indebtedness of the Issuers, and senior in right of payment to any future subordinated indebtedness of the Issuers. Interest on the Delek Logistics Notes is payable semi-annually in arrears on each May 15 and November 15, commencing November 15, 2017.

In May 2018, the Delek Logistics Notes were exchanged for new notes with terms substantially identical in all material respects with the Delek Logistic Notes except the new notes do not contain terms with respect to transfer restrictions.

All or part of the Delek Logistics Notes are currently redeemable, subject to certain conditions and limitations, at a redemption price of 105.063% of the redeemed principal, plus accrued and unpaid interest, if any. Beginning on May 15, 2021, the Issuers may, subject to certain conditions and limitations, redeem all or part of the Delek Logistics Notes, at a redemption price of 103.375% of the redeemed principal for the twelve-month period beginning on May 15, 2021, 101.688% for the twelve-month period beginning on May 15, 2022, and 100.00% beginning on May 15, 2023 and thereafter, plus accrued and unpaid interest, if any.

In the event of a change of control, accompanied or followed by a ratings downgrade within a certain period of time, subject to certain conditions and limitations, the Issuers will be obligated to make an offer for the purchase of the Delek Logistics Notes from holders at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

As of March 31, 2021, we had $250.0 million in outstanding principal amount under the Delek Logistics Notes, and the effective interest rate was 7.25%.

Reliant Bank Revolver

Delek has an unsecured revolving credit agreement with Reliant Bank (the "Reliant Bank Revolver"). On December 16, 2019, we amended the Reliant Bank Revolver to extend the maturity date to June 30, 2022, reduce the fixed interest rate to 4.50% per annum and increase the revolver commitment amount to $50.0 million. There were no other significant changes to the agreement in connection with this amendment. On December 9, 2020, we amended the Reliant Bank Revolver to modify one of the required quarterly financial covenant metrics; there were no other changes as a result of this amendment. The revolving credit agreement requires us to pay a quarterly fee of 0.50% on an annualized basis on the average unused revolving commitment. As of March 31, 2021, we had $50.0 million outstanding and had no unused credit commitments under the Reliant Bank Revolver.

Promissory Notes

Delek had four notes payable (the "Promissory Notes") with various assignees of Alon Israel Oil Company, Ltd., the holder of a predecessor consolidated promissory note, which bore interest at a fixed rate of 5.50% per annum and which, collectively, required annual principal amortization payments of $25.0 million to be made each January with a final payment of $20.0 million which was paid at maturity on January 4, 2021.

Restrictive Covenants

Under the terms of our Revolving Credit Facility, Term Loan Credit Facility, Delek Logistics Credit Facility, Delek Logistics Notes, Reliant Bank Revolver and BHI Agreement, we are required to comply with certain usual and customary financial and non-financial covenants. The terms and conditions of the Revolving Credit Facility include periodic compliance with a springing minimum fixed charge coverage ratio financial covenant if excess availability under the revolver borrowing base is below certain thresholds, as defined in the credit agreement. The Term Loan Credit Facility does not have any financial maintenance covenants. We believe we were in compliance with all covenant requirements under each of our credit facilities as of March 31, 2021.

Certain of our debt facilities contain limitations on the incurrence of additional indebtedness, making of investments, creation of liens, dispositions and acquisitions of assets, and making of restricted payments and transactions with affiliates. These covenants may also limit the payment, in the form of cash or other assets, of dividends or other distributions, or the repurchase of shares with respect to our equity.

Additionally, some of our debt facilities limit our ability to make investments, including extensions of loans or advances to, or acquisitions of equity interests in, or guarantees of obligations of, certain other entities.

Note 9 - Derivative Instruments

We use the majority of our derivatives to reduce normal operating and market risks with the primary objective of reducing the impact of market price volatility on our results of operations. As such, our use of derivative contracts is aimed at:

- limiting our exposure to commodity price fluctuations on inventory above or below target levels (where appropriate) within each of our segments;
- managing our exposure to commodity price risk associated with the purchase or sale of crude oil, feedstocks/intermediates and finished grade fuel within each of our segments;
- managing our exposure to market crack spread fluctuations;
- managing the cost of our credits required by the U.S. Environmental Protection Agency ("EPA") to blend biofuels into fuel products ("RINs Obligation") using future commitments to purchase or sell RINs at fixed prices and quantities; and
- limiting the exposure to interest rate fluctuations on our floating rate borrowings.

We primarily utilize commodity swaps, futures, forward contracts and options contracts, generally with maturity dates of three years or less, and from time to time interest rate swaps or caps to achieve these objectives. Futures contracts are standardized agreements, traded on a futures exchange, to buy or sell a commodity at a predetermined price and location at a specified future date. Options provide the right, but not the obligation to buy or sell the commodity at a specified price in the future. Commodity swaps and futures contracts require cash settlement for the commodity based on the difference between a fixed or floating price and the market price on the settlement date, and options require payment/receipt of an upfront premium. Because these derivatives are entered into to achieve objectives specifically related to our inventory and production risks, such gains and losses (to the extent not designated as accounting hedges and recognized on an unrealized basis in other comprehensive income) are recognized in cost of materials and other.

Forward contracts are agreements to buy or sell a commodity at a predetermined price at a specified future date, and for our transactions, generally require physical delivery. Forward contracts where the underlying commodity will be used or sold in the normal course of business qualify as normal purchases and normal sales pursuant to ASC 815. If we elect the normal purchases and normal sales exception, such forward contracts are not accounted for as derivative instruments but rather are accounted for under other applicable GAAP. Commodity forward contracts accounted for as derivative instruments are recorded at fair value with changes in fair value recognized in earnings in the period of change. As of March 31, 2021 and December 31, 2020, and for the three months ended March 31, 2021 and March 31, 2020, our commodity fixed-price forward contracts that were accounted for as derivative instruments primarily consisted of contracts related to our Canadian crude trading operations. Since Canadian crude trading activity is not related to managing supply or pricing risk of the actual inventory that will be used in production, such unrealized and realized gains and losses are recognized in other operating income, net rather than cost of materials and other on the accompanying condensed consolidated statements of income.

Futures, swaps or other commodity related derivative instruments that are utilized to specifically provide economic hedges on our Canadian forward contract or investment positions are recognized in other operating income, net because that is where the related underlying transactions are reflected.

From time to time, we also enter into future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our RINs Obligation. These future RINs commitment contracts meet the definition of derivative instruments under ASC 815, and are recorded at estimated fair value in accordance with the provisions of ASC 815. Changes in the fair value of these future RINs commitment contracts are recorded in cost of materials and other on the condensed consolidated statements of income.

As of March 31, 2021, we do not believe there is any material credit risk with respect to the counterparties to any of our derivative contracts.

In accordance with ASC 815, certain of our commodity swap contracts have been designated as cash flow hedges and the change in fair value between the execution date and the end of period has been recorded in other comprehensive income. The fair value of these contracts is recognized in income in the same financial statement line item as hedged transaction at the time the positions are closed and the hedged transactions are recognized in income.

The following table presents the fair value of our derivative instruments as of March 31, 2021 and December 31, 2020. The fair value amounts below are presented on a gross basis and do not reflect the netting of asset and liability positions permitted under our master netting arrangements, including cash collateral on deposit with our counterparties. We have elected to offset the recognized fair value amounts for multiple derivative instruments executed with the same counterparty in our financial statements. As a result, the asset and liability amounts below differ from the amounts presented in our condensed consolidated balance sheets. See Note 10 for further information regarding the fair value of derivative instruments (in millions).

Derivative Type	Balance Sheet Location	March 31, 2021 Assets	March 31, 2021 Liabilities	December 31, 2020 Assets	December 31, 2020 Liabilities
Derivatives not designated as hedging instruments:					
Commodity derivatives[1]	Other current assets	$ 509.2	$ (479.3)	$ 48.9	$ (24.8)
Commodity derivatives[1]	Other current liabilities	959.9	(970.5)	930.7	(943.8)
Commodity derivatives[1]	Other long-term assets	2.3	(2.2)	2.4	(2.3)
Commodity derivatives[1]	Other long-term liabilities	654.4	(654.6)	415.2	(415.8)
RIN commitment contracts[2]	Other current assets	122.5	—	33.6	—
RIN commitment contracts[2]	Other current liabilities	—	(11.6)	—	(22.5)
Derivatives designated as hedging instruments:					
Commodity derivatives [1]	Other current assets	—	—	0.5	(0.3)
Total gross fair value of derivatives		$ 2,248.3	$ (2,118.2)	$ 1,431.3	$ (1,409.5)
Less: Counterparty netting and cash collateral[3]		2,097.7	(2,095.9)	1,358.3	(1,373.1)
Total net fair value of derivatives		$ 150.6	$ (22.3)	$ 73.0	$ (36.4)

(1) As of March 31, 2021 and December 31, 2020, we had open derivative positions representing 160,365,527 and 159,682,606 barrels, respectively, of crude oil and refined petroleum products. There were no open positions designated as cash flow hedging instruments as of March 31, 2021 and December 31, 2020. Additionally, as of December 31, 2020, we had open derivative positions representing and 22,130,000 MMBTU of natural gas products. There were no open natural gas positions as of March 31, 2021.
(2) As of March 31, 2021 and December 31, 2020, we had open RINs commitment contracts representing 281,608,496 and 282,150,000 RINs, respectively.
(3) As of March 31, 2021 and December 31, 2020, $(1.8) million and $14.8 million, respectively, of cash (obligation) collateral held by counterparties has been netted with the derivatives with each counterparty.

Total gains (losses) on our hedging derivatives and RINs commitment contracts recorded in the condensed consolidated statements of income are as follows (in millions):

	Three Months Ended March 31, 2021	2020
Gains on derivatives not designated as hedging instruments recognized in cost of materials and other [1]	$ 57.2	$ 77.2
Losses on commodity derivatives not designated as hedging instruments recognized in other operating income, net [1] [2]	(1.1)	—
Realized gains reclassified out of accumulated other comprehensive income and into cost of materials and other on commodity derivatives designated as cash flow hedging instruments	0.2	0.7
Total gains	$ 56.3	$ 77.9

(1) Gains on commodity derivatives that are economic hedges but not designated as hedging instruments include unrealized gains of $11.2 million and $52.0 million for the three months ended March 31, 2021 and 2020, respectively.

(2) See separate table below for disclosures about "trading derivatives."

The effect of cash flow hedge accounting on the condensed consolidated statements of income is as follows (in millions):

	Three Months Ended March 31, 2021	2020
Gain (loss) on cash flow hedging relationships recognized in cost of materials and other:		
Commodity contracts:		
Hedged items	$ (0.2)	$ (0.7)
Derivative designated as hedging instruments	0.2	0.7
Total	$ —	$ —

For cash flow hedges, no component of the derivative instruments' gains or losses was excluded from the assessment of hedge effectiveness for the three months ended March 31, 2021 or 2020. Gains, net of tax, on settled commodity contracts of $0.2 million and $0.6 million during the three months ended March 31, 2021 and 2020, respectively, were reclassified into cost of materials and other in the condensed consolidated statements of income. As of March 31, 2021, we estimate that no amount of deferred gains related to commodity cash flow hedges will be reclassified into cost of materials and other over the next 12 months as a result of hedged transactions that are forecasted to occur.

Total losses on our trading physical forward contract derivatives (none of which were designated as hedging instruments) recorded in other operating income, net on the condensed consolidated statements of income are as follows (in millions):

	Three Months Ended March 31,	
	2021	2020
Realized losses	$ (0.4)	$ (1.7)
Unrealized losses	(0.4)	(1.0)
Total	$ (0.8)	$ (2.7)

Note 10 - Fair Value Measurements

Our assets and liabilities that are measured at fair value include commodity derivatives, investment commodities, environmental credits obligations and Supply and Offtake Agreements. Delek applies the provisions of ASC 820, *Fair Value Measurements* ("ASC 820"), which defines fair value, establishes a framework for its measurement and expands disclosures about fair value measurements. ASC 820 requires disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability reflecting our assumptions about pricing by market participants.

Our commodity derivative contracts, which consist of commodity swaps, exchange-traded futures, options and physical commodity forward purchase and sale contracts (that do not qualify as normal purchases or normal sales exception under ASC 815), are valued based on exchange pricing and/or price index developers such as Platts or Argus and are, therefore, classified as Level 2.

Our RINs commitment contracts are future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our Consolidated Net RINs Obligation (as defined in the Annual Report on Form 10-K). These RINs commitment contracts (which are forward contracts accounted for as derivatives – see Note 9) are categorized as Level 2, and are measured at fair value based on quoted prices from an independent pricing service.

Our environmental credits obligation surplus or deficit includes the Consolidated Net RINs Obligation surplus or deficit, as well as other environmental credit obligation surplus or deficit positions subject to fair value accounting pursuant to our accounting policy (see Note 14). The environmental credits obligation surplus or deficit is categorized as Level 2 if measured at fair value either directly through observable inputs or indirectly through market-corroborated inputs.

As of and for the three months ended March 31, 2021 and 2020, we elected to account for our J. Aron step-out liability at fair value in accordance with ASC 825, as it pertains to the fair value option. This standard permits the election to carry financial instruments and certain other items similar to financial instruments at fair value on the balance sheet, with all changes in fair value reported in earnings. With respect to the amended and restated Supply and Offtake Agreements, such amendments being effective April 2020 for all the agreements, we apply fair value measurement as follows: (1) we determine fair value for our amended variable step-out liability based on changes in fair value related to market volatility based on a floating commodity-index price, and for our amended fixed step-out liability based on changes to interest rates and the timing and amount of expected future cash settlements where such obligation is categorized as Level 2. Gains (losses) related to changes in fair value due to commodity-index price are recorded as a component of cost of materials and other, and changes in fair value due to interest rate risk are recorded as a component of interest expense in the condensed consolidated statements of income; and (2) we determine fair value of the commodity-indexed revolving over/short inventory financing liability based on the market prices for the consigned crude oil and refined products collateralizing the financing/funding where such obligation is categorized as Level 2 and is presented in the current portion of the Obligation under Supply and Offtake Agreements on our condensed consolidated balance sheets. Gains (losses) related to the change in fair value are recorded as a component of cost of materials and other in the condensed consolidated statements of income.

For all other financial instruments, the fair value approximates the historical or amortized cost basis comprising our carrying value and therefore are not included in the table below. The fair value hierarchy for our financial assets and liabilities accounted for at fair value on a recurring basis was as follows (in millions):

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Commodity derivatives	$ —	$ 2,125.8	$ —	$ 2,125.8
RINs commitment contracts	—	122.5	—	122.5
Total assets	—	2,248.3	—	2,248.3
Liabilities				
Commodity derivatives	—	(2,106.6)	—	(2,106.6)
RINs commitment contracts	—	(11.6)	—	(11.6)
Environmental credits obligation deficit	—	(220.8)	—	(220.8)
J. Aron supply and offtake obligations	—	(410.7)	—	(410.7)
Total liabilities	—	(2,749.7)	—	(2,749.7)
Net assets (liabilities)	$ —	$ (501.4)	$ —	$ (501.4)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Commodity derivatives	$ —	$ 1,397.7	$ —	$ 1,397.7
RINs commitment contracts	—	33.6	—	33.6
Total assets	—	1,431.3	—	1,431.3
Liabilities				
Commodity derivatives	—	(1,387.0)	—	(1,387.0)
RINs commitment contracts	—	(22.5)	—	(22.5)
Environmental credits obligation deficit	—	(59.6)	—	(59.6)
J. Aron supply and offtake obligations	—	(354.1)	—	(354.1)
Total liabilities	—	(1,823.2)	—	(1,823.2)
Net assets (liabilities)	$ —	$ (391.9)	$ —	$ (391.9)

The derivative values above are based on analysis of each contract as the fundamental unit of account as required by ASC 820. In the table above, derivative assets and liabilities with the same counterparty are not netted where the legal right of offset exists. This differs from the presentation in the financial statements which reflects our policy, wherein we have elected to offset the fair value amounts recognized for multiple derivative instruments executed with the same counterparty and where the legal right of offset exists. As of March 31, 2021 and December 31, 2020, $(1.8) million and $14.8 million, respectively, of cash (obligation) collateral was held by counterparty brokerage firms and has been netted with the net derivative positions with each counterparty. See Note 9 for further information regarding derivative instruments.

Note 11 - Commitments and Contingencies

Litigation

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our financial statements. Certain environmental matters that have or may result in penalties or assessments are discussed below in the "Environmental, Health and Safety" section of this note.

On April 8, 2021, an action titled CVR Energy Inc. v. Delek US Holdings, Inc., Case No. 2021-0297-JTL, was filed in the Court of Chancery of the State of Delaware. The complaint asserts claims arising out of the Company's response to the plaintiff's demand to inspect certain books and records of the Company purportedly pursuant to Section 220 of the Delaware General Corporation Law. The complaint seeks an order from the court compelling the Company to provide certain books and records to the plaintiff for purposes of inspection and copying.

One of our Alon subsidiaries was the defendant in a legal action related to an easement dispute arising from a purchase of property that occurred in October 2013. In June 2019, the court found in favor of the plaintiffs and assessed damages against such subsidiary, which were reduced in the fourth quarter of 2019 to $6.4 million. Such amount is included as of March 31, 2021 and December 31, 2020 in accrued expenses and other current liabilities on the accompanying condensed consolidated balance sheet.

Self-insurance

With respect to workers' compensation claims, we are subject to claims losses up to a $4.0 million deductible on a per accident basis, general liability claims up to $4.0 million on a per occurrence basis and medical claims for eligible full-time employees up to $0.3 million per covered individual per calendar year. We are also subject to auto liability claims losses up to a $4.0 million deductible on a per accident basis.

We have umbrella liability insurance available to each of our segments in an amount determined reasonable by management.

Environmental, Health and Safety

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

These laws and permits raise potential exposure to future claims and lawsuits involving environmental and safety matters which could include soil and water contamination, air pollution, personal injury and property damage allegedly caused by substances which we manufactured, handled, used, released or disposed of, transported, or that relate to pre-existing conditions for which we have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety requirements. However, there have been and will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. While it is often difficult to quantify future environmental or safety related expenditures, we anticipate that continuing capital investments and changes in operating procedures will be required for the foreseeable future to comply with existing and new requirements, as well as evolving interpretations and more strict enforcement of existing laws and regulations.

As of March 31, 2021, we have recorded an environmental liability of approximately $112.1 million, primarily related to the estimated probable costs of remediating or otherwise addressing certain environmental issues of a non-capital nature at our refineries, as well as terminals, some of which we no longer own. This liability includes estimated costs for ongoing investigation and remediation efforts for known contamination of soil and groundwater. Approximately $5.1 million of the total liability is expected to be expended over the next 12 months, with most of the balance expended by 2032, although some costs may extend up to 30 years. In the future, we could be required to extend the expected remediation period or undertake additional investigations of our refineries, pipelines and terminal facilities, which could result in the recognition of additional remediation liabilities.

We are also subject to various regulatory requirements related to carbon emissions and the compliance requirements to remit environmental credit obligations due to the EPA or other regulatory agencies, the most significant of which relates to the RINs Obligation subject to the EPA's RFS-2 regulations. The RFS-2 regulations are highly complex and evolving, requiring us to periodically update our compliance systems. As part of our on-going monitoring and compliance efforts, on an annual basis we engage a third party to perform procedures to review our RINs inventory, processes and compliance. The results of such procedures could include procedural findings but may also include findings regarding the usage of RINs to meet past obligations, the treatment of exported RINs, and the propriety of RINs on-hand. Based on management's current review, we have determined that there will likely be adjustments in future periods to current RINs inventory which (to the extent they are valued) offset our RINs Obligation. Such adjustments may also require communication with the EPA if they involve reportable non-compliance which could lead to the assessment of penalties. The total amount of exposure is not yet determinable, but based on management's analysis of potential exposure, it is not expected to be material in relation to our total RINs Obligation.

El Dorado Refinery Fire

On February 27, 2021, our El Dorado refinery experienced a fire in its Penex unit. Six employees were injured in the fire, which is currently being investigated by the Occupational Safety and Health Administration. The facility was in the process of undergoing turnaround activity, so there were no operational disruptions as a result of the fire. During the three months ended March 31, 2021, we incurred workers' compensation losses of $3.8 million associated with the fire, which is included in operating expenses in the accompanying condensed consolidated statements of income. Additionally, we recognized accelerated depreciation of $1.0 million in the three months ended March 31, 2021 due to property damaged in the fire. Work to determine the full extent of losses and potential insurance claims continues and will continue until all the affected equipment and processes are brought back online and final testing can be completed. The extent of any incremental losses is not yet determinable and may be subject to insurance recoveries.

Delek maintains property damage insurance policies which have an associated deductible of $5.0 million for the El Dorado refinery. Covered losses in excess of the $5.0 million deductible will be recoverable under the property insurance policies.

Crude Oil and Other Releases

We have experienced several crude oil and other releases involving our assets. There were no material releases that occurred during the three months ended March 31, 2021. For releases that occurred in prior years, we have received regulatory closure or a majority of the cleanup and remediation efforts are substantially complete. For the release sites that have not yet received regulatory closure, we expect to receive regulatory closure in 2021 and do not anticipate material costs associated with any fines or penalties or to complete activities that may be needed to achieve regulatory closure.

Expenses incurred for the remediation of these crude oil and other releases are included in operating expenses in our condensed consolidated statements of income.

Letters of Credit

As of March 31, 2021, we had in place letters of credit totaling approximately $314.6 million with various financial institutions securing obligations primarily with respect to our commodity transactions for the refining segment and certain of our insurance programs. There were no amounts drawn by beneficiaries of these letters of credit at March 31, 2021.

Note 12 - Income Taxes

Under ASC 740 we used an estimated annual tax rate to record income taxes for the three months ended March 31, 2021 and March 31, 2020. Our effective tax rate was 12.0% and 21.3% for the three months ended March 31, 2021 and 2020, respectively. The difference between the effective tax rate and the statutory rate is generally attributable to permanent differences and discrete items. The change in our effective tax rate for the three months ended March 31, 2021 as compared to the three months ended March 31, 2020 was primarily due to the first quarter 2020 reversal of a valuation allowance for deferred tax assets in partnership investments due to changes in the future realizability of deferred tax basis differences, change in state income tax footprint for separate state jurisdictions and changes in certain state income tax apportionment rates.

Note 13 - Related Party Transactions

Our related party transactions consist primarily of transactions with our equity method investees (See Note 5). Transactions with our related parties were as follows for the periods presented:

	Three Months Ended March 31,	
(in millions)	**2021**	**2020**
Revenues [1]	$ 10.4	$ 7.7
Cost of materials and other [2]	$ 15.1	$ 9.1

[1] Consists primarily of asphalt sales which are recorded in corporate, other and eliminations segment.

[2] Consists primarily of pipeline throughput fees paid by the refining segment and asphalt purchases.

Note 14 - Other Current Assets and Liabilities

The detail of other current assets is as follows (in millions):

Other Current Assets	March 31, 2021	December 31, 2020
Income and other tax receivables	$ 158.7	$ 142.0
Short-term derivative assets (see Note 9)	150.6	72.9
Prepaid expenses	29.4	21.8
Other	19.5	19.7
Total	$ 358.2	$ 256.4

The detail of accrued expenses and other current liabilities is as follows (in millions):

Accrued Expenses and Other Current Liabilities	March 31, 2021	December 31, 2020
Product financing agreements	$ 277.8	$ 198.0
Consolidated Net RINs Obligation deficit (see Note 10)	220.8	59.6
Crude purchase liabilities	205.6	62.1
Income and other taxes payable	101.7	109.5
Deferred revenue	48.1	16.5
Employee costs	34.6	30.2
Short-term derivative liabilities (see Note 9)	22.2	35.8
Other	51.0	34.7
Total	$ 961.8	$ 546.4

Note 15 - Equity-Based Compensation

Delek US Holdings, Inc. 2006 and 2016 and Alon USA Energy, Inc. 2005 Long-Term Incentive Plans (collectively, the "Incentive Plans")

On May 5, 2020, the Company's stockholders approved an amendment to the Delek US Holdings, Inc. 2016 Long-Term Incentive Plan that increased the number of shares of common stock available for issuance under this plan by 2,120,000 shares to 11,020,000 shares.

Compensation expense related to equity-based awards granted under the Incentive Plans amounted to $4.5 million and $5.8 million for the three months ended March 31, 2021 and 2020, respectively. These amounts are included in general and administrative expenses in the accompanying condensed consolidated statements of income.

As of March 31, 2021, there was $37.3 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.6 years.

We issued net shares of common stock of 93,856 and 102,895 as a result of exercised or vested equity-based awards during the three months ended March 31, 2021 and 2020, respectively. These amounts are net of 58,851 and 61,505 shares withheld to satisfy employee tax obligations related to the exercises and vesting during the three months ended March 31, 2021 and 2020, respectively.

Delek Logistics GP, LLC 2012 Long-Term Incentive Plan

The Delek Logistics GP, LLC 2012 Long-Term Incentive Plan (the "LTIP") was adopted by the Delek Logistics GP, LLC board of directors in connection with the completion of Delek Logistics' initial public offering in November 2012. The LTIP is administered by the Conflicts Committee of the board of directors of Delek Logistics' general partner.

Note 16 - Shareholders' Equity

Dividends Suspension

We have elected to suspend dividends beginning in the fourth quarter of 2020 in order to conserve capital.

Stock Repurchase Program

On November 6, 2018, our Board of Directors authorized a share repurchase program for up to $500.0 million of Delek common stock. Any share repurchases under the repurchase program may be implemented through open market transactions or in privately negotiated transactions, in accordance with applicable securities laws. The timing, price and size of repurchases are made at the discretion of management and will depend on prevailing market prices, general economic and market conditions and other considerations. The repurchase program does not obligate us to acquire any particular amount of stock and does not expire. During the three months ended March 31, 2020, 58,713 shares of our common stock were repurchased for a total of $1.9 million. No repurchases of our common stock were made in the three months ended March 31, 2021. As of March 31, 2021, there was $229.7 million of authorization remaining under Delek's aggregate stock repurchase program. In the second quarter of 2020, we elected to suspend the share repurchase program.

Stockholder Rights Plan

On March 20, 2020, our Board of Directors declared a dividend of one preferred share purchase right (a “Right”) for each outstanding share of Delek’s common stock and adopted a stockholder rights plan (the “Rights Agreement”). The dividend was distributed in a non-cash transaction on March 30, 2020 to the stockholders of record on that date. The Rights traded with Delek’s common stock.

The Rights expired in accordance with the terms of the Rights Agreement on March 19, 2021.

Note 17 - Leases

We lease certain retail stores, land, building and various equipment from others. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 15 years or more. The exercise of existing lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Some of our lease agreements include a rate based on equipment usage and others include a rate with fixed increases or inflationary indices based increase. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. We rent or sublease certain real estate and equipment to third parties. Our sublease portfolio consists primarily of operating leases within our retail stores and crude storage equipment.

As of March 31, 2021, $26.0 million of our net property, plant, and equipment balance is subject to an operating lease. This agreement does not include options for the lessee to purchase our leasing equipment, nor does it include any material residual value guarantees or material restrictive covenants. The agreement includes a one-year renewal option and certain variable payment based on usage.

The following table presents additional information related to our operating leases in accordance ASC 842, Leases ("ASC 842"):

	Three Months Ended March 31,	
(in millions)	**2021**	**2020**
Lease Cost		
Operating lease costs [(1)]	$ 17.7	$ 15.7
Short-term lease costs [(2)]	9.5	7.6
Sublease income	(1.9)	(1.9)
Net lease costs	$ 25.3	$ 21.4
Other Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases [(1)]	$ (18.3)	$ (15.7)
Leased assets obtained in exchange for new operating lease liabilities	$ 7.4	$ 6.8
Leased assets obtained in exchange for new financing lease liabilities	$ 12.2	$ —
	March 31, 2021	
Weighted-average remaining lease term (years) operating leases	5.1	
Weighted-average remaining lease term (years) financing leases	7.7	
Weighted-average discount rate operating leases [(3)]	6.4 %	
Weighted-average discount rate financing leases [(3)]	3.3 %	

(1) Includes an immaterial amount of financing lease cost.

(2) Includes an immaterial amount of variable lease cost.

(3) Our discount rate is primarily based on our incremental borrowing rate in accordance with ASC 842.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is management's analysis of our financial performance and of significant trends that may affect our future performance. The MD&A should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2021 (the "Annual Report on Form 10-K"). Those statements in the MD&A that are not historical in nature should be deemed forward-looking statements that are inherently uncertain.

Delek US Holdings, Inc. is a registrant pursuant to the Securities Act of 1933, as amended ("Securities Act") and is listed on the New York Stock Exchange ("NYSE") under the ticker symbol "DK". Unless otherwise noted or the context requires otherwise, the terms "we," "our," "us," "Delek" and the "Company" are used in this report to refer to Delek US Holdings, Inc. and its consolidated subsidiaries for all periods presented. You should read the following discussion of our financial condition and results of operations in conjunction with our historical condensed consolidated financial statements and notes thereto.

The Company announces material information to the public about the Company, its products and services and other matters through a variety of means, including filings with the SEC, press releases, public conference calls, the Company's website (www.delekus.com), the investor relations section of its website (ir.delekus.com), the news section of its website (www.delekus.com/news), and/or social media, including its Twitter account (@DelekUSHoldings). The Company encourages investors and others to review the information it makes public in these locations, as such information could be deemed to be material information. Please note that this list may be updated from time to time.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). These forward-looking statements reflect our current estimates, expectations and projections about our future results, performance, prospects and opportunities. Forward-looking statements include, among other things, statements regarding the effect, impact, potential duration or other implications of, or expectations expressed with respect to, the outbreak of COVID-19 and its development into a pandemic in March 2020 (the "COVID-19 Pandemic" or the "Pandemic") and the actions of members of the Organization of Petroleum Exporting Countries ("OPEC") and other leading oil producing countries (together with OPEC, "OPEC+"), with respect to oil production and pricing, and statements regarding our efforts and plans in response to such events, the information concerning our planned capital expenditures by segment for 2021, possible future results of operations, business and growth strategies, financing plans, expectations that regulatory developments or other matters will or will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, and the benefits and synergies to be obtained from our completed and any future acquisitions, statements of management's goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "appears," "projects" and similar expressions, as well as statements in future tense, identify forward-looking statements.

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

- volatility in our refining margins or fuel gross profit as a result of changes in the prices of crude oil, other feedstocks and refined petroleum products and the impact of the COVID-19 Pandemic on such demand;
- reliability of our operating assets;
- actions of our competitors and customers;
- changes in, or the failure to comply with, the extensive government regulations applicable to our industry segments, including current and future restrictions on commercial and economic activities in response to the COVID-19 Pandemic;
- our ability to execute our strategy of growth through acquisitions and capital projects and changes in the expected value of and benefits derived therefrom, including any ability to successfully integrate acquisitions, realize expected synergies or achieve operational efficiency and effectiveness;
- diminishment in value of long-lived assets may result in an impairment in the carrying value of the assets on our balance sheet and a resultant loss recognized in the statement of operations;
- the unprecedented market environment and economic effects of the COVID-19 Pandemic, including uncertainty

regarding the timing, pace and extent of economic recovery in the United States due to the COVID-19 Pandemic;

- general economic and business conditions affecting the southern, southwestern and western United States, particularly levels of spending related to travel and tourism and the ongoing and future impacts of the COVID-19 Pandemic;
- volatility under our derivative instruments;
- deterioration of creditworthiness or overall financial condition of a material counterparty (or counterparties);
- unanticipated increases in cost or scope of, or significant delays in the completion of, our capital improvement and periodic turnaround projects;
- risks and uncertainties with respect to the quantities and costs of refined petroleum products supplied to our pipelines and/or held in our terminals;
- operating hazards, natural disasters, weather related disruptions, casualty losses and other matters beyond our control;
- increases in our debt levels or costs;
- possibility of accelerated repayment on a portion of the J. Aron supply and offtake liability if the purchase price adjustment feature triggers a change on the re-pricing dates;
- changes in our ability to continue to access the credit markets;
- compliance, or failure to comply, with restrictive and financial covenants in our various debt agreements;
- the suspension of our quarterly dividend;
- seasonality;
- acts of terrorism (including cyber-terrorism) aimed at either our facilities or other facilities that could impair our ability to produce or transport refined products or receive feedstocks;
- future decisions by OPEC+ members regarding production and pricing and disputes between OPEC+ members regarding such;
- disruption, failure, or cybersecurity breaches affecting or targeting our IT systems and controls, our infrastructure, or the infrastructure of our cloud-based IT service providers;
- changes in the cost or availability of transportation for feedstocks and refined products; and
- other factors discussed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and in our other filings with the SEC.

In light of these risks, uncertainties and assumptions, our actual results of operations and execution of our business strategy could differ materially from those expressed in, or implied by, the forward-looking statements, and you should not place undue reliance upon them. In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance, and you should not use our historical performance to anticipate future results or period trends. We can give no assurances that any of the events anticipated by any forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

Executive Summary

Business Overview

We are an integrated downstream energy business focused on petroleum refining, the transportation, storage and wholesale distribution of crude oil, intermediate and refined products and convenience store retailing. Our operating segments consist of refining, logistics, and retail, and are discussed in the sections that follow.

The Impact of the COVID-19 Pandemic

The outbreak of COVID-19 Pandemic has resulted in significant economic disruption globally, including in the United States and specific geographic areas where we operate. Actions taken by various governmental authorities, individuals and companies around the world to prevent the spread of COVID-19 through both voluntary and mandated social distancing, curfews, shutdowns and expanded safety measures have restricted travel, many business operations, public gatherings and the overall level of individual movement and in-person interaction across the globe. This has in turn significantly reduced global economic activity which has had a significant impact on the nature and extent of travel. The COVID-19 Pandemic has had a devastating impact on the airline industry, dramatically reducing the number of domestic flights and, due to foreign travel bans and immigration restrictions abroad as well as traveler concerns over exposure, virtually eliminating international travel originating from the U.S. to many parts of the world. Additionally, the COVID-19 Pandemic has had a significant negative impact on motor vehicle activity. As a result, and certainly during 2020, we experienced a decline in the demand for, and thus also the market prices of, crude oil and certain of our products, particularly our refined petroleum products and most notably gasoline and jet fuel. Uncertainty about the duration of the COVID-19 Pandemic has caused periodic storage constraints in the U.S.

resulting from over-supply of produced oil, while some of this oversupply was alleviated during and after Winter Storm Uri, which caused disruption in pipelines and other supply sources in PADD 3 during February and early March. While in the last few months, we have seen successful domestic efforts to distribute the vaccine across the U.S. which has led to some improved stability in the capital markets as well as improved pricing in crude oil, refined products and related forward curves, there continues to be uncertainty, and demand for refined product, and likewise for our logistics assets, has not yet returned to normal levels. Based on these conditions and events, downward pressure on commodity prices, crack spreads and demand remains a significant risk and could continue for the foreseeable future.

We have previously identified the following known uncertainties resulting from the COVID-19 Pandemic. And while the risk surrounding these uncertainties appears to be lessening, they still represent risks that could impact our operations, financial condition and results of operations. They are as follows:

- Significant declines and/or volatility in prices of refined products we sell and the feedstocks we purchase as well as in crack spreads resulting from the COVID-19 Pandemic could have a significant impact on our revenues, cost of sales, operating income and liquidity, as well to the carrying value of our long-lived or indefinite-lived assets;
- A decline in the market prices of refined products and feedstocks below the carrying value in our inventory may result in the adjustment of the value of our inventories to the lower market price and a corresponding loss on the value of our inventories (see also Note 1 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional discussion of specific financial statement risks);
- The decline in demand for refined products could significantly impact the demand for throughput at our refineries, unfavorably impacting operating results at our refineries, and could impact the demand for storage, which could impact our logistics segment;
- The decline in demand and margins impacting current results and forecasts could result in impairments in certain of our long-lived or indefinite-lived assets, including goodwill, or have other financial statement impacts that cannot currently be anticipated (see also Note 1 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional discussion of specific financial statement risks);
- A significant reduction or suspension in U.S. crude oil production could adversely affect our suppliers and sources of crude oil;
- An outbreak in one of our refineries, exacerbated by a limited pool of qualified replacements as well as quarantine protocols, could cause significant disruption in our production or, worst case, temporary idling of the facility;
- The restrictions on travel and requirements for social distancing could significantly impact the traffic at our convenience stores, particularly the demand for fuel;
- Customers of the refining segment as well as third-party customers of the logistics segment may experience financial difficulties which could interrupt the volumes ordered by those customers and/or could impact the credit worthiness of such customers and the collectability of their outstanding receivables;
- The impact of COVID-19 or protocols implemented in response to COVID-19 by key or specialty suppliers may negatively affect our ability to obtain specialty equipment or services when needed;
- Equity method investees may be significantly impacted by the COVID-19 Pandemic which may increase the risk of impairment of those investments;
- Access to capital markets may be significantly impacted by the volatility and uncertainty in the oil and gas market specifically which could restrict our ability to raise funds; while our current liquidity needs are managed by existing facilities, sources of future liquidity needs may be impacted by the volatility in the debt market and the availability and pricing of such funds as a result of the COVID-19 Pandemic; and
- The U.S. Federal Government has enacted certain stimulus and relief measures and may consider additional relief legislation. Beyond the direct impact of existing legislation on Delek in the current or prior periods (as applicable), the extent to which the provisions of the existing or any future legislation will achieve its intention to stimulate or provide relief to the greater U.S. economy and/or consumer, as well as the impact and success of such efforts, remains unknown.

Other uncertainties related to the impact of the COVID-19 Pandemic as well as global geopolitical factors may exist that have not been identified or that are not specifically listed above, and could impact our future results of operations and financial position, the nature of which and the extent to which are currently unknown. The U.S. Federal Government's passage and/or enactment of additional stimulus and relief measures, as well as their future actions may impact the extent to which the risk underlying these uncertainties are realized. To the extent these uncertainties have been identified and are believed to have an impact on our current period results of operations or financial position based on the requirements for assessing such financial statement impact under U.S. Generally Accepted Accounting Principles ("GAAP"), we have considered them in the preparation of our unaudited financial statements as of and for the three months ended March 31, 2021, which are included in Item 1, of this Quarterly Report on Form 10-Q.

In addition, management has actively responded to the continuing impact of the COVID-19 Pandemic on our business. Additionally, to the extent warranted, we continue to monitor the impact and implement measures to mitigate the risk. Such efforts include (but are not limited to) the following:

- Reviewing planned production throughputs at our refineries and planning for optimization of operations;
- Coordinating planned maintenance activities with possible downtime as a result of possible reductions in throughputs;
- Searching for additional storage capacity if needed to store potential builds in crude oil or refined product inventories;
- Finding additional suppliers for key or specialty items or securing inventory or priority status with existing vendors;
- Reducing discretionary capital expenditures;
- Suspending the share repurchase program and dividend distributions until our internal parameters are met for resuming such activities;
- Taking advantage of the income and payroll tax relief afforded to us by the CARES Act or other Pandemic relief legislation;
- Implementing regular site cleaning and disinfecting procedures;
- Adopting remote working where possible, and where on-site operations are required, taking appropriate safety precautions;
- Identifying alternative financing solutions as needed to enhance our access to sources of liquidity; and
- Enacting cost reduction measures across the organization, including reducing contract services, reducing overtime and other employee related costs, and reducing or eliminating non-critical travel.

The most significant of these efforts to date as well as specifically identified measures that are anticipated in the near term, in terms of realized or anticipated impact, include the following:

- For the year ended December 31, 2020 pursuant to the provisions of the CARES Act, we recognized $16.8 million of current federal income tax benefit attributable to anticipated tax refunds from net operating loss carryback to prior 35% tax rate years, and deferred $10.9 million of payroll tax payments which will be payable in equal installments in December 2021 and December 2022. Additionally, we recorded an income tax receivable totaling $156.2 million as of December 31, 2020 related to the net operating loss carryback, which we expect to collect $135.6 million in 2021 and the remaining balance in 2022.
- We made significant efforts to reduce our capital spending, particularly on growth and non-critical sustaining maintenance projects. See the "Liquidity and Capital Resources" section of Item 2. MD&A further information.
- In light of the weak macro-economic environment, we elected to pull forward turnaround work into the fourth quarter of 2020 on certain units at our Krotz Springs refinery that was conducted on a straight-time basis. This allowed us to continue running the more profitable units of the refinery and should help improve economics toward a break-even level. We completed this turnaround work late in the first quarter 2021 and have begun moving back to full utilization at the facility.
- Additionally, we developed a cost savings plan for 2021 designed to continue to reduce operating expenses and general and administrative expenses. The majority of the expected operating expenses reduction is attributable to the temporary unit optimization at the Krotz Springs refinery, while other efforts such as targeted budgeting around outside contractor expenses and deferral of certain non-critical, non-capitalizable maintenance activities are also expected to have a favorable impact. Furthermore, both operating and general and administrative expenses will be favorably impacted by a cumulative reduction in workforce. Reductions in workforce are made possible in large part by significant efforts to improve process efficiency and leverage technology where cost-effective.
- Finally, we elected to suspend dividends beginning in the fourth quarter 2020 in order to conserve capital. We expect this will help us maintain our liquidity and manage our cost of capital impacted by the Pandemic, and we believe it will provide us with flexibility to pursue opportunities to provide value to investors with respect to our stock price, which we believe is undervalued.

The combination of these efforts are expected to continue to have a favorable impact on cash flows as well as our operations process effectiveness, which will improve our liquidity positioning and operational flexibility and response in anticipation of the continued economic impacts of the COVID-19 Pandemic. See the "Liquidity and Capital Resources" section of Item 2. MD&A for further information.

The extent to which our future results are affected by the COVID-19 Pandemic will depend on various factors and consequences beyond our control, such as the duration and scope of the Pandemic; additional actions by businesses and governments in response to the Pandemic, the speed and effectiveness of responses to combat the virus and any new variants and the challenges with the vaccination rollout. The COVID-19 Pandemic, and the volatile regional and global economic conditions stemming from the Pandemic, could also exacerbate the risk factors identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and in this Form 10-Q, as applicable. The COVID-19 Pandemic may also materially adversely affect our results in a manner that is either not currently known or that we do not currently consider to be a significant risk to our business.

Other Significant Events

During February 2021, the Company experienced a severe weather event ("Winter Storm Uri") which temporarily impacted operations at all of our refineries. Due to the extreme freezing conditions, we experienced reduced throughputs at our Tyler and Big Spring refineries as there was a disruption in the crude supply, as well as damages to various units at our refineries requiring additional operating and capital expenditures. As a result of this event and the related outages at our El Dorado refinery, we accelerated certain of our planned turnaround activities to coincide with repairs of any damaged units, therefore optimizing and limiting our downtime. As a result of the temporary unit optimization at our Krotz Springs refinery, there was limited disruption to its operations. Additionally, the severe weather conditions and the resultant industry downtime caused energy prices to rise in certain regions where we operate, which has resulted in additional operating expenses for the refineries impacted.

On February 27, 2021, our El Dorado refinery experienced a fire in its Penex unit, in which six Delek employees were injured. Our on-site emergency response team, with the assistance of the El Dorado Fire Department, extinguished the fire, and we immediately began to monitor the air quality within the refinery and the community. The incident is currently being investigated by the Occupational Safety and Health Administration. The facility was in the process of undergoing turnaround activity, so there were no operational disruptions as a result of the fire. (See Note 11 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information about losses incurred and related insurance coverages).

Refining Overview

The refining segment (or "Refining") processes crude oil and other feedstocks for the manufacture of transportation motor fuels, including various grades of gasoline, diesel fuel and aviation fuel, asphalt and other petroleum-based products that are distributed through owned and third-party product terminals. The refining segment has a combined nameplate capacity of 302,000 barrels per day as of March 31, 2021. A high-level summary of the refinery activities is presented below:

	Tyler, Texas refinery (the "Tyler refinery")	El Dorado, Arkansas refinery (the "El Dorado refinery")	Big Spring, Texas refinery (the "Big Spring refinery")	Krotz Springs, Louisiana refinery (the "Krotz Springs refinery")
Total Nameplate Capacity (barrels per day ("bpd"))	75,000	80,000	73,000	74,000
Primary Products	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, petroleum coke and sulfur	Gasoline, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, asphalt and sulfur	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, aromatics and sulfur	Gasoline, jet fuel, high-sulfur diesel, light cycle oil, liquefied petroleum gases, propylene and ammonium thiosulfate
Relevant Crack Spread Benchmark	Gulf Coast 5-3-2	Gulf Coast 5-3-2 (1)	Gulf Coast 3-2-1 (2)	Gulf Coast 2-1-1 (3)
Marketing and Distribution	The refining segment's petroleum-based products are marketed primarily in the south central, southwestern and western regions of the United States, and the refining segment also ships and sells gasoline into wholesale markets in the southern and eastern United States. Motor fuels are sold under the Alon or Delek brand through various terminals to supply Alon or Delek branded retail sites. In addition, we sell motor fuels through our wholesale distribution network on an unbranded basis.			

(1) While there is variability in the crude slate and the product output at the El Dorado refinery, we compare our per barrel refined product margin to the U.S. Gulf Coast ("Gulf Coast") 5-3-2 crack spread because we believe it to be the most closely aligned benchmark.

(2) Our Big Spring refinery is capable of processing substantial volumes of sour crude oil, which has historically cost less than intermediate, and/or substantial volumes of sweet crude oil, and therefore the West Texas Intermediate ("WTI") Cushing/ West Texas Sour ("WTS") price differential, taking into account differences in production yield, is an important measure for helping us make strategic, market-respondent production decisions.

(3) The Krotz Springs refinery has the capability to process substantial volumes of light sweet crude oil to produce a high percentage of refined light products.

Our refining segment also owns and operates three biodiesel facilities involved in the production of biodiesel fuels and related activities, located in Crossett, Arkansas, Cleburne, Texas, and New Albany, Mississippi.

Logistics Overview

Our logistics segment (or "Logistics") gathers, transports and stores crude oil and markets, distributes, transports and stores refined products in select regions of the southeastern United States and West Texas for our refining segment and third parties. It is comprised of the consolidated balance sheet and results of operations of Delek Logistics Partners, LP ("Delek Logistics", NYSE:DKL), where we owned an 80.0% interest in Delek Logistics at March 31, 2021. Delek Logistics was formed by Delek in 2012 to own, operate, acquire and construct crude oil and refined products logistics and marketing assets. A substantial majority of Delek Logistics' assets are currently integral to our refining and marketing operations. The logistics segment's pipelines and transportation business owns or leases capacity on approximately 400 miles of crude oil transportation pipelines, approximately 450 miles of refined product pipelines, and an approximately 900-mile crude oil gathering system and associated crude oil storage tanks with an aggregate of approximately 10.2 million barrels of active shell capacity. It also owns and operates nine light product terminals and markets light products using third-party terminals. Logistics has strategic investments in pipeline joint ventures that provide access to pipeline capacity as well as the potential for earnings from joint venture operations. The logistics segment owns or leases approximately 264 tractors and 353 trailers used to haul primarily crude oil and other products for related and third parties.

Retail Overview

Our retail segment (or "Retail") at March 31, 2021 includes the operations of 253 owned and leased convenience store sites located primarily in Central and West Texas and New Mexico. Our convenience stores typically offer various grades of gasoline and diesel under the DK or Alon brand name and food products, food service, tobacco products, non-alcoholic and alcoholic beverages, general merchandise as well as money orders to the public, primarily under the 7-Eleven and DK or Alon brand names pursuant to a license agreement with 7-Eleven, Inc. In November 2018, we terminated the license agreement with 7-Eleven, Inc. and the terms of such termination and subsequent amendment require the removal of all 7-Eleven branding on a store-by-store basis by December 31, 2023. Merchandise sales at our convenience store sites will continue to be sold under the 7-Eleven brand name until 7-Eleven branding is removed pursuant to the termination. As of March 31, 2021, we have removed the 7-Eleven brand name at 57 of our store locations. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery, which is transferred to the retail segment at prices substantially determined by reference to published commodity pricing information. In connection with our Retail strategic initiatives, we closed or sold 46 under-performing or non-strategic store locations since the fourth quarter of 2018.

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

Corporate and Other Overview

Our corporate activities, results of certain immaterial operating segments, our asphalt terminal operations, our recently commenced wholesale crude operations, and intercompany eliminations are reported in corporate, other and eliminations in our segment disclosures. Additionally, our corporate activities include certain of our commodity and other hedging activities.

Strategic Overview

The Company's overall strategy has been to take a disciplined approach that looks to balance returning cash to our shareholders and prudently investing in the business to support safe and reliable operations, while exploring opportunities for growth. Our goal has been to balance the different aspects of this program based on evaluations of each opportunity and how it matches our strategic goals for the Company, while factoring in market conditions and expected cash flows.

Having taken into account the significance of the economic impact of the COVID-19 Pandemic and the OPEC Production Disputes in early 2020, our overall strategy remains unchanged and continues to be focused on the following objectives:

I. **Safety and wellness.**

II. **Reliability and integrity.**

III. **Systems and processes.**

IV. **Risk-based decision making.**

V. **Positioning for growth.**

In addition to the above, it continues to be a strategic and operational objective to manage price and supply risk related to crude oil that is used in refinery production, and to develop strategic sourcing relationships. For that purpose, from a pricing perspective, we enter into commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil and ethanol, future sales of refined products or to fix margins on future production. We also enter into future commitments to purchase or sell renewable identification numbers ("RINs") at fixed prices and quantities, which are used to manage the costs of our credits for commitments required by the U.S. Environmental Protection Agency ("EPA") to blend biofuels into fuel products ("RINs Obligation"). Additionally, from a sourcing perspective, we often enter into purchase and sale contracts with vendors and customers or take financial commodity positions for crude oil that may not be used immediately in production, but that may be used to manage the overall supply and availability of crude expected to ultimately be needed for production and/or to meet minimum requirements under strategic pipeline arrangements, and also to optimize and hedge availability risks associated with crude that we ultimately expect to use in production. Such transactions are inherently based on certain assumptions and judgments made about the current and possible future availability of crude. Therefore, when we take physical or financial positions for optimization purposes, our intent is generally to take offsetting positions in quantities and at prices that will advance these objectives while minimizing our positional and financial statement risk. However, because of the volatility of the market in terms of pricing and availability, it is possible that we may have material positions with timing differences or, more rarely, that we are unable to cover a position with an offsetting position as intended. Such differences could have a material impact on the classification of resulting gains/losses, assets or liabilities, and could also significantly impact net earnings.

2021 Developments

Our principle focus during the first quarter of 2021 was to execute on the following initiatives, consistent with those discussed above in the context of the COVID-19 Pandemic measures:

- effectively implementing and executing on our operating cost savings initiatives;
- continuing to be focused on controlling capital expenditures;
- focusing on operating efficiently, including the Krotz Springs refinery optimization;
- continuing to position ourselves to manage our supply chain risk, our customer risk and our liquidity sources;
- continuing to maintain a strong retail business; and
- with our sights also set on recovery from the Pandemic and the future, continuing to explore and investigate growth opportunities for midstream or other lines of business.

While, as previously noted above, COVID-19 conditions seem to be improving, as is the outlook, with the continued successful distribution of effective vaccines, we were faced with some unprecedented challenges which required our focus during the first quarter 2021. These included the effects of Winter Storm Uri as well as the El Dorado fire (described above). We believe that managing the efforts listed above, plus managing through the disruption caused by these two unexpected events, were critical to managing our results in this continued challenging environment. That said, and related to the last bullet above, we did successfully execute on a strategic opportunity in our logistics segment, as described below.

Exclusivity Supply Agreement

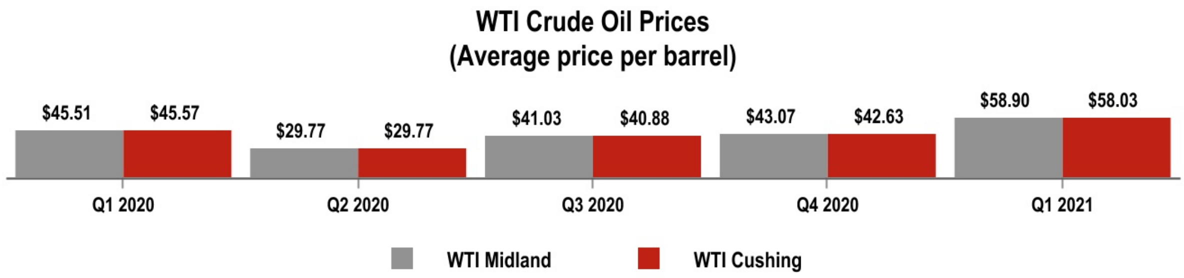
In May 2021, Delek Logistics executed a strategic exclusivity supply agreement with Baker Petrolite LLC (an affiliate of Baker Hughes Company) ("Baker"), for the supply of chemicals to meet IMO regulations through blending competencies utilizing proprietary intellectual property.The agreement has a 5-year initial term and a 5-year extension option. Terms of the agreement are intended to incentivize a cooperative arrangement relating to strategic blending activities to be operated by Delek Logistics, and provides an exciting growth opportunity in our logistics segment.

Market Trends

Our results of operations are significantly affected by fluctuations in the prices of certain commodities, including, but not limited to, crude oil, gasoline, distillate fuel, biofuels, natural gas and electricity, among others. Historically, the impact of commodity price volatility on our refining margins (as defined in our 'Non-GAAP Measures' on page 45), specifically as it relates to the price of crude oil as compared to the price of refined products and timing differences in the movements of those prices (subject to our inventory costing methodology), as well as location differentials, may be favorable or unfavorable compared to peers. Additionally, our refining margin profitability is impacted by regulatory factors, including the cost of RINs.

Crude Prices

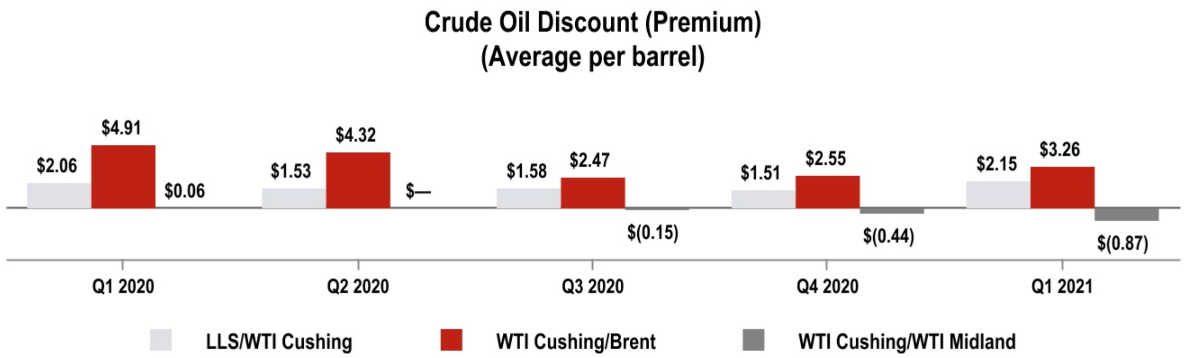
WTI crude oil represents the largest component of our crude slate at all of our refineries, and can be sourced through our gathering channels or optimization efforts from Midland, Texas or Cushing, Oklahoma. The table below reflects the quarterly average prices of WTI Midland and WTI Cushing crude oil for each of the quarterly periods in 2020 and for the first quarterly period in 2021. As shown in the historical graph, WTI Midland crude prices can be favorable or unfavorable as compared to WTI Cushing.



Crude Pricing Differentials

As U.S. crude oil production has increased over recent years, domestic refiners have benefited from the discount for WTI Cushing compared to Brent ("Brent"), a global benchmark crude. This generally leads to higher margins in our refineries, as refined product prices are influenced by Brent crude prices and the majority of our crude supply is WTI-linked. Because of our positioning in the Permian basin, including our access to significant sources of WTI Midland crude through our gathering system, we are even further benefited by discounts for WTI Midland/WTI Cushing differentials. When these discounts shrink or become premiums, our reliance on WTI-linked crude pricing, and specifically WTI Midland crude, can negatively impact our refining margins. Conversely, as these price discounts widen, so does our competitive advantage, created specifically by our access to WTI Midland crude sourced through our gathering systems.

The chart below illustrates the differentials of both Brent crude oil and WTI Midland crude oil as compared to WTI Cushing crude oil as well as WTI Cushing as compared to Louisiana Light Sweet crude oil ("LLS") for each of the quarterly periods in 2020 and for the first quarterly period in 2021.

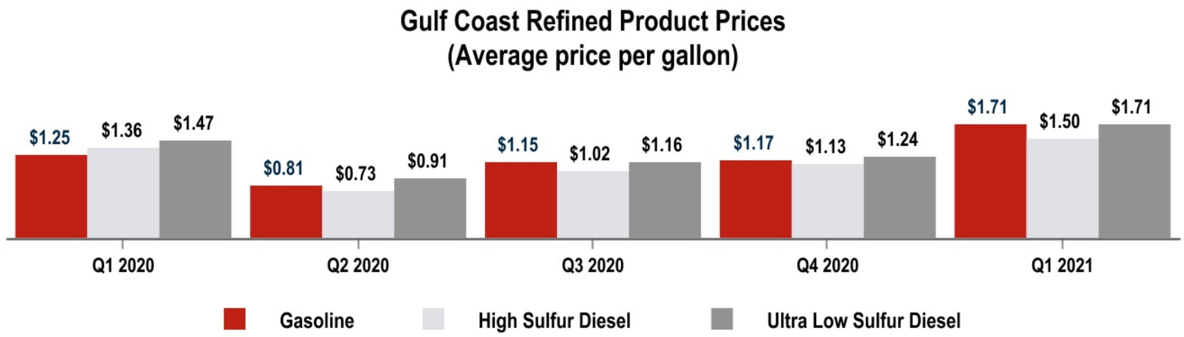


Refined Product Prices

Our refineries produce the following products:

	Tyler Refinery	El Dorado Refinery	Big Spring Refinery	Krotz Springs Refinery
Primary Products	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, petroleum coke and sulfur	Gasoline, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, asphalt and sulfur	Gasoline, jet fuel, ultra-low-sulfur diesel, liquefied petroleum gases, propylene, aromatics and sulfur	Gasoline, jet fuel, high-sulfur diesel, light cycle oil, liquefied petroleum gases, propylene and ammonium thiosulfate

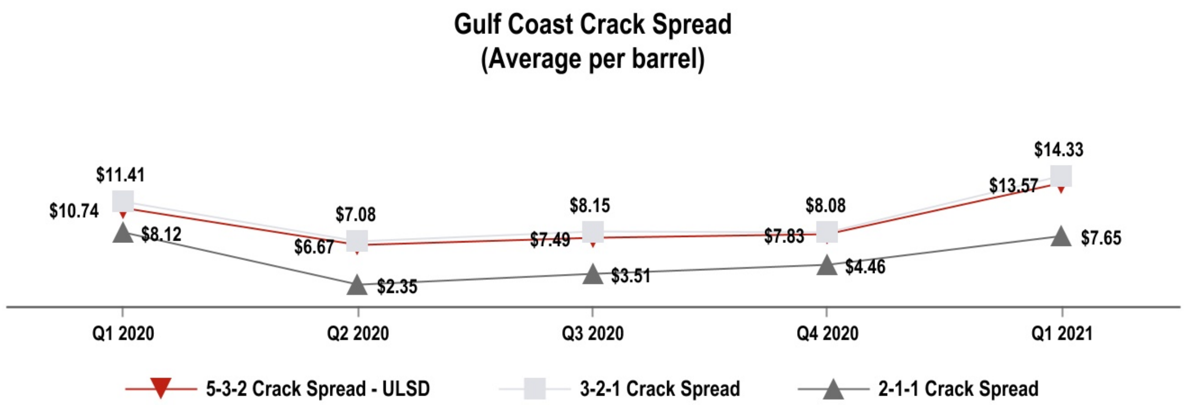
The charts below illustrate the quarterly average prices of Gulf Coast Gasoline (CBOB), U.S. High Sulfur Diesel ("HSD") and U.S. ULSD for each of the quarterly periods in 2020 and for the first quarterly period in 2021.



Crack Spreads

Crack spreads are used as benchmarks for predicting and evaluating a refinery's product margins by measuring the difference between the market price of feedstocks/crude oil and the resultant refined products. Generally, a crack spread represents the approximate refining margin resulting from processing one barrel of crude oil into its outputs, generally gasoline and diesel fuel.

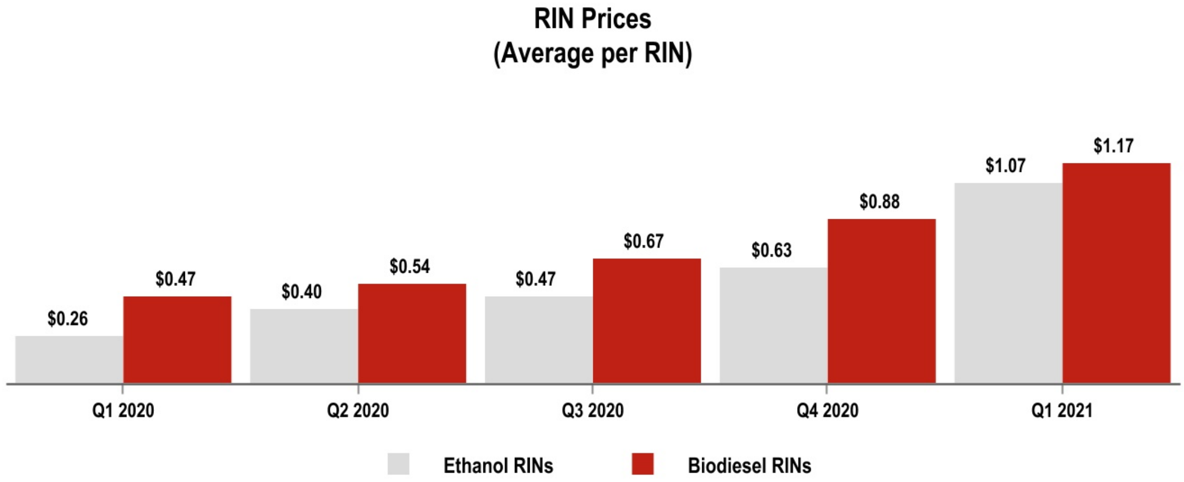
The table below reflects the quarterly average Gulf Coast 5-3-2 Ultra Low Sulfur Diesel ("ULSD"), 3-2-1 and 2-1-1 crack spreads for each of the quarterly periods in 2020 and for the first quarterly period in 2021. As the chart illustrates, the 3-2-1 crack spread has consistently outperformed the 5-3-2 and the 2-1-1 crack spreads. When market conditions consist of near-capacity throughputs and no significant outages, our Big Spring refinery, whose benchmark is the 3-2-1 crack spread, should outperform our other refineries in terms of refining margin, which are benchmarked against either the 5-3-2 or the 2-1-1 crack spreads.



RIN Volatility

Environmental regulations continue to affect our margins in the form of volatility in the cost of RINs. On a consolidated basis, we work to balance our RINs Obligation in order to minimize the effect of RINs on our results. While we generate RINs in both our refining and logistics segments through our ethanol blending and biodiesel production and blending, our refining segment still needs to purchase additional RINs to satisfy its obligations. The cost to purchase these additional RINs is a significant cash outflow for our business. Additionally, increases in the market prices of RINs generally adversely affect our results of operations through changes in fair value to our existing RINs Obligation, to the extent we do not have offsetting RINs inventory on hand or effective economic hedges through net forward purchase commitments. The volatility of RINs prices is highly sensitive to regulatory and political influence and conditions, and therefore often does not correlate to movements in crude oil prices, refined product prices or crack spreads. Additionally, the pricing of RINs and the resulting impact on a refiner's margins is dependent on the type of refined product produced. Furthermore, RIN prices are impacted by market expectations regarding whether the EPA may grant certain small refinery exemptions. Therefore, the recent judicial rulings overturning certain small refinery exemptions, as well as the new presidential administration's vocal support for faster-moving clean energy initiatives, have caused significant recent increases in RINs prices to levels not seen in many years. It is not possible at this time to predict with certainty what future volumes or costs may be, but given the volatile price of RINs, the cost of purchasing sufficient RINs to satisfy our obligation could have an adverse impact on our results of operations if we are unable to recover those costs in the sale price of our refined products.

The chart below illustrates the volatility in RINs prices over several quarterly periods, beginning with the first quarter of 2020 through the first quarter of 2021.



Contractual Obligations

Information regarding our known contractual obligations and commercial commitments of the types described below as of March 31, 2021, is set forth in the following table (in millions):

	Payments Due by Period				
	<1 Year	1-3 Years	3-5 Years	>5 Years	Total
Long term debt and notes payable obligations	$ 13.4	$ 902.6	$ 1,480.8	$ —	$ 2,396.8
Interest[1]	78.9	140.2	62.7	—	281.8
Operating lease commitments[2][7]	47.1	80.6	43.3	55.7	226.7
Purchase commitments[3]	219.0	(0.2)	—	—	218.8
Product financing commitments[4]	277.8	—	—	—	277.8
Transportation agreements[5]	135.7	236.9	190.7	96.3	659.6
J. Aron supply and offtake obligations [6]	15.5	298.8	—	—	314.3
Total	$ 787.4	$ 1,658.9	$ 1,777.5	$ 152.0	$ 4,375.8

(1) Expected interest payments on debt outstanding at March 31, 2021. Floating interest rate debt is calculated using March 31, 2021 rates. For additional information, see Note 8 of our condensed consolidated financial statements included in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.
(2) Amounts reflect future estimated lease payments under operating leases having remaining non-cancelable terms in excess of one year as of March 31, 2021.
(3) We have supply agreements to secure certain quantities of crude oil, finished product and other resources used in production at both fixed and market prices. We have estimated future payments under the market-based agreements using current market rates. Excludes purchase commitments in buy-sell transactions which have matching notional amounts with the same counterparty and are generally net settled.
(4) Balances consist of contractual obligations under RINs product financing arrangements.
(5) Balances consist of obligations under agreements with third parties (not including Delek Logistics) for the transportation of crude oil to our refineries.
(6) Balances consists of contractual obligations under the J. Aron Supply and Offtake Agreements, including annual fees and principal obligation for the Baseline Volume Step-Out Liability. For additional information, see Note 7 of our condensed consolidated financial statements included in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.
(7) Includes an immaterial amount of financing lease cost.

Critical Accounting Policies

The preparation of our condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The SEC has defined critical accounting policies as those that are both most important to the portrayal of our financial condition and results of operations, and require our most difficult, subjective or complex judgments or estimates. Based on this definition and as further described in our 2020 Annual Report on Form 10-K, we believe our critical accounting policies include the following: (i) estimating our quarterly inventory adjustments using the last-in, first-out valuation method for the Tyler refinery, (ii) evaluating impairment for property, plant and equipment and definite life intangibles, (iii) evaluating potential impairment of goodwill, (iv) estimating environmental expenditures, and (v) estimating asset retirement obligations. Additionally, we have identified the following critical accounting policy that impacts the first quarter of 2021:

Under ASC 740, Accounting for Income Taxes, we use an estimated annual effective tax rate ("AETR") to record income taxes. The development of the estimated AETR involves significant judgment, particularly early in the year and in times of economic uncertainty. In the first quarter of 2021, our estimates of the expected AETR reflected inputs which are subject to judgment including (but not necessarily limited to) the following:

- Forecasted pre-tax GAAP income or loss for the year
- Estimates of expected permanent differences in GAAP income or loss and taxable income or loss for the year
- Forecasted capital expenditures for the year and future years (where such activities were significantly impacted by the recent weather event and can likewise be impacted by unanticipated events)
- Expected applicable jurisdictional tax rates
- Estimated impact of possible deduction and tax credit limitations
- Estimates regarding net operating losses, carryback and carryforward provisions (and limitations) and valuation allowances

All of these inputs are subject to significant judgment and assumptions about future events impacting 2021, some of which are based on historical trends and results, operational plans, and projections regarding future pricing and profitability (where we utilize third party forward curves and pricing sources, where possible, but where expectations regarding capture rates and other factors involve judgment). We also note that, while economic conditions affecting our industry and industry outlooks related to COVID-19 are stabilizing and improving, there remains a level of uncertainty related to COVID-19 and the expectations for recovery that increases the level of judgment involved with some of these assumptions, particularly during the first quarter of 2021. Accordingly, where appropriate, we may consider the probability of certain components in determining what we believe to be a reasonable estimate based on conditions and events that were in existence as of our reporting date, which may also involve the use of significant management judgment. Furthermore, many of our assumptions are inter-relational, where changing one assumption can impact other assumptions (e.g., in terms of the applicability of or limitations under various tax code provisions).

The nature of the AETR estimation approach for recording income taxes requires continuous review and adjustment during the year based on actual results, and as better information regarding forecasted results and assumptions becomes available. Significant changes in any of these assumptions or in actual results compared to our forecasts and assumptions could cause material changes in our AETR, which could result in cumulative adjustments to reflect the new estimates in future periods.

We have developed and utilized methodologies and rationales for the development of our assumptions, subject to internal controls and sensitivity or probability assessments, as appropriate, and we believe our process provides a reasonable basis for our estimated AETR as well as the income taxes as of and for the three months ended March 31, 2021.

Non-GAAP Measures

Our management uses certain “non-GAAP” operational measures to evaluate our operating segment performance and non-GAAP financial measures to evaluate past performance and prospects for the future to supplement our GAAP financial information presented in accordance with U.S. GAAP. These financial and operational non-GAAP measures are important factors in assessing our operating results and profitability and include:

- Refining margin - calculated as the difference between net refining revenues and total cost of materials and other;
- Refined product margin - calculated as the difference between net revenues attributable to refined products (produced and purchased) and related cost of materials and other (which is applicable to both the refining segment and the West Texas wholesale marketing activities within our logistics segment); and
- Refining margin per barrels sold - calculated as refining margin divided by our average refining sales in barrels per day (excluding purchased barrels) multiplied by 1,000 and multiplied by the number of days in the period.

We believe these non-GAAP operational and financial measures are useful to investors, lenders, ratings agencies and analysts to assess our ongoing performance because, when reconciled to their most comparable GAAP financial measure, they provide improved comparability between periods through the exclusion of certain items that we believe are not indicative of our core operating performance and that may obscure our underlying results and trends.

Non-GAAP measures have important limitations as analytical tools, because they exclude some, but not all, items that affect net earnings and operating income. These measures should not be considered substitutes for their most directly comparable U.S. GAAP financial measures.

Non-GAAP Reconciliations

The following table provides a reconciliation of refining margin to the most directly comparable U.S. GAAP measure, gross margin:

Reconciliation of refining margin to gross margin

Refining Segment		
	Three Months Ended March 31,	
	2021	2020
Net revenues	$ 1,740.1	$ 1,727.9
Cost of sales	1,813.4	2,055.5
Gross margin	(73.3)	(327.6)
Add back (items included in cost of sales):		
Operating expenses (excluding depreciation and amortization)	113.6	111.7
Depreciation and amortization	52.1	37.2
Refining margin	$ 92.4	$ (178.7)

Summary Financial and Other Information

The following table provides summary financial data for Delek:

Summary Statement of Operations Data (in millions)[(1)]

Consolidated		
	Three Months Ended March 31,	
	2021	2020
Net revenues	$ 2,392.2	$ 1,821.2
Total operating costs and expenses	2,472.3	2,182.7
Operating loss	(80.1)	(361.5)
Total non-operating expense, net	23.6	28.6
Loss before income tax benefit	(103.7)	(390.1)
Income tax benefit	(12.4)	(83.1)
Net loss	(91.3)	(307.0)
Net income attributed to non-controlling interests	7.3	7.4
Net loss attributable to Delek	$ (98.6)	$ (314.4)

[(1)] This information is presented at a summary level for your reference. See the Consolidated Condensed Statements of Income included in Item 1. to this Quarterly Report on Form 10-Q for more detail regarding our results of operations and net loss per share.

We report operating results in three reportable segments:

- Refining
- Logistics
- Retail

Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each of its reportable segments based on the segment contribution margin which is defined as net revenues less costs of materials and other and operating expenses, excluding depreciation and amortization.

Results of Operations

Consolidated Results of Operations — Comparison of the Three Months Ended March 31, 2021 versus the Three Months Ended March 31, 2020

Net Loss

Consolidated net loss for the first quarter of 2021 was $91.3 million compared to net loss of $307.0 million for the first quarter of 2020. Consolidated net loss attributable to Delek for the first quarter of March 31, 2021 was $98.6 million, or $(1.34) per basic share, compared to net loss of $314.4 million, or $(4.28) per basic share, for the first quarter 2020. Explanations for significant drivers impacting net income as compared to the comparable period of the prior year are discussed in the sections below.

Net Revenues

In the first quarters of 2021 and 2020, we generated net revenues of $2,392.2 million and $1,821.2 million, respectively, an increase of $571.0 million, or 31.4%. The increase in net revenues was primarily driven by the following factors:

- in our refining segment, we achieved similar results in the current period as compared to prior year, despite challenges impacting our refineries, including the severe weather event in February 2021, the El Dorado fire and turnaround activities, and the temporary suspension of crude refining unit production at our Krotz Spring refinery; such results were driven by increases in the average price of U.S. Gulf Coast gasoline of 36.9%, ULSD of 16.0%, and HSD of 10.3%; and
- in our corporate and other segment, an increase in wholesale crude activity which began in the second quarter of 2020.

Such increases were partially offset by:

- in our retail segment, decreases in fuel sales volumes due to demand slowdown as a result of COVID-19 Pandemic, partially offset by an increase in merchandise sales as well as a 12.9% increase in average price charged per gallon.

Total Operating Costs and Expenses

Cost of Materials and Other

Cost of materials and other was $2,205.5 million for the first quarter of 2021 compared to $1,910.6 million for the first quarter of 2020, an increase of $294.9 million, or 15.4%. The net increase in cost of materials and other was primarily driven by the following:

- increases in cost of crude oil feedstocks at the refineries, including a 27.3% increase in the average cost of WTI Cushing crude oil and a 29.4% increase in the average cost of WTI Midland crude oil;
- an increase in wholesale crude activity which began in the second quarter of 2020; and
- a decrease in hedging gains to a loss of $57.4 million recognized during the first quarter of 2021 from a gain of $77.9 million recognized during the first quarter of 2020;

These increases were partially offset by:

- the benefit (expense) of $20.4 million related to the change in pre-tax inventory valuation recognized during the first quarter of 2021 compared to $(280.8) million recognized during the first quarter of 2020;
- decreases in the average volumes of gasoline and diesel sold, partially offset by increases in the average cost per gallon of gasoline and diesel sold in our West Texas marketing operations; and
- a decrease in total retail fuel gallons sold due to demand slowdown as a result of the COVID-19 Pandemic, partially offset by an increase in average cost per gallon.

Operating Expenses

Operating expenses were $149.3 million for the first quarter of 2021 compared to $154.5 million for the first quarter of 2020, a decrease of $5.2 million, or 3.4%. The decrease in operating expenses was primarily driven by the following:

- a decrease in employee expenses partially due to staff reductions and suspension of matching contributions to our 401(k) match; and
- decreases in contract services partially due to cost reduction measures continuing in the first quarter of 2021.

Such decrease was offset by the following:

- an increase in utilities costs primarily associated with higher natural gas costs during the February 2021 severe freezing conditions that affected most of the regions where we operate, partially offset by lower production at our El Dorado and Krotz Springs refineries.

General and Administrative Expenses

General and administrative expenses were $47.1 million for the first quarter of 2021 compared to $65.7 million for the first quarter of 2020, a decrease of $18.6 million, or 28.3%. The decrease in general and administrative expense was primarily driven by the following:

- a decrease in employee expenses partially due to staff reductions, suspension of matching contributions to our 401(k) plan, and reduction of stock-based compensation;
- a decrease in contract services due to cost reduction measures; and
- a decrease in travel related expense due to travel restrictions in place as a result of the COVID-19 Pandemic.

Depreciation and Amortization

Depreciation and amortization (included in both cost of sales and other operating expenses) was $68.5 million for the first quarter of 2021 compared to $52.6 million for the first quarter of 2020, an increase of $15.9 million, or 30.2%. This increase was primarily due to depreciation associated with assets added during the Big Spring refinery turnaround in the first quarter of 2020, as well as other refining assets placed in service.

Other Operating Loss (Income), Net

Other operating loss, net increased by $2.6 million in the first quarter of 2021 to a loss of $1.9 million compared to income of $0.7 million in the first quarter of 2020.

Non-operating Expenses, Net

Interest Expense

Interest expense decreased by $6.7 million, or 18.5%, to $29.6 million in the first quarter of 2021 compared to $36.3 million in the first quarter of 2020, primarily driven by the following:

- a decrease in the average effective interest rate of 1.44% in the first quarter of 2021 compared to the first quarter of 2020 (where effective interest rate is calculated as interest expense divided by the net average borrowings/obligations outstanding), partially offset by an increase in net average borrowings outstanding (including the obligations under the Supply and Offtake Agreements which have an associated interest charge) of approximately $221.9 million in the first quarter of 2021 (calculated as a simple average of beginning borrowings/obligations and ending borrowings/obligations for the period) compared to the first quarter of 2020.

Results from Equity Method Investments

We recognized income of $4.8 million from equity method investments during the first quarter of 2021, compared to $5.1 million for the first quarter of 2020, a decrease of $0.3 million.

Income Taxes

Income tax expense increased by $70.7 million in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

- a pre-tax loss of $103.7 million in the first quarter of 2021, as compared to $390.1 million for the first quarter of 2020; and
- a decrease in our effective tax rate which was 12.0% for the first quarter of 2021, compared to 21.3% for the first quarter of 2020 primarily due to the following:
    - changes in valuation allowance for state attributes in the first quarter of 2021 compared to the first quarter of 2020;
    - the reversal of a valuation allowance for deferred tax assets in partnership investments in the first quarter of 2020; and
    - changes in the state income tax footprint for separate state jurisdictions.

Refining Segment

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

Refining Segment Margins

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net revenues	$ 1,740.1	$ 1,727.9
Cost of materials and other	1,647.7	1,906.6
Refining margin	92.4	(178.7)
Operating expenses (excluding depreciation and amortization)	113.6	111.7
Contribution margin	$ (21.2)	$ (290.4)

Factors Impacting Refining Profitability

Our profitability in the refining segment is substantially determined by the difference between the cost of the crude oil feedstocks we purchase and the price of the refined products we sell, referred to as the "crack spread", "refining margin" or "refined product margin". Refining margin is used as a metric to assess a refinery's product margins against market crack spread trends, where "crack spread" is a measure of the difference between market prices for crude oil and refined products and is a commonly used proxy within the industry to estimate or identify trends in refining margins.

The cost to acquire feedstocks and the price of the refined petroleum products we ultimately sell from our refineries depend on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions such as hurricanes or tornadoes, local, domestic and foreign political affairs, global conflict, production levels, the availability of imports, the marketing of competitive fuels and government regulation. Other significant factors that influence our results in the refining segment include operating costs (particularly the cost of natural gas used for fuel and the cost of electricity), seasonal factors, refinery utilization rates and planned or unplanned maintenance activities or turnarounds. Moreover, while the fluctuations in the cost of crude oil are typically reflected in the prices of light refined products, such as gasoline and diesel fuel, the price of other residual products, such as asphalt, coke, carbon black oil and liquefied petroleum gas ("LPG") are less likely to move in parallel with crude cost. This could cause additional pressure on our realized margin during periods of rising or falling crude oil prices.

Additionally, our margins are impacted by the pricing differentials of the various types and sources of crude oil we use at our refineries and their relation to product pricing. Our crude slate is predominantly comprised of WTI crude oil. Therefore, favorable differentials of WTI compared to other crude will favorably impact our operating results, and vice versa. Additionally, because of our gathering system presence in the Midland area and the significant source of crude specifically from that region into our network, a widening of the WTI Cushing less WTI Midland spread will favorably influence the operating margin for our refineries. Alternatively, a narrowing of this differential will have an adverse effect on our operating margins. Global product prices are influenced by the price of Brent crude which is a global benchmark crude. Global product prices influence product prices in the U.S. As a result, our refineries are influenced by the spread between Brent crude and WTI Midland. The Brent less WTI Midland spread represents the differential between the average per barrel price of Brent crude oil and the average per barrel price of WTI Midland crude oil. A widening of the spread between Brent and WTI Midland will favorably influence our refineries' operating margins. Also, the Krotz Springs refinery is influenced by the spread between Brent crude and LLS. The Brent less LLS spread represents the differential between the average per barrel price of Brent crude oil and the average per barrel price of LLS crude oil. A discount in LLS relative to Brent will favorably influence the Krotz Springs refinery operating margin.

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

In addition to the above, it continues to be a strategic and operational objective to manage price and supply risk related to crude oil that is used in refinery production, and to develop strategic sourcing relationships. For that purpose, from a pricing perspective, we enter into commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil and ethanol, future sales of refined products or to fix margins on future production. We also enter into future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage our RINs Obligation. Additionally, from a sourcing perspective, we often enter into purchase and sale contracts with vendors and customers or take physical or financial commodity positions for crude oil that may not be used immediately in production, but that may be used to manage the overall supply and availability of crude expected to ultimately be needed for production and/or to meet minimum requirements under strategic pipeline arrangements, and also to optimize and hedge availability risks associated with crude that we ultimately expect to use in production. Such transactions are inherently based on certain assumptions and judgments made about the current and possible future availability of crude. Therefore, when we take physical or financial positions for optimization purposes, our intent is generally to take offsetting positions in quantities and at prices that will advance these objectives while minimizing our positional and financial statement risk. However, because of the volatility of the market in terms of pricing and availability, it is possible that we may have material positions with timing differences or, more rarely, that we are unable to cover a position with an offsetting position as intended. Such differences could have a material impact on the classification of resulting gains/losses, assets or liabilities, and could also significantly impact refining contribution margin.

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

Refinery Statistics

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Unaudited)	
Tyler, TX Refinery		
Days in period	90	91
Total sales volume - refined product (average barrels per day)[1]	73,224	74,981
Products manufactured (average barrels per day):		
Gasoline	39,560	40,041
Diesel/Jet	27,741	27,403
Petrochemicals, LPG, natural gas liquids ("NGLs")	1,724	1,992
Other	1,471	1,242
Total production	70,496	70,678
Throughput (average barrels per day):		
Crude Oil	64,753	65,966
Other feedstocks	5,978	5,741
Total throughput	70,731	71,707
Total refining revenue ($ in millions)	$ 490.0	$ 419.6
Cost of materials and other ($ in millions)	441.2	566.4
Total refining margin ($ in millions)	$ 48.8	$ (146.8)
Per barrel of refined product sales:		
Tyler refining margin	7.41	$ (21.51)
Direct operating expenses	3.57	$ 3.73
Crude Slate: (% based on amount received in period)		
WTI crude oil	92.6 %	92.6 %
East Texas crude oil	6.8 %	7.4 %
Other	0.6 %	— %
El Dorado, AR Refinery		
Days in period	90	91
Total sales volume - refined product (average barrels per day)[1]	49,711	77,551
Products manufactured (average barrels per day):		
Gasoline	17,553	36,407
Diesel	13,973	27,637
Petrochemicals, LPG, NGLs	751	2,061
Asphalt	3,670	6,641
Other	438	972
Total production	36,385	73,718
Throughput (average barrels per day):		
Crude Oil	34,766	71,621
Other feedstocks	1,666	2,643
Total throughput	36,432	74,264
Total refining revenue ($ in millions)	$ 436.8	$ 611.9
Cost of materials and other ($ in millions)	450.9	671.5
Total refining margin ($ in millions)	$ (14.1)	$ (59.6)
Per barrel of refined product sales:		
El Dorado refining margin	$ (3.16)	$ (8.45)
Direct operating expenses	$ 6.36	$ 4.42
Crude Slate: (% based on amount received in period)		
WTI crude oil	44.0 %	34.4 %
Local Arkansas crude oil	32.2 %	19.2 %
Other	23.8 %	46.4 %

Refinery Statistics (continued)	Three Months Ended March 31, 2021	2020
	(Unaudited)	
Big Spring, TX Refinery		
Days in period	90	91
Total sales volume - refined product (average barrels per day) [1]	68,699	38,086
Products manufactured (average barrels per day):		
Gasoline	32,812	14,607
Diesel/Jet	20,935	9,796
Petrochemicals, LPG, NGLs	3,148	1,381
Asphalt	1,793	850
Other	1,404	480
Total production	60,092	27,114
Throughput (average barrels per day):		
Crude oil	59,758	29,905
Other feedstocks	929	(1,327)
Total throughput	60,686	28,578
Total refining revenue ($ in millions)	$ 502.0	$ 409.8
Cost of materials and other ($ in millions)	461.2	453.5
Total refining margin ($ in millions)	$ 40.8	$ (43.7)
Per barrel of refined product sales:		
Big Spring refining margin	$ 6.60	$ (12.60)
Direct operating expenses	$ 6.43	$ 7.37
Crude Slate: (% based on amount received in period)		
WTI crude oil	62.8 %	56.3 %
WTS crude oil	37.2 %	43.7 %
Krotz Springs, LA Refinery		
Days in period	90	91
Total sales volume - refined product (average barrels per day) [1]	24,964	81,016
Products manufactured (average barrels per day):		
Gasoline	6,118	29,933
Diesel/Jet	4,003	30,932
Heavy Oils	182	731
Petrochemicals, LPG, NGLs	1,265	3,006
Other	11,216	—
Total production	22,784	64,602
Throughput (average barrels per day):		
Crude Oil	13,554	72,481
Other feedstocks	11,381	(8,383)
Total throughput	24,935	64,098
Total refining revenue ($ in millions)	$ 319.7	$ 443.6
Cost of materials and other ($ in millions)	305.6	454.6
Total refining margin ($ in millions)	$ 14.1	$ (11.0)
Per barrel of refined product sales:		
Krotz Springs refining margin	$ 6.25	$ (1.49)
Direct operating expenses	$ 9.07	$ 3.43
Crude Slate: (% based on amount received in period)		
WTI Crude	81.2 %	66.1 %
Gulf Coast Sweet Crude	18.8 %	33.9 %
Other	— %	— %

(1) Includes inter-refinery sales and sales to other segments which are eliminated in consolidation. See tables below.

Included in the refinery statistics above are the following inter-refinery and sales to other segments:

Inter-refinery Sales	Three Months Ended March 31,	
(in barrels per day)	2021	2020
	(Unaudited)	
Tyler refined product sales to other Delek refineries	2,095	763
El Dorado refined product sales to other Delek refineries	445	1,466
Big Spring refined product sales to other Delek refineries	728	1,025
Krotz Springs refined product sales to other Delek refineries	—	293

Refinery Sales to Other Segments	Three Months Ended March 31,	
(in barrels per day)	2021	2020
	(Unaudited)	
Tyler refined product sales to other Delek segments	922	3,207
El Dorado refined product sales to other Delek segments	7	328
Big Spring refined product sales to other Delek segments	22,110	25,112
Krotz Springs refined product sales to other Delek segments	2,007	—

Pricing Statistics (average for the period presented)	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
WTI — Cushing crude oil (per barrel)	$ 58.03	$ 45.57
WTI — Midland crude oil (per barrel)	$ 58.90	$ 45.51
WTS -- Midland crude oil (per barrel) [1]	$ 58.77	$ 44.99
LLS (per barrel) [1]	$ 60.18	$ 47.63
Brent crude oil (per barrel)	$ 61.17	$ 50.82
U.S. Gulf Coast 5-3-2 crack spread (per barrel) - utilizing HSD	$ 10.13	$ 8.76
U.S. Gulf Coast 5-3-2 crack spread (per barrel) [1]	$ 13.57	$ 10.74
U.S. Gulf Coast 3-2-1 crack spread (per barrel) [1]	$ 14.33	$ 11.41
U.S. Gulf Coast 2-1-1 crack spread (per barrel) [1]	$ 7.65	$ 8.12
U.S. Gulf Coast Unleaded Gasoline (per gallon)	$ 1.71	$ 1.25
Gulf Coast Ultra low sulfur diesel (per gallon)	$ 1.71	$ 1.47
U.S. Gulf Coast high sulfur diesel (per gallon)	$ 1.50	$ 1.36
Natural gas (per MMBTU) [2]	$ 2.72	$ 1.87

(1) For our Tyler and El Dorado refineries, we compare our per barrel refining product margin to the Gulf Coast 5-3-2 crack spread consisting of WTI Cushing crude, U.S. Gulf Coast CBOB and U.S. Gulf Coast Pipeline No. 2 heating oil (ultra low sulfur diesel). For our Big Spring refinery, we compare our refined product margin to the Gulf Coast 3-2-1 crack spread consisting of WTI Cushing crude, Gulf Coast 87 Conventional gasoline and Gulf Coast ultra low sulfur diesel, and for our Krotz Springs refinery, we compare our per barrel refined product margin to the Gulf Coast 2-1-1 crack spread consisting of LLS crude oil, Gulf Coast 87 Conventional gasoline and U.S. Gulf Coast Pipeline No. 2 heating oil (high sulfur diesel). The Tyler refinery's crude oil input is primarily WTI Midland and East Texas, while the El Dorado refinery's crude input is primarily a combination of WTI Midland, local Arkansas and other domestic inland crude oil. The Big Spring refinery's crude oil input is primarily comprised of WTS and WTI Midland. The Krotz Springs refinery's crude oil input is primarily comprised of LLS and WTI Midland.

(2) One Million British Thermal Units ("MMBTU").

Refining Segment Operational Comparison of the Three Months Ended March 31, 2021 versus the Three Months Ended March 31, 2020

Net Revenues

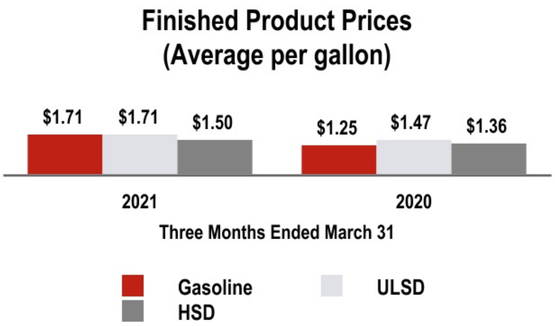
Net revenues for the refining segment increased by $12.2 million, or 0.7%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

- increases in the average price of U.S. Gulf Coast gasoline of 36.9%, ULSD of 16.0%, and HSD of 10.3%.

Such increase was partially offset by the following:

- a decrease in sales volumes of refined product totaling 5.2 million barrels, partially due to the temporary suspension of crude refining unit production at our Krotz Springs refinery from November 2020 through February 2021 and related turnaround activities, severe weather impacting our refineries in February 2021, and turnaround at our El Dorado refinery, partially offset by a 1.2 million barrel increase in purchased product sales and increased sales volumes at our Big Spring refinery which was in a turnaround in the prior year period.

Net revenues included sales to our retail segment of $69.7 million and $68.6 million, sales to our logistics segment of $65.8 million and $80.7 million, and sales to our other segment of $20.1 million and $9.3 million for the three months ended March 31, 2021 and March 31, 2020, respectively. We eliminate this intercompany revenue in consolidation.



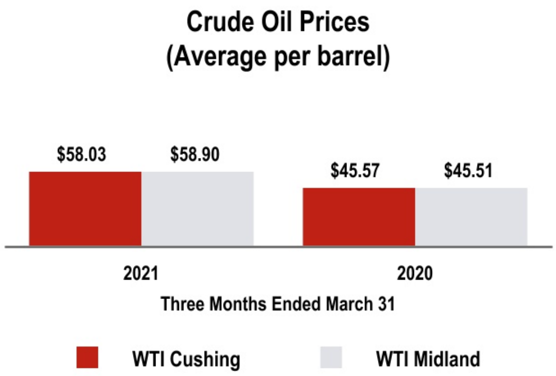
Cost of Materials and Other

Cost of materials and other decreased by $258.9 million, or 13.6%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

- a decrease in refined sales volumes at our Krotz Springs refinery and El Dorado refinery, partially offset by increased sales volumes at Big Spring refinery; and
- the benefit (expense) of $20.6 million related to the change in pre-tax inventory valuation recognized during the first quarter of 2021 compared to $(271.6) million recognized during the first quarter of 2020.

These decreases were partially offset by the following:

- increases in the cost of WTI Cushing crude oil, from an average of $45.57 per barrel to an average of $58.03, or 27.3%;
- increases in the cost of WTI Midland crude oil, from an average of $45.51 per barrel to an average of $58.90, or 29.4%; and
- a decrease in hedging gains to a loss $5.0 million recognized during the first quarter of 2021 from a gain of $80.4 million recognized during the first quarter of 2020.



Our refining segment purchases finished product from our logistics segment and has multiple service agreements with our logistics segment which, among other things, require the refining segment to pay terminalling and storage fees based on the throughput volume of crude and finished product in the logistics segment pipelines and the volume of crude and finished product stored in the logistics segment storage tanks, subject to minimum volume commitments. These costs and fees were $95.8 million and $105.7 million during the first quarters of 2021 and 2020, respectively. We eliminate these intercompany fees in consolidation.

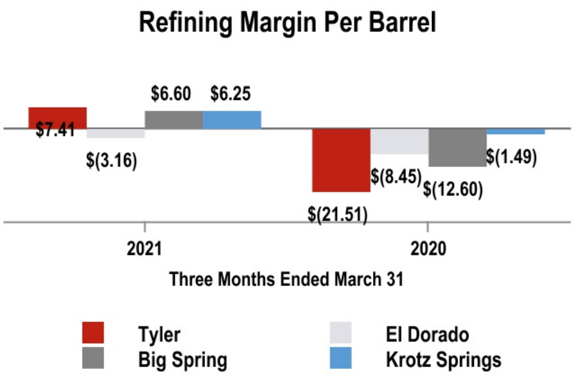
Refining Margin

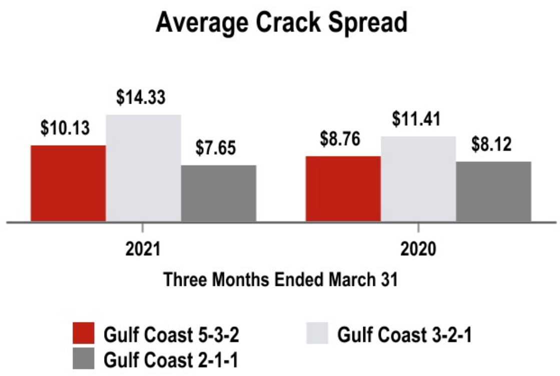
Refining margin increased by $271.1 million, or 151.7%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

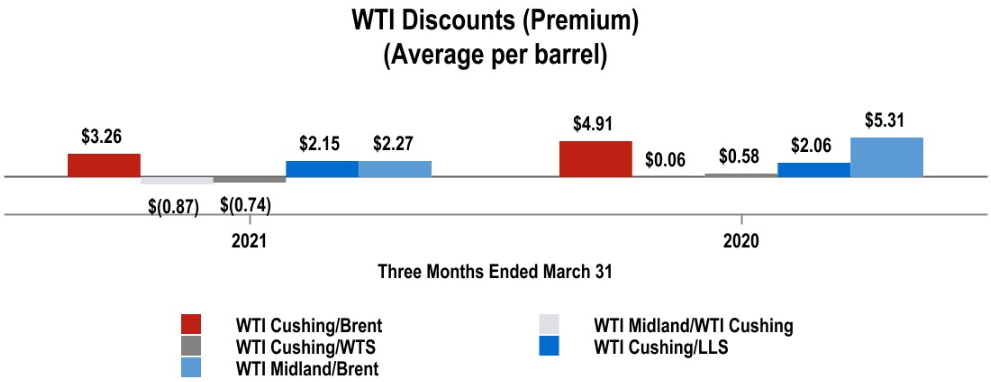
- a 15.6% improvement in the 5-3-2 crack spread (the primary measure for the Tyler refinery and El Dorado refinery);
- a 25.6% improvement in the average Gulf Coast 3-2-1 crack spread (the primary measure for the Big Spring refinery); and
- an increase attributable to the $20.6 million change in pre-tax inventory valuation benefit recognized during the first quarter of 2021 compared to an expense of $271.6 million recognized during the prior year period.

These increases were partially offset by the following:

- a higher percentage of purchased product with a decrease in overall sales volumes;
- a 5.8% decline in the average Gulf Coast 2-1-1 crack spread (the primary measure for the Krotz Springs refinery);
- a narrowing of the average WTI Cushing crude oil differential to WTS crude oil to $(0.74) per barrel during the first quarter of 2021 compared to $0.58 during the first quarter of 2020 and narrowing of the average WTI Midland crude oil differential to WTI Cushing crude oil to $(0.87) per barrel during the first quarter of 2021 compared to $0.06 per barrel during the first quarter of 2020;
- a narrowing of the discount between WTI Midland crude oil and Brent crude oil where, during the first quarter of 2021, the WTI Midland crude oil differential to Brent crude oil was an average discount of $2.27 per barrel compared to $5.31 per barrel during the first quarter of 2020; and
- a decrease in hedging gains to a loss of $5.0 million recognized during the first quarter of 2021 from a gain of $80.4 million recognized during the first quarter of 2020.







Operating Expenses

Operating expenses increased by $1.9 million, or 1.7%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

- an increase in utilities costs primarily associated with higher natural gas costs during the February 2021 severe freezing conditions that affected most of the regions where we operate, partially offset by lower production at our Krotz Springs refinery.

Such increase was offset by the following:

- decreases in contract services partially due to cost reduction measures continuing in the first quarter of 2021; and
- decreases in employee related costs partially due to staff reductions made in prior year and suspension of matching contributions to our 401(k) plan.

Contribution Margin

Contribution margin increased by $269.2 million, or a 15.6% improvement in contribution margin percentage, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

- an overall increase in the average crack spreads; and
- an increase in reversal benefit related to inventory valuation reserve during the first quarter of 2021 compared to prior year period.

These increases were partially offset by the following:

- the decline of the Midland WTI crude oil differential to Brent crude oil compared to the prior-year period;
- a narrowing of the discount between WTI Cushing and WTS crude oil compared to the first quarter of 2020; and
- an increase in hedging losses compared to the prior-year period.

Logistics Segment

The table below sets forth certain information concerning our logistics segment operations ($ in millions, except per barrel amounts):

Logistics Contribution Margin and Operating Information

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net revenues	$ 152.9	$ 163.4
Cost of materials and other	81.1	101.3
Operating expenses (excluding depreciation and amortization)	14.1	14.8
Contribution margin	$ 57.7	$ 47.3
Operating Information:		
East Texas - Tyler Refinery sales volumes (average bpd) [1]	71,963	72,650
Big Spring wholesale marketing throughputs (average bpd)	72,927	66,386
West Texas wholesale marketing throughputs (average bpd)	10,138	16,081
West Texas wholesale marketing margin per barrel	$ 3.42	$ 2.70
Terminalling throughputs (average bpd) [2]	144,539	135,329
Throughputs (average bpd):		
Lion Pipeline System:		
Crude pipelines (non-gathered)	44,118	55,471
Refined products pipelines to Enterprise Systems	26,349	54,106
SALA Gathering System	11,880	34,906
East Texas Crude Logistics System	26,075	14,174
Big Spring Gathering Assets [3]	73,724	—
Plains Connection System	108,361	—

(1) Excludes jet fuel and petroleum coke.
(2) Consists of terminalling throughputs at our Tyler, Big Spring, Big Sandy and Mount Pleasant, Texas terminals, El Dorado and North Little Rock, Arkansas terminals and Memphis and Nashville, Tennessee terminals.
(3) The Big Spring Gathering Assets Acquisition was effective March 31, 2020; therefore, there is no comparable activity for first quarter 2020.

Logistics Segment Operational Comparison of the Three Months Ended March 31, 2021 versus the Three Months Ended March 31, 2020

Net Revenues

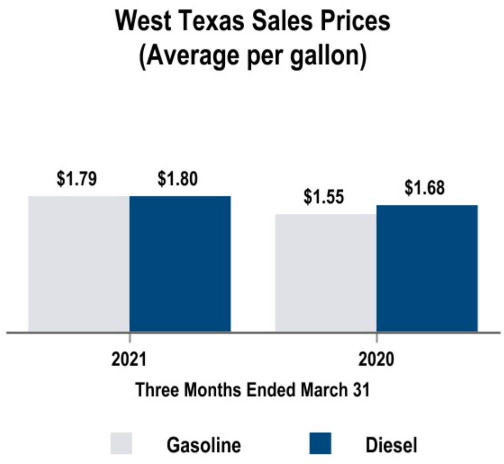
Net revenues decreased by $10.5 million, or 6.4%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

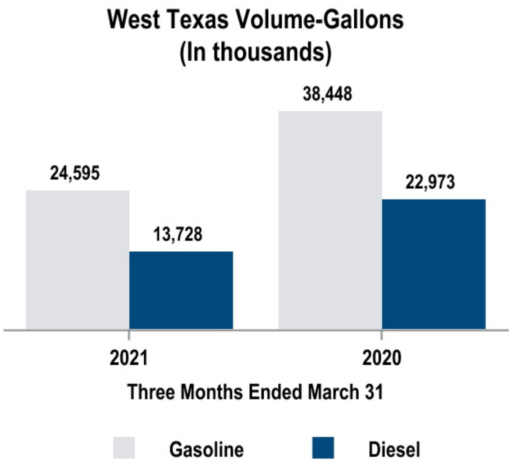
- decreases in the average volumes of gasoline and diesel sold partially offset by increases in the average sales prices per gallon of gasoline and diesel sold in our West Texas marketing operations:
  - the average volumes of gasoline and diesel sold decreased by 13.9 million gallons and 9.2 million gallons, respectively.
  - the average sales prices of gasoline and diesel sold increased $0.24 per gallon and $0.12 per gallon, respectively.
- decreases in throughputs due to the impact of the severe freezing conditions that affected most of the regions where we operate resulting in lower volumes outside of contractual minimum volume commitments during the three months ended March 31, 2021 when compared to the three months ended March 31, 2020.
- decreases in throughputs at the Paline pipeline due to scheduled pipeline maintenance.

Such decrease was partially offset by the following:

- increased revenues associated with agreements executed in connection with Big Spring Gathering System and Delek Trucking acquisitions, which were effective March 31, 2020 and May 1, 2020, respectively. Refer to Note 4 of the condensed consolidated financial statements in Item 1. Financial Statements, for additional information.
- increased revenues at our Big Spring Refinery Crude Pipeline (the "BSR Crude Pipeline") during the three months ended March 31, 2021 when compared to the three months ended March 31, 2020 as a result of new contracts executed in the second quarter of 2020.

Net revenues included sales to our refining segment of $95.8 million and $105.7 million for the three months ended March 31, 2021 and March 31, 2020, respectively, and sales to our other segment of $0.4 million and $0.9 million for the three months ended March 31, 2021 and 2020, respectively. We eliminate this intercompany revenue in consolidation.



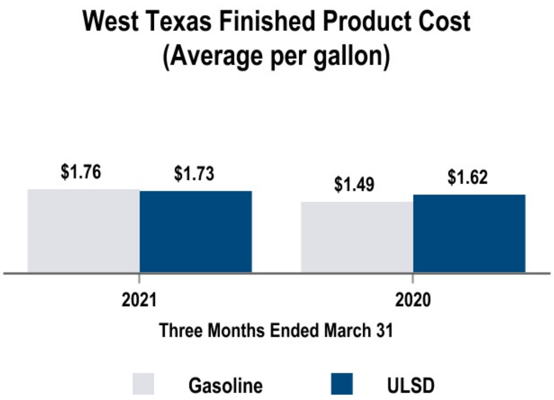


Cost of Materials and Other

Cost of materials and other for the logistics segment decreased $20.2 million, or 19.9%, in the first quarter of 2021 compared to the first quarter of 2020 primarily driven by the following:

- decreases in the average volumes of gasoline and diesel sold, partially offset by increases in the average cost per gallon of gasoline and diesel sold in our West Texas marketing operations:
  - the average volumes of gasoline and diesel sold decreased by 13.9 million gallons and 9.2 million gallons, respectively.
  - the average cost per gallon of gasoline and diesel sold increased $0.27 per gallon and $0.10 per gallon, respectively.

Our logistics segment purchased product from our refining segment of $65.8 million and $80.7 million for the three months ended March 31, 2021 and March 31, 2020, respectively. We eliminate these intercompany costs in consolidation.



Operating Expenses

Operating expenses decreased by $0.7 million, or 4.7%, in the first quarter of 2021 compared to the first quarter of 2020, driven by the following:

- a decrease in employee and outside services costs due to measures implemented to respond to the COVID-19 Pandemic including delaying non-essential projects;
- lower operating costs associated with allocated contract services pertaining to certain of our assets;
- decreases in variable expenses such as maintenance and materials costs due to lower throughput; and
- partially offset by the increase in utility costs as a result of significantly higher energy costs during the February 2021 severe freezing conditions that affected most of the regions where we operate.

Contribution Margin

Contribution margin increased by $10.4 million, or 22.0%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

- an increase in gross margin of $0.72 per barrel in our West Texas marketing operations; and
- increases in revenues associated with agreements executed in connection with Big Spring Gathering System and Delek Trucking acquisitions.

Such increases were partially offset by the following:

- decreases in gasoline and diesel volumes sold in our West Texas marketing operations.

Retail Segment

The table below sets forth certain information concerning our retail segment operations (gross sales $ in millions):

Retail Contribution Margins	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net revenues	$ 174.8	$ 178.6
Cost of materials and other	136.5	144.1
Operating expenses (excluding depreciation and amortization)	21.4	22.2
Contribution margin	$ 16.9	$ 12.3

Operating Information	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Number of stores (end of period)	253	253
Average number of stores	253	253
Average number of fuel stores	248	248
Retail fuel sales	$ 100.1	$ 106.9
Retail fuel sales (thousands of gallons)	39,765	47,959
Average retail gallons sold per average number of fuel stores (in thousands)	161	194
Average retail sales price per gallon sold	$ 2.52	$ 2.23
Retail fuel margin ($ per gallon) [1]	$ 0.350	$ 0.307
Merchandise sales (in millions)	$ 74.6	$ 71.7
Merchandise sales per average number of stores (in millions)	$ 0.3	$ 0.3
Merchandise margin %	32.7 %	31.6 %

Same-Store Comparison [2]	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Change in same-store fuel gallons sold	(17.0)%	(8.2)%
Change in same-store merchandise sales	4.2 %	1.7 %

(1) Retail fuel margin represents gross margin on fuel sales in the retail segment, and is calculated as retail fuel sales revenue less retail fuel cost of sales. The retail fuel margin per gallon calculation is derived by dividing retail fuel margin by the total retail fuel gallons sold for the period.

(2) Same-store comparisons include period-over-period changes in specified metrics for stores that were in service at both the beginning of the earliest period and the end of the most recent period used in the comparison.

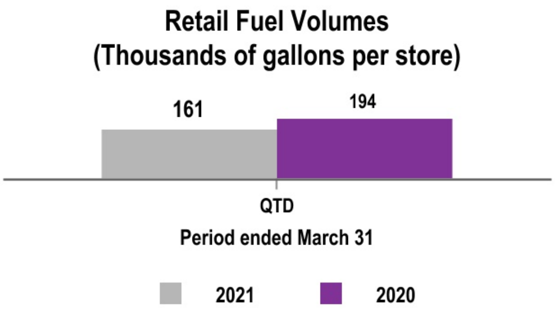
Retail Segment Operational Comparison of the Three Months Ended March 31, 2021 versus the Three Months Ended March 31, 2020

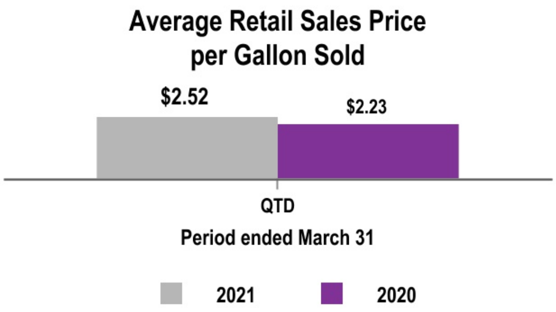
Net Revenue

Net revenues for the retail segment decreased by $3.8 million, or 2.1%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

- total fuel sales were $100.1 million in the first quarter of 2021 compared to $106.9 million in the first quarter of 2020, attributable to the following:
    - a decrease in total retail fuel gallons sold for the retail segment to 39.8 million gallons in the first quarter of 2021 compared to 48.0 million gallons in the first quarter of 2020 associated with same-store decrease in fuel volumes of 17.0%, primarily due to demand slowdown as a result of the COVID-19 Pandemic; and

- ◦ an offsetting $0.29 increase in average price charged per gallon.
- merchandise sales were $74.6 million in the first quarter of 2021 compared to $71.7 million in the first quarter of 2020 attributable to a same-store sales increase of 4.2%, primarily due to strong sales growth for key categories such as beer, packaged beverages and services.





Cost of Materials and Other

Cost of materials and other for the retail segment decreased by $7.6 million, or 5.3%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by the following:

- a decrease in total retail fuel gallons sold due to demand slowdown as a result of the COVID-19 Pandemic; and
- an offsetting increase in average cost per gallon of $0.25 or 12.9% applied to fuel sales volumes that decreased period over period.

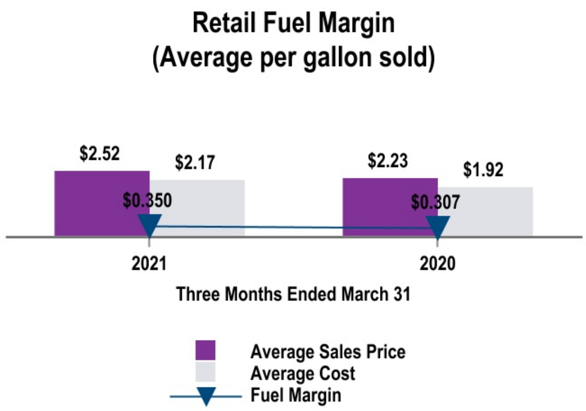
Our retail segment purchased finished product from our refining segment of $69.7 million and $68.6 million for the three months ended March 31, 2021 and March 31, 2020. We eliminate this intercompany cost in consolidation.

Operating Expenses

Operating expenses for the retail segment decreased by $0.8 million, or 3.6% in the first quarter of 2021 compared to the first quarter of 2020 as a result of the execution of various cost reduction initiatives throughout the business.

Contribution Margin

Contribution margin for the retail segment increased by $4.6 million, or 37.4%, in the first quarter of 2021 compared to the first quarter of 2020, primarily driven by a 4.1% improvement in merchandise sales, an improvement in merchandise margin percentage of 1.1%, and a 3.6% reduction in operating expenses.



Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are

- cash generated from our operating activities;
- borrowings under our debt facilities; and
- potential issuances of additional equity and debt securities.

At March 31, 2021 our total liquidity amounted to $1.5 billion comprised of $635.4 million in unused credit commitments under the Delek Revolving Credit Facility (as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements), $112.5 million in unused credit commitments under the Delek Logistics Credit Facility (as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements) and $793.5 million in cash and cash equivalents. Historically, we have generated adequate cash from operations to fund ongoing working capital requirements, pay quarterly cash dividends and operational capital expenditures. In response to the COVID-19 Pandemic and the decline in oil prices, on November 5, 2020, we announced that we have elected to suspend dividends in order to conserve capital. Other funding sources including borrowings under existing credit agreements and issuance of equity and debt securities have been utilized to meet our funding requirements and support our growth capital projects and acquisitions. In addition we have historically been able to source funding at terms that reflect market conditions, our financial position and our credit ratings. We continue to monitor market conditions, our financial position and our credit ratings and expect future funding sources to be at terms that are sustainable and profitable for the Company. However, there can be no assurances regarding the availability of any future debt or equity financings or whether such financings can be made available on terms that are acceptable to us; any execution of such financing activities will be dependent on the contemporaneous availability of functioning debt or equity markets. Additionally, new debt financing activities will be subject to the satisfaction of any debt incurrence limitation covenants in our existing financing agreements. Our debt limitation covenants in our existing financing documents are usual and customary for credit agreements of our type and reflective of market conditions at the time of their execution. Additionally, our ability to satisfy working capital requirements, to service our debt obligations, to fund planned capital expenditures, or to pay dividends will depend upon future operating performance, which will be affected by prevailing economic conditions in the oil industry and other financial and business factors, including the current COVID-19 Pandemic and oil prices, some of which are beyond our control.

If market conditions were to change, for instance due to the significant decline in oil prices or uncertainty created by the COVID-19 Pandemic, and our revenue was reduced significantly or operating costs were to increase significantly, our cash flows and liquidity could be unfavorably impacted.

As of March 31, 2021, we believe we were in compliance with all of our debt maintenance covenants, where the most significant long-term obligation subject to such covenants was the Delek Logistics Credit Facility (see Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements). After considering the current effect of the uncertainty created by the COVID-19 Pandemic on our operations, we currently expect to remain in compliance with our existing debt maintenance covenants, though we can provide no assurances, particularly if conditions significantly worsen beyond our ability to predict. Additionally, we were in compliance with incurrence covenants during the quarter ended March 31, 2021 to the extent that any of our activities triggered these covenants. However, given the uncertainty around economic conditions arising from the COVID-19 Pandemic, it is at least reasonably possible that conditions could change significantly, and that such changes could adversely impact our ability to meet some of these incurrence covenants. Failure to meet the incurrence covenants could impose certain incremental restrictions on our ability to incur new debt and also may limit whether and the extent to which we may resume paying dividends, as well as impose additional restrictions on our ability to repurchase our stock, make new investments and incur new liens (among others). Such restrictions would generally remain in place until such quarter that we return to compliance under the applicable incurrence based covenants. In the event that we are subject to these incremental restrictions, we believe that we have sufficient current and alternative sources of liquidity, including (but not limited to): available borrowings under our existing Wells Fargo Revolving Credit Facility, and for Delek Logistics, under its Delek Logistics Credit Facility (each as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements); the allowance to incur an additional $200 million of secured debt under the Term Loan Credit Facility (as defined in Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements); as well as the possibility of obtaining other secured and unsecured debt, raising capital through equity issuance, or taking advantage of transactional financing opportunities such as sale-leasebacks, as otherwise contemplated and allowed under our incurrence covenants.

Cash Flows

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

Consolidated		
	Three Months Ended March 31,	
	2021	2020
Cash Flow Data:		
Operating activities	$ (34.3)	$ (154.1)
Investing activities	(46.1)	(146.6)
Financing activities	86.4	130.3
Net increase (decrease)	$ 6.0	$ (170.4)

Cash Flows from Operating Activities

Net cash used in operating activities was $34.3 million for the three months ended March 31, 2021, compared to $154.1 million for the comparable period of 2020. Cash payments to suppliers and for salaries decreased resulting in a $201.7 million decrease in cash used in operating activities. Additionally, cash paid for debt interest increased by $109.9 million.

Cash Flows from Investing Activities

Net cash used in investing activities was $46.1 million for the first three months of 2021, compared to $146.6 million in the comparable period of 2020. The decrease in cash flows used in investing activities was primarily due to a decrease in cash purchases of property, plant and equipment which decreased from $189.2 million in 2020, to $48.3 million in 2021, partially attributable to delaying non-essential projects in light of the COVID-19 Pandemic. Additionally, equity method investment contributions decreased $25.6 million primarily due to contributions made related to our Red River Pipeline Joint Venture and WWP Project Financing JV for $8.2 million and $18.9 million, respectively, during the three months ended March 31, 2020. During the three months ended March 31, 2021, we contributed $1.4 million related to our Red River Pipeline Joint Venture and $0.1 million related to our WWP Project Financing JV.

These decreases in cash used in investing activities were partially offset by distributions received in the prior year from our WWP Project Financing JV to return excess capital contributions made in the amount of $69.3 million for which there was no comparable activity in the current year period.

Cash Flows from Financing Activities

Net cash provided by financing activities was $86.4 million for the three months ended March 31, 2021, compared to $130.3 million in the comparable 2020 period. This decrease in cash provided was predominantly due to net proceeds received from long-term revolvers of $40.9 million during the three months ended March 31, 2021, compared to $176.7 million in the comparable 2020 period.

Such decreases were partially offset by an increase in net proceeds from inventory financing arrangements to $77.9 million for the three months ended March 31, 2021 compared to $21.0 million in the comparable 2020 period. Additionally, cash paid decreased $1.9 million and $23.1 million, respectively, due to suspension of our share repurchase program in the second quarter of 2020 and suspension of dividend payment in the fourth quarter of 2020. Also, there was a decrease in net payments under our term debt of $23.3 million during the three months ended March 31, 2021, compared to $27.9 million in the comparable 2020 period. During the three months ended March 31, 2020, we also repurchased 451,822 of Delek Logistics limited partner units from an investor for $5.0 million with no comparable activity in the current year period.

Cash Position and Indebtedness

As of March 31, 2021, our total cash and cash equivalents were $793.5 million and we had total long-term indebtedness of approximately $2,367.8 million. The total long-term indebtedness is net of deferred financing costs and debt discount of $6.0 million and $23.0 million, respectively. Additionally, we had letters of credit issued of approximately $314.6 million. Total unused credit commitments or borrowing base availability, as applicable, under our revolving credit facilities was approximately $747.9 million. Our total long-term indebtedness consisted of the following:

- an aggregate principal amount of $50.0 million under the Revolving Credit Facility, due on March 30, 2023, with average borrowing rate of 3.50%;
- an aggregate principal amount of $1,269.8 million under the Term Loan Credit Facility, due on March 30, 2025, with effective interest rate of 3.61%;
- an aggregate principal amount of $39.5 million in outstanding borrowings under the Delek Hapoalim Term Loan, due on December 31, 2022, with effective interest rate of 3.54%;
- an aggregate principal amount of $737.5 million under the Delek Logistics Credit Facility, due on September 28, 2023, with average borrowing rate of 2.45%;
- an aggregate principal amount of $250.0 million under the Delek Logistics Notes, due in 2025, with effective interest rate of 7.25%; and
- an aggregate principal amount of $50.0 million under the Reliant Bank Revolver, due on June 30, 2022, with fixed interest rate of 4.50%.

See Note 8 of the condensed consolidated financial statements in Item 1. Financial Statements, for additional information about our separate credit facilities.

Additionally, our obligation under the supply and offtake inventory financing agreements with J. Aron amounted to $410.7 million at March 31, 2021, $287.1 million of which is due on December 30, 2022, except that a portion (not to exceed $33.1 million) of this otherwise long-term component is subject to potential earlier payment under the Periodic Price Adjustment provision. See Note 7 of the condensed consolidated financial statements in Item 1. Financial Statements, for additional information about our supply and offtake facilities.

Capital Spending

A key component of our long-term strategy is our capital expenditure program. Our capital expenditures for the three months ended March 31, 2021 were $67.0 million, of which approximately $57.8 million was spent in our refining segment, $7.8 million in our logistics segment, $0.8 million in our retail segment and $0.6 million at the holding company level. The following table summarizes our actual capital expenditures for the three months ended March 31, 2021 and planned capital expenditures for the full year 2021 by operating segment and major category (in millions):

	Full Year 2021 Forecast	Three Months Ended March 31, 2021
Refining		
Sustaining maintenance, including turnaround activities [1]	$ 115.3	$ 57.4
Regulatory	4.0	0.4
Discretionary projects	0.9	—
Refining segment total	120.2	57.8
Logistics		
Regulatory	8.4	0.5
Sustaining maintenance	4.7	—
Discretionary projects	14.7	7.3
Logistics segment total	27.8	7.8
Retail		
Regulatory	—	—
Sustaining maintenance	2.5	0.6
Discretionary projects	2.4	0.2
Retail segment total	4.9	0.8
Other		
Regulatory	4.2	0.4
Sustaining maintenance	13.2	0.2
Discretionary projects	9.9	—
Other total	27.3	0.6
Total capital spending	$ 180.2	$ 67.0

[1] Excludes potential additional capital expenditures associated with the effects of Winter Storm Uri and/or the El Dorado fire that are not yet determinable and/or which we reasonably expect to be covered under our applicable insurance policies and likewise reimbursable by insurance recoveries.

The amount of our capital expenditure budget is subject to change due to unanticipated increases in the cost, scope and completion time for our capital projects. For example, we may experience increases in the cost of and/or timing to obtain necessary equipment required for our continued compliance with government regulations or to complete improvement projects or scheduled maintenance activities. Additionally, the scope and cost of employee or contractor labor expense related to installation of that equipment could exceed our projections. Our capital expenditure budget may also be revised as management continues to evaluate projects for reliability or profitability.

We have no material off-balance sheet arrangements through the date of the filing of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

These disclosures should be read in conjunction with the condensed consolidated financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other information presented herein, as well as in the "Quantitative and Qualitative Disclosures About Market Risk" section contained in our Annual Report on Form 10-K, filed on March 1, 2021.

Price Risk Management Activities

At times, we enter into the following instruments/transactions in order to manage our market-indexed pricing risk: commodity derivative contracts which we use to manage our price exposure to our inventory positions, future purchases of crude oil and ethanol, future sales of refined products or to fix margins on future production; and future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs associated with our RINs obligations and meet the definition of derivative instruments under ASC 815, *Derivatives and Hedging* ("ASC 815"). In accordance with ASC 815, all of these commodity contracts and future purchase commitments are recorded at fair value, and any change in fair value between periods has historically been recorded in the profit and loss section of our condensed consolidated financial statements. Occasionally, at inception, the Company will elect to designate the commodity derivative contracts as cash flow hedges under ASC 815. Gains or losses on commodity derivative contracts accounted for as cash flow hedges are recognized in other comprehensive income on the condensed consolidated balance sheets and, ultimately, when the forecasted transactions are completed, in net revenues or cost of materials and other in the condensed consolidated statements of income.

The following table sets forth information relating to our open commodity derivative contracts as of March 31, 2021 ($ in millions):

	Total Outstanding		Notional Contract Volume by Year of Maturity		
Contract Description	**Fair Value**	**Notional Contract Volume**	**2021**	**2022**	**2023**
Contracts not designated as hedging instruments:					
Crude oil price swaps - long[1]	$ 62.0	21,106,000	20,176,000	930,000	—
Crude oil price swaps - short[1]	(64.0)	16,784,000	16,784,000	—	—
Inventory, refined product and crack spread swaps - long[1]	13.5	59,209,000	29,609,000	22,200,000	7,400,000
Inventory, refined product and crack spread swaps - short[1]	(9.3)	61,755,000	32,155,000	22,200,000	7,400,000
Natural gas swaps - long[2]	—	—	—	—	—
Natural gas swaps - short[2]	—	—	—	—	—
RIN commitment contracts - long[3]	122.2	235,290,749	235,290,749	—	—
RIN commitment contracts - short[3]	(11.3)	46,317,747	46,317,747	—	—
Total	$ 113.1	440,462,496	380,332,496	45,330,000	14,800,000

(1) Volume in barrels
(2) Volume in MMBTU
(3) Volume in RINs

Interest Risk Management Activities

We have market exposure to changes in interest rates relating to our outstanding floating rate borrowings, which totaled approximately $2,096.8 million as of March 31, 2021. The annualized impact of a hypothetical one percent change in interest rates on our floating rate debt as of March 31, 2021 would be to change interest expense by approximately $21.0 million.

Commodity Derivatives Trading Activities

We enter into active trading positions in a variety of commodity derivatives, which include forward physical contracts, swap contracts, and futures contracts. These trading activities are undertaken by using a range of contract types in combination to create incremental gains by capitalizing on crude oil supply and pricing seasonality. These contracts all had remaining durations of less than one year as of March 31, 2021, and are classified as held for trading and are recognized at fair value with changes in fair value recognized in the income statement.

The following table sets forth information relating to commodity derivative contracts held for trading purposes as of March 31, 2021:

Contract Description	Less than 1 year
Over the counter forward sales contracts (crude)	
Notional contract volume [1]	774,849
Weighted-average market price (per barrel)	$ 48.22
Contractual volume at fair value (in millions)	$ 37.4
Over the counter forward purchase contracts (crude)	
Notional contract volume [1]	736,678
Weighted-average market price (per barrel)	$ 48.23
Contractual volume at fair value (in millions)	$ 35.5

(1) Volume in barrels

ITEM 4. CONTROLS AND PROCEDURES

Our disclosure controls and procedures are designed to provide reasonable assurance that the information that we are required to disclose in reports we file under the Exchange Act, is accumulated and appropriately communicated to management. We carried out an evaluation required by Rule 13a-15(b) of the Exchange Act, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures at the end of the reporting period. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the reporting period.

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the first quarter of 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Although most of our corporate employees have shifted to a remote working environment due to the COVID-19 Pandemic, we have not experienced a material impact to our internal control over financial reporting. We are continually monitoring and assessing the COVID-19 Pandemic to minimize the impact on the design and operating effectiveness of our internal controls.

Part II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including, environmental claims and employee-related matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations. See Note 11 to our accompanying condensed consolidated financial statements, which is incorporated by reference in this Item 1, for additional information. Aside from the disclosure in Note 11, there have been no material developments to the proceedings previously reported in our Annual Report on Form 10-K filed on March 1, 2021.

ITEM 1A. RISK FACTORS

There were no material changes during the three months ended March 31, 2021 to the risk factors identified in the Company's fiscal 2020 Annual Report on Form 10-K.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.		Description
3.1	#	Third Amended and Restated Bylaws of Delek US Holdings, Inc.
31.1	#	Certification of the Company's Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	#	Certification of the Company's Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended.
32.1	##	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	##	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101		The following materials from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020 (Unaudited), (ii) Condensed Consolidated Statements of Income for the three months ended March 31, 2021 and 2020 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2021 and 2020 (Unaudited), (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2021 and 2020 (Unaudited), (v) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2021 and 2020 (Unaudited), and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).
104		The cover page from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, has been formatted in Inline XBRL.

\# Filed herewith

\## Furnished herewith

SIGNATURES

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

Delek US Holdings, Inc.

By: /s/ Ezra Uzi Yemin

Ezra Uzi Yemin

Director (Chairman), President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Reuven Spiegel

Reuven Spiegel

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 6, 2021

Exhibit 3.1

Third Amended and Restated Bylaws
of
Delek US Holdings, Inc.

Adopted as of March 11, 2021

ARTICLE I. OFFICES

Section 1.01 *Registered Office*. The registered office of the corporation in the State of Delaware shall be in the City of Dover, County of Kent, Delaware 19904 and the name of its registered agent shall be United Corporate Services, Inc.

Section 1.01 *Other Offices*. The corporation also may have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II. MEETINGS OF STOCKHOLDERS

Section 2.01 *Place of Meeting*. All meetings of stockholders shall be held at such place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. The Board of Directors may, in its sole discretion and subject to such guidelines and procedures as the Board of Directors may from time to time adopt, determine that the meeting shall not be held at any specific place, but may instead be held solely by means of remote communication.

Section 2.02 *Annual Meeting*. The annual meeting of stockholders shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. The Board of Directors may, for any reason and at any time prior to the holding of any annual meeting of stockholders, postpone, reschedule or cancel any previously scheduled annual meeting of stockholders.

(a) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders shall be made at an annual meeting of stockholders (i) pursuant to the corporation's notice of such meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 2.02, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 2.02. For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of this subsection (a), the stockholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary not earlier than the close of business on the 120th calendar day nor later than the close of business on the 90th calendar days prior to the one-year anniversary of the preceding year's annual meeting. In the event that no annual meeting was held in the previous year or the date of any annual meeting is more than 30 days before or more than 60 days after the one-year anniversary of the previous year's annual meeting, notice by a stockholder, to be timely, must be so delivered not earlier than 90 calendar days prior to such annual meeting and not later than 10 days following the day on which public announcement of the date of such meeting is first made by the corporation. In no event shall an adjournment or postponement of an annual meeting, or the public announcement of an adjournment or postponement of an annual meeting, commence a new time period for the giving of a stockholder's notice as described above.

(b) A stockholder's notice to the Secretary must set forth

(i) as to each person whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"):

A. the name, age, business address and residence address of such Proposed Nominee;

B. the principal occupation and employment of such Proposed Nominee;

C. a completed and signed Director Questionnaire (as defined in Section 3.02 herein) in the form required by the corporation (which form the stockholder giving notice shall request in writing from the Secretary of the corporation and which the Secretary shall provide to such stockholder within 10 days of receiving such request), and each such Proposed Nominee must attest to the accuracy of the information provided in such Director Questionnaire;

D. such Proposed Nominee's written consent to be named in the proxy statement as a nominee to the Board of Directors;

E. such Proposed Nominee's written representation and agreement in the form required by the corporation (which form the stockholder shall request in writing from the Secretary of the corporation and which the Secretary shall provide to such stockholder within 10 days of receiving such request) that:

I. such Proposed Nominee is not and will not become party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the corporation or any voting commitment that could limit or interfere with such person's ability to comply, if elected as a director of the corporation, with such person's fiduciary duties under applicable law;

II. such Proposed Nominee is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the corporation;

III. such Proposed Nominee would, if elected as a director, comply with applicable regulations of the exchanges upon which the corporation's shares of common stock trade, all of the corporation's corporate governance, ethics, conflict of interest, confidentiality and stock ownership and trading policies and guidelines applicable generally to the corporation's directors, and applicable fiduciary duties under state law and, if elected as a director of the corporation, such person currently would be in compliance with any such policies and guidelines that have been publicly disclosed; and

IV. such Proposed Nominee will provide facts, statements, and other information in all communications with the corporation and its stockholders that or will be true and correct in all material respects, and that do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;

F. any material monetary agreements, arrangements or understandings during the past three years, and any other material relationships, between or among the stockholder or any Stockholder Associated Person, on the one hand, and such Proposed Nominee, his or her respective affiliates or associates, and any other person or persons (including their names) acting in concert therewith, on the other hand, including all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any Affiliate or Associate thereof or person acting in concert therewith, were the "registrant" for purposes of such regulation and the Proposed Nominee were a director or executive officer of such registrant; and

G. any other information relating to such Proposed Nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for a contested election of directors pursuant to Section 14 of the Exchange Act;

(ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the Stockholder Associated Persons, if any, on whose behalf the proposal is made;

(iii) as to the stockholder giving the notice, Proposed Nominee and each Stockholder Associated Person:

A. the name and address of such stockholder, Proposed Nominee and Stockholder Associated Person (including, if applicable, the name and address that appear on the corporation's books and records);

B. the class, series and number of all shares of stock or other securities of the corporation or any affiliate thereof (collectively, "Corporation Securities"), if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person, the date on which each such Corporation Security was acquired and the investment intent of such acquisition, together with evidence of such beneficial or record ownership;

C. the nominee holder for, and number of, any Corporation Securities owned beneficially but not of record by such stockholder, Proposed Nominee or Stockholder Associated Person;

D. any agreement, arrangement, understanding or relationship including any repurchase or so-called "stock borrowing" agreement or arrangement, involving such stockholder, Proposed Nominee or Stockholder Associated Person, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the corporation by, manage the risk of share price changes for or increase or decrease the voting power of, such stockholder, Proposed Nominee or Stockholder Associated Person with respect to any class or series of the shares of the corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the corporation (any of the foregoing, a "Short Interest");

E. any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the corporation or with a value derived in whole or in part from the value of any class or series of shares of the corporation, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risk that correspond substantially to the ownership of any class or series of shares of the corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the corporation, through the delivery of cash or other property, or otherwise, and without regard to whether such stockholder, Proposed Nominee or Stockholder Associated Person may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of the shares of the corporation (any of the foregoing, a "Derivative Instrument") that is directly or indirectly owned beneficially by such stockholder, Proposed Nominee or Stockholder Associated Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation;

F. any rights to dividends of the shares of the corporation owned beneficially by such stockholder, Proposed Nominee or Stockholder Associated Person;

G. any proportionate interest in shares of capital stock of the corporation or Derivative Instruments, held, directly or indirectly, by a general or limited partnership or similar entity in which such stockholder, Proposed Nominee or Stockholder Associated Person (I) is the general partner or, directly or indirectly, beneficially owns an interest in a general partner, or (II) is the manager, managing member or directly or indirectly beneficially owns an interest in the manager or managing member of a limited liability company or similar entity;

H. any significant equity interest or any Derivative Instruments or Short Interests in any entity that provides products or services that compete with or are alternatives to the principal products produced or services provided by the corporation or any affiliate thereof held by such stockholder, Proposed Nominee or Stockholder Associated Person (collectively, a "Competitor");

I. any significant equity interest or any Derivative Instruments or Short Interests in any affiliates of the corporation;

J. any direct or indirect interest of such stockholder, Proposed Nominee or Stockholder Associated Person in any contract with the corporation or any affiliate thereof, or any Competitor (including, in such case, any employment agreement, collective bargaining agreement or consulting agreement);

K. any substantial interest, direct or indirect (including any existing or prospective commercial, business or contractual relationship with the corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the corporation or any affiliate thereof, other than an interest arising from the ownership of Corporation Securities where such stockholder, Proposed Nominee or Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis with holders of the same class or series;

L. a complete and accurate description of all agreements, arrangements and understandings, written or oral and formal or informal, (I) between or among the stockholder giving the notice and any of the Stockholder Associated Persons or (II) between or among the stockholder giving the notice or any of the Stockholder Associated Persons and any other person or entity (naming each such person or entity) in connection with or related to the foregoing or the proposal of business by a stockholder or any proposed Nominee, including (x) any proxy, contract, arrangement, understanding or relationship pursuant to which such proposing stockholder or Stockholder Associated Persons has the right to vote any shares of any security of the corporation; (y) any understanding, formal or informal, written or oral, that the stockholder giving the notice or any of the Stockholder Associated Persons may have reached with any stockholder of the corporation (including their names) with respect to how much such stockholder will vote its shares in the corporation at any meeting of the corporation’s stockholders or take other action in support of or related to any business proposed or any Proposed Nominee, or other action to be taken, by the proposing stockholder or any of the Stockholder Associated Persons, and (z) any other agreements that would be required to be disclosed by the stockholder giving the notice or any Stockholder Associated Person or any other person or entity pursuant to Item 5 or Item 6 of a Schedule 13D that would be filed pursuant to the Exchange Act and the rules and regulations promulgated thereunder (regardless of whether the requirement to file a Schedule 13D is applicable to the stockholder giving the notice or any Stockholder Associated Person or other person or entity); and

M. a complete and accurate description of any performance-related fees (other than an asset-based fee) to which such stockholder, Proposed Nominee or Stockholder Associated

Person may be entitled as a result of an increase or decrease in the value of the shares of the corporation or any derivate instruments;

(iv) a complete and accurate description of any pending, or to such stockholder's knowledge, threatened legal proceeding in which such stockholder or Proposed Nominee or any Stockholder Associated Person is a party or participant involving the corporation or any officer, affiliate or associate of the corporation;

(v) any other information relating to such stockholder and any Stockholder Associated Person, if any, that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for, as applicable, the proposal or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(vi) a representation as to whether the stockholder or any Stockholder Associated Person intends to deliver a proxy statement or form of proxy to holders of at least the percentage of the corporation's beneficial or record owners of outstanding shares of stock entitled to vote on and required to approve the proposed business described in such stockholder's notice or to elect any Proposed Nominee; and

(vii) a representation that such stockholder is a holder of record of the capital stock of the corporation and intends to appear in person or by proxy at the annual meeting to bring such business or nomination (as applicable) before the meeting is so requested and acknowledgement that if such stockholder does not appear to present such business or nomination (as applicable) at such annual meeting, the corporation need not present such business or nominee for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the corporation. In addition to the foregoing, the corporation may require any Proposed Nominee to furnish other information as may be reasonably be required by the corporation to determine the eligibility of such Proposed Nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee, under the listing standards of each principal securities exchange upon which the shares of the corporation are listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors, including those applicable to a director's service on any of the committees of the Board of Directors.

(c) A stockholder providing notice under this Section 2.02 shall update such notice, if necessary, so that the information provided or required to be provided in such notice shall continue to be true and correct (i) as of the record date for the meeting and (ii) as of the date that is 10 business days prior to the meeting (or any postponement or adjournment thereof), and such update shall be delivered to, or mailed and received by, the Secretary of the corporation no later than five business days after the record date for the meeting (in the case of an update required to be made as of the record date) and not later than seven business days prior to the date of the meeting, if practicable or, if not practicable, on the first practicable date prior to the meeting or any adjournment or postponement thereof (in the case of an update required to be made as of 10 business days prior to the meeting or any adjournment or postponement thereof).

(d) If information submitted pursuant to this Section 2.02 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any respect, such information may be deemed not to have been provided in accordance with this Section 2.02. Any such stockholder shall notify the corporation of any inaccuracy or change in any such information within two business days of becoming aware of such inaccuracy or change. Upon written request by the Secretary or the Board of Directors, any such stockholder shall provide, within five business days of delivery of such request (or such other period as may be specified in such request), (i) written verification, reasonably satisfactory to the Board of Directors or any authorized officer of the corporation, to demonstrate the accuracy of information submitted by the stockholder pursuant to this Section 2.02, and (ii) update any information (including, if requested by the corporation, written confirmation by such stockholder that such stockholder continues to intend to bring such nomination or other business proposal before the meeting) submitted by the stockholder pursuant to this Section 2.02 as of an earlier date. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested shall be deemed not to have been provided in accordance with this Section 2.02.

(e) For purposes of this Section 2.02, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to the Exchange Act or furnished by the corporation to stockholders.

(f) Notwithstanding the foregoing provisions of this Section 2.02, a stockholder also shall comply with all applicable legal requirements and the Exchange Act and the rules and regulations thereunder with respect to the nomination of persons for election to the Board of Directors or the proposal of business to be considered by the stockholders at a meeting of stockholders. Nothing in this Section 2.02 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the corporation to omit the proposal from, any proxy statement filed by the corporation with the Securities and Exchange Commission pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in this Section 2.02 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A by such stockholder or Stockholder Associated Person under Section 14(a) of the Exchange Act.

(g) Notwithstanding anything in these bylaws to the contrary, except as otherwise determined by the chairman of the meeting, if the stockholder giving notice as provided for in this Section 2.02 does not appear in person or by proxy at such meeting to present each nominee for election as a director or the proposed business, as applicable, such matter shall not be considered at the meeting.

(h) Only such persons who are nominated in accordance with the procedures set forth in these bylaws shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth herein. Except as otherwise provided by law, the corporation's certificate of incorporation, as amended or restated (the "Certificate of Incorporation") or these bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth herein and, if any proposed nomination or business was not made or proposed in compliance these bylaws, to declare that such non-compliant proposal or nomination be disregarded.

(i) As used in these bylaws, "affiliate" and "associate" each have the respective meanings set forth in Rule 12b-2 promulgated under the Exchange Act. A "Stockholder Associated Person" of any stockholder shall mean (i) any person who is a member of a "group" (as such term is used in Rule 13d-5 of the Exchange Act) with or otherwise acting in concert with such stockholder, (ii) any beneficial owner of shares of stock of the corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depositary), (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person and beneficially owns, directly or indirectly, shares of stock of the corporation, (iv) any person that directly or indirectly through one or more intermediaries, controls such stockholder or any Stockholder Associated Person, and (v) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A promulgated under the Exchange Act, or any successor instructions) with such stockholder or other Stockholder Associated Person in respect of any proposals or nominations, as applicable.

Section 2.03 *Voting List*. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a specific place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 2.04 *Special Meeting*. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by applicable law or by the Certificate of Incorporation, may be called by the Chairman of the Board or the President from time to time, and shall be called by the Secretary upon written request by a majority of the Board of Directors. Such request shall state the purposes of the proposed meeting. No business other than that stated in the corporation's notice of a special meeting of stockholders shall be transacted at such special meeting.

Section 2.05 *Notice of Meeting*. Written notice of the annual meeting of stockholders and each special meeting of stockholders, stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meetings, and, in the case of a special meeting, the purpose or purposes thereof, shall be given to each stockholder entitled to vote thereat, not less than 10 nor more than 60 days before the meeting, unless allowed by applicable law and in accordance with Section 5.01 herein.

Section 2.06 *Quorum; Adjournment.* The holders of a majority of the shares of all classes of the corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders, except as otherwise provided by applicable law or by the Certificate of Incorporation. Notwithstanding the other provisions of the Certificate of Incorporation or these bylaws, the Board, the chairman of the stockholders meeting or the holders of a majority of the shares of the corporation's capital stock entitled to vote thereat, present in person or represented by proxy, whether or not a quorum is present, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If a quorum is present at the original duly organized meeting of stockholders, it shall also be deemed present at an adjourned session of such meeting.

Section 2.07 *Majority Voting*. Except as otherwise provided by applicable law, the Certificate of Incorporation, or these bylaws, when a quorum is present or represented at any meeting, a nominee for director shall be elected to the Board of Directors if a majority of the votes cast are in favor of such nominee's election; provided, however, that, if the election is a contested election (as described below), directors shall be elected by a plurality of the votes cast at such meeting. For purposes of this provision, a majority of votes cast shall mean that the number of votes cast "for" a nominee's election exceeds the number of votes cast "against" that nominee's election. The following shall not be votes cast: (a) a share whose ballot is marked as "withheld"; (b) a share otherwise present at the meeting but for which there is an abstention; and (c) a share otherwise present at the meeting for which a stockholder gives no authority or direction.

A contested election is one in respect of which (i) the Secretary has received a notice that a stockholder (or group of stockholders) has nominated a person for election to the Board in compliance with the advance notice requirements for stockholder nominees for director set forth in Section 2.02; and (ii) such nomination has not been withdrawn by such stockholder (or group of stockholders) on or prior to the fourteenth day preceding the date the corporation first mails its notice of meeting for such meeting to the stockholders.

Section 2.08 *Voting Rights and Proxies*. Every stockholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such stockholder or by a transmission permitted by law and filed with the Secretary of the corporation before, or at the time of, the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Every proxy must be appointed in accordance with the Delaware General Corporation Law. Each proxy shall be revocable unless expressly provided therein to be irrevocable or unless made irrevocable by law. If such instrument shall designate two or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, each proxy so attending shall be entitled to exercise such powers in respect of the same portion of the shares as he is of the proxies representing such shares.

Section 2.09 *Voting of Stock of Certain Holders*. Shares of the corporation's capital stock standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent, or proxy as the bylaws or equivalent organizational documents of such corporation may prescribe, or in the absence of such provision, as the Board of Directors of such corporation may determine. Shares standing in the name of a deceased person may be voted by the executor or administrator of such deceased person, either in person or by proxy. Shares standing in the name of a guardian, conservator, or trustee may be voted by such fiduciary, either in person or by proxy, but no such fiduciary shall be entitled to vote shares held in such fiduciary capacity without a transfer of such shares into the name of such fiduciary. Shares standing in the name of a receiver may be voted by such receiver. A stockholder whose shares are pledged shall be entitled to vote such shares, unless in the transfer by the pledgor on the books of the corporation, the stockholder has expressly empowered the pledgee to vote thereon, in which case only the pledgee, or the stockholder's proxy, may represent the stock and vote thereon.

Section 2.10 *Treasury Stock*. The corporation shall not vote, directly or indirectly, shares of its own capital stock owned by it; and such shares shall not be counted in determining the total number of outstanding shares of the corporation's capital stock and for quorum purposes.

Section 2.11 *Record Date*. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than 60 nor less than 10 days before the date of such meeting of stockholders, nor more than 60 days prior to the time for such other action as described above. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 2.12 *Inspectors of Elections; Opening and Closing the Polls*. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at each meeting of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

Section 2.13 *Conduct of Meetings*. Meetings of stockholders shall be presided over by any person determined by the Board or, in the absence of such determination, by the Chairman of the Board or the Chairman of the Board's designee. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The Board may adopt such rules and regulations for the conduct of the meeting of stockholders as it deems appropriate. Except to the extent inconsistent with such rules and regulations, the chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of the chairman of the meeting and without any action by the stockholders, are appropriate for the conduct of the meeting, including (i) restricting admission to the time set for the commencement of the meeting; (ii) limiting attendance at the meeting to stockholders of record, their duly authorized proxies and such other individuals as the chairman of the meeting may determine; (iii) limiting participation at the meeting on any matter to stockholders of record entitled to vote on such matter, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (iv) limiting the time allotted to questions or comments; (v) determining when and for how long the polls should be open and when the polls should be closed; (vi) maintaining order and security at the meeting; (vii) removing any stockholder or any other individual who refuses to comply with the meeting procedures, rules or guidelines as set forth by the chairman of the meeting; (viii) concluding the meeting or adjourning the meeting, whether or not a quorum is present, to a later date and time and at the same or a different place, which may be announced at the meeting; (ix) restricting the use of audio/video recording devices, cell phones and other electronic device; and (x) complying with any state or local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE III.
BOARD OF DIRECTORS

Section 3.01 *Powers*. The business and affairs of the corporation shall be managed by or under the direction of its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by applicable law or by the Certificate of Incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

Section 3.02 *Number, Election and Term*. Except as otherwise provided in the Certificate of Incorporation, the number of directors that shall constitute the whole Board of Directors shall be not fewer than three nor more than fifteen. Such number of directors shall from time to time be fixed and determined by the directors and shall be set forth in the notice of any meeting of stockholders held for the purpose of electing directors. The directors shall be elected at the annual meeting of stockholders, except as provided in Section 3.03, and each director elected shall hold office until his or her successor shall be elected and qualified or until such director's earlier resignation or removal. Directors need not be residents of the State of Delaware or stockholders of the corporation. Any director may resign at any time upon notice given in writing or by electronic transmission to the corporation. Upon request of the corporation, each nominee for director shall provide the Secretary of the corporation a signed a completed written questionnaire with respect to the background and qualifications of such nominee in the form required by the corporation (the "Director Questionnaire"), and each nominee for director must attest to the accuracy of information provided in the Director Questionnaire.

“Electronic transmission,” as used in these bylaws, means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by the recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 3.03 *Vacancies, Additional Directors, and Removal From Office*. If any vacancy occurs in the Board of Directors caused by death, resignation, retirement, disqualification, or removal from office of any director, or otherwise, or if any new directorship is created by an increase in the authorized number of directors as provided in Section 3.02 or otherwise, a majority of the directors then in office, though less than a quorum, or a sole remaining director, may choose a successor or fill the newly created directorship. Any director so chosen shall hold office until the next election and until his or her successor shall be duly elected and qualified, unless sooner displaced.

Section 3.04 *Regular Meeting*. A regular meeting of the Board of Directors shall be held each year, without other notice than this bylaw, at the place of, and immediately following, the annual meeting of stockholders; and other regular meetings of the Board of Directors shall be held each year, at such time and place as the Board of Directors may provide, by resolution, either within or without the State of Delaware, without other notice than such resolution. Unless otherwise restricted by the Certificate of Incorporation, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

Section 3.05 *Special Meeting*. A special meeting of the Board of Directors may be called by the Chairman of the Board or by the President of the corporation and shall be called by the Secretary on the written request of any two directors. The Chairman of the Board or President so calling, or the directors so requesting, any such meeting shall fix the time and any place, either within or without the State of Delaware, as the place for holding such meeting. Special meeting may also be held by means of conference telephone or other communications equipment as set forth in Section 3.04.

Section 3.06 *Notice of Special Meeting*. Notice of special meetings of the Board of Directors shall be given to each director in writing by hand delivery, first-class mail, overnight mail or courier service, confirmed facsimile transmission or electronic transmission or orally by telephone at least 24 hours prior to the time of such meeting; provided, however, that if the Chairman of the Board determines in good faith that it is necessary to hold a special meeting sooner, the Chairman of the Board may provide less than 24 hours’ notice. Notice shall be given in accordance with Section 5.01. Any director may waive notice of any meeting in accordance with Section 5.02. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, except that notice shall be given of any proposed amendment to the bylaws if it is to be adopted at any special meeting or with respect to any other matter where notice is required under applicable law.

Section 3.07 *Quorum*. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, and the vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law, by the Certificate of Incorporation or by these bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.08 *Action Without Meeting*. Unless otherwise restricted by the Certificate of Incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof as provided in Article IV of these bylaws, may be taken without a meeting if all the members of the Board of Directors or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.09 *Compensation*. The Board of Directors shall have authority to determine from time to time the amount of compensation, if any, that shall be paid to its members for their services as directors and as members of standing or special committees of the Board of Directors. The Board of Directors shall also have power, in its discretion, to provide for and to pay to directors rendering services to the corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board of Directors from time to time. No provision of these bylaws shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 3.10 *Emergency Bylaws*. Notwithstanding anything to the contrary in the Certificate of Incorporation or these bylaws, in the event there is any emergency, disaster or catastrophe, as referred to in Section 110 of the Delaware General Corporation Law (or any successor section), or other similar emergency condition (each, an "emergency"), and a quorum of the Board of Directors cannot readily be convened for action, this Section 3.10 shall apply.

(a) Any director may call a meeting of the Board of Directors by any feasible means and with such advance notice as circumstances permit in the judgment of the person calling the meeting. Neither the business to be transacted nor the purpose of any such meeting need be specified in the notice thereof.

(b) One-third of the directors shall constitute a quorum, which may in all cases act by majority vote.

(c) Directors may take action to appoint one or more of the director or directors to membership on any standing or temporary committees of the Board of Directors as they deem advisable. Directors may also take action to designate one or more of the officers of the corporation to serve as directors of the corporation while this Section 3.10 applies.

(d) To the extent that it considers it practical to do so, the Board of Directors shall manage the business of the corporation during an emergency in a manner that is consistent with the Certificate of Incorporation and these bylaws. It is recognized, however, that in an emergency it may not always be practical to act in this manner and this Section 3.10 is intended to and does hereby empower the Board of Directors with the maximum authority possible under the Delaware General Corporation Law, and all other applicable law, to conduct the interim management of the affairs of the corporation in an emergency in what it considers to be in the best interests of the corporation.

(e) No director, officer or employee acting in good faith in accordance with this Section 3.10 or otherwise pursuant to Section 110 of the Delaware General Corporation Law (or any successor section) shall be liable except for willful misconduct.

(f) This Section 3.10 shall continue to apply until such time following the emergency when it is feasible for at least a majority of the directors of the corporation immediately prior to the emergency to resume management of the business of the corporation.

(g) The Board of Directors may modify, amend or add to the provisions of this Section 3.10 in order to make any provision that may be practical or necessary given the circumstances of the emergency.

(h) The provisions of this Section 3.10 shall be subject to repeal or change by further action of the Board of Directors or by action of the stockholders, but no such repeal or change shall modify the provisions of paragraph (e) hereof with regard to action taken prior to the time of such repeal or change.

ARTICLE IV.
COMMITTEES OF THE BOARD OF DIRECTORS

Section 4.01 *Designation, Powers and Name*. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees of the Board of Directors, including, if the Board of Directors shall so determine, an Executive Committee, each such committee to consist of one or more of the directors of the corporation in accordance with applicable laws. The committee shall have and may exercise such of the powers of the Board of Directors in the management of the business and affairs of the corporation as may be provided in such resolution but no such committee shall have the power or authority to (a) approve, adopt or recommend to the stockholders any action or matter (other than the election or removal of directors) required by applicable law to be submitted to the stockholders for approval or (b) adopt, amend or repeal any of these bylaws. The committee may authorize the seal of the corporation to be affixed to all papers that may require it. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 4.02 *Minutes*. Each committee of the Board of Directors shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

Section 4.03 *Compensation*. Members of committees may be allowed compensation for serving on such committees, if the Board of Directors shall so determine, in accordance with Section 3.09.

ARTICLE V.
NOTICE

Section 5.01 *General*. Whenever under the provisions of applicable law, the Certificate of Incorporation or these bylaws, notice is required to be given to any director, member of any committee, or stockholder, such notice need not be delivered personally, but may be given in writing and or mailed to such director, member, or stockholder; provided, however, that in the case of a director or a member of any committee such notice may be given orally by telephone, overnight mail or courier service, facsimile transmission, electronic mail or similar medium of communication; provided further that in the case of a stockholder, notice may be given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. If mailed, notice to a director, member of a committee, or stockholder shall be deemed to be given five days after deposit in the United States mail first class in a sealed envelope, with postage thereon prepaid, addressed, in the case of a stockholder, to the stockholder at the stockholder's address as it appears on the records of the corporation or, in the case of a director or a member of a committee, to such person at his or her business address. If given by overnight mail or courier service, such notice shall be deemed adequately delivered 24 hours after it was delivered to the overnight mail or courier service company. If sent by facsimile transmission, notice to a director or member of a committee shall be deemed to be given when the facsimile is transmitted and notice to a stockholder shall be deemed to be given when directed to a number at which the stockholder has consented to receive notice. If sent by e-mail transmission, notice to a director or member of a committee shall be deemed to be given when the e-mail is transmitted and notice to a stockholder shall be deemed to be given when directed to an electronic mail address at which the stockholder has consented to receive notice. If posted on an electronic network together with separate notice to the stockholder of such specific posting, notice to a stockholder shall be deemed given upon the later of (a) such posting and (b) the giving of such separate notice; and if sent by any other form of electronic transmission, notice shall be deemed given to a stockholder when directed to the stockholder, in accordance with the stockholder's consent.

Section 5.02 *Waiver*. Whenever notice is required to be given under applicable law, the Certificate of Incorporation, or these bylaws, a written waiver, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to such notice. Attendance of a person at a meeting shall constitute waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or a committee thereof need be specified in any waiver of notice of such meeting.

ARTICLE VI.
OFFICERS

Section 6.01 *Officers*. The officers of the corporation shall be a Chairman of the Board and a Vice Chairman of the Board (if such offices are created by the Board of Directors), a Chief Executive Officer, a President, a Chief Financial Officer, one or more Vice Presidents, any one or more of which may be designated Executive Vice President or Senior Vice President, a Secretary and a Treasurer. The Board of Directors may appoint such other officers and agents, including Chief Operating Officer, Assistant Vice Presidents, Assistant Secretaries, and Assistant Treasurers, in each case as the Board of Directors shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined by the Board. Any two or more offices may be held by the same person. No officer shall execute, acknowledge, verify or countersign any instrument on behalf of the corporation in more than one capacity, if such instrument is required by law, by these bylaws or by any act of the corporation to be executed, acknowledged, verified, or countersigned by two or more officers. The Chairman of the Board and Vice Chairman of the Board shall be elected from among the directors. With the foregoing exceptions, none of the other officers need be a director, and none of the officers need be a stockholder of the corporation.

Section 6.02 *Election and Term of Office*. The officers of the corporation shall be elected annually by the Board of Directors at its first regular meeting held after the annual meeting of stockholders or as soon thereafter as conveniently possible. Each officer shall hold office until his or her successor shall have been elected and qualified or until the effective date of his or her earlier resignation or removal, or until he or she shall cease to be a director in the case of the Chairman of the Board and the Vice Chairman of the Board.

Section 6.03 *Removal and Resignation*. Any officer or agent elected or appointed by the Board of Directors may be removed without cause by the affirmative vote of a majority of the Board of Directors whenever, in its judgment, the best interests of the corporation shall be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed. Any officer may resign at any time upon written notice to the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.04 *Vacancies*. Any vacancy occurring in any office of the corporation by death, resignation, removal, or otherwise, may be filled by the Board of Directors.

Section 6.05 *Salaries*. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors or a committee thereof or pursuant to the direction of the Board of Directors or a committee thereof; and no officer shall be prevented from receiving such salary by reason of his or her also being a director.

Section 6.06 *Chairman of the Board*. The Chairman of the Board (if such office is created by the Board of Directors) shall preside at all meetings of the Board of Directors or of the stockholders of the corporation. The Chairman of the Board shall formulate and submit to the Board of Directors or the Executive Committee matters of general policy for the corporation and shall perform such other duties as usually appertain to the office or as may be prescribed by the Board of Directors or the Executive Committee.

Section 6.07 *Vice Chairman of the Board*. The Vice Chairman of the Board (if such office is created by the Board of Directors) shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board. The Vice Chairman of the Board shall perform such other duties as from time to time may be prescribed by the Board of Directors or the Executive Committee or assigned by the Chairman of the Board.

Section 6.08 *Chief Executive Officer*. The Chief Executive Officer shall be the chief executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control the business and affairs of the corporation. In the absence of the Chairman of the Board or the Vice Chairman of the Board (if such offices are created by the Board), the Chief Executive Officer shall preside at all meetings of the Board of Directors and of the stockholders. The Chief Executive Officer may also preside at any such meeting attended by the Chairman of the Board or Vice Chairman of the Board if he or she is so designated by the Chairman of the Board or, in the Chairman of the Board's absence, by the Vice Chairman. The Chief Executive Officer shall have the power to appoint and remove subordinate officers, agents and employees, except those elected or appointed by the Board of Directors. The Chief Executive Officer shall keep the Board of Directors and the Executive Committee fully informed and shall consult them concerning the business of the corporation. He or she may sign, with the Treasurer, Secretary or any other officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation and any deeds, bonds, mortgages, contracts, checks, notes, drafts, or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof has been expressly delegated by these bylaws or by the Board of Directors to some other officer or agent of the corporation, or shall be required by law to be otherwise executed. The Chief Executive Officer shall vote, or give a proxy to any other officer of the corporation to vote, all shares of stock of any other corporation standing in the name of the corporation and in general he or she shall perform all other duties normally incident to the office of Chief Executive Officer and such other duties as may be prescribed by the stockholders, the Board of Directors, or the Executive Committee from time to time.

Section 6.09 *President*. The President shall be the chief operating officer of the corporation, subject to the control of the Board of Directors, and shall have general and active management and control of the day-to-day business and affairs of the corporation and shall report directly to the Chief Executive Officer, if the Board of Directors creates such a position. The President shall perform such other duties as from time to time are assigned to him or her by the Chief Executive Officer, the Board of Directors or the Executive Committee. In the absence of the Chief Executive Officer, or in the event of his or her inability or refusal to act, the President shall perform the duties and exercise the powers of the Chief Executive Officer. The

President shall perform such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, the Board of Directors or the Executive Committee.

Section 6.10 *Chief Financial Officer*. The Chief Financial Officer shall serve as the principal advisor to the corporation in all matters relating to financial risks, financial planning and record-keeping. The Chief Financial Officer shall report directly to the Chief Executive Officer. The Chief Financial Officer shall be responsible for and shall direct agents and employees in the performance of all financial duties and services for and on behalf of the corporation. The Chief Financial Officer shall perform such other duties and exercise such other powers as are commonly incidental to the office of the Chief Financial Officer, and such other duties as from time to time are assigned to him or her by the Chief Executive Officer, the Board of Directors or the Executive Committee.

Section 6.11 *Vice Presidents*. In the absence of the President, or in the event of his or her inability or refusal to act, the Executive Vice President (or in the event there shall be no Vice President designated Executive Vice President, any Vice President designated by the Board) shall perform the duties and exercise the powers of the President. Any Vice President may sign, with the Secretary or Assistant Secretary, certificates for shares of the corporation. The Vice Presidents shall perform such other duties as from time to time may be assigned to them by the Chief Executive Officer, the President, the Board of Directors or the Executive Committee.

Section 6.12 *Secretary*. The Secretary shall (a) keep the minutes of the meetings of the stockholders, the Board of Directors and committees of the Board of Directors; (b) see that all notices are duly given in accordance with the provisions of these bylaws and as required by law; (c) be custodian of the corporate records and of the seal of the corporation, and see that the seal of the corporation or a facsimile thereof is affixed to all certificates for shares prior to the issue thereof and to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws; (d) keep or cause to be kept a register of the post office address of each stockholder which shall be furnished by such stockholder; (e) sign with the President, or an Executive Vice President or Vice President, certificates for shares of the corporation, the issue of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general, perform all duties normally incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President, the Board of Directors or the Executive Committee.

Section 6.13 *Treasurer*. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Section 7.03 of these bylaws; (c) prepare, or cause to be prepared, for submission at each regular meeting of the Board of Directors, at each annual meeting of the stockholders, and at such other times as may be required by the Board of

Directors, the Chief Executive Officer, the President or the Executive Committee, a statement of financial condition of the corporation in such detail as may be required; and (d) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chief Executive Officer, the President, the Chief Financial Officer, the Board of Directors or the Executive Committee.

Section 6.14 *Assistant Secretary and Treasurer*. The Assistant Secretaries and Assistant Treasurers shall, in general, perform such duties as shall be assigned to them by the Chief Financial Officer, the Secretary or the Treasurer, respectively, or by the President, the Board of Directors, or the Executive Committee. The Assistant Secretaries and Assistant Treasurers shall, in the absence of the Secretary or Treasurer, respectively, perform all functions and duties which such absent officers may delegate, but such delegation shall not relieve the absent officer from the responsibilities and liabilities of his or her office. The Assistant Secretaries may sign, with the President or a Vice President, certificates for shares of the corporation, the issue of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine.

ARTICLE VII.
CONTRACTS, CHECKS AND DEPOSITS

Section 7.01 *Contracts*. Subject to the provisions of Section 6.01, the Board of Directors may authorize any officer, officers, agent, or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 7.02 *Checks*. All checks, demands, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers or such agent or agents of the corporation, and in such manner, as the Board of Directors may determine.

Section 7.03 *Deposits*. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE VIII.
CERTIFICATES OF STOCK

Section 8.01 *Issuance*. Each stockholder of this corporation shall be entitled to a certificate or certificates representing the number of shares of capital stock registered in his or her name on the books of the corporation unless the Board of Directors has provided by resolution or resolutions that some or all of any or all classes of shares of the corporation stock shall be uncertificated shares. The certificates shall be in such form as may be determined by the Board of Directors, shall be issued in numerical order and shall be entered in the books of the corporation as they are issued. They shall exhibit the holder’s name and number of shares and shall be signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. If any certificate is countersigned (1) by a transfer agent other than the corporation or any employee of the corporation or (2) by a registrar other than the corporation or any employee of the corporation, any other signature on the certificate may be a facsimile.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences, and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations, or restrictions of such preferences and rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class of stock; provided that, except as otherwise provided by applicable law, in lieu of the foregoing requirements, there may be set forth on the face or back of such certificate, a statement that the corporation will furnish such information without charge to each stockholder who so requests. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in the case of a lost, stolen, destroyed, or mutilated certificate a new one may be issued therefor upon such terms and with such indemnity, if any, to the corporation as the Board of Directors may prescribe. Certificates shall not be issued representing fractional shares of stock.

Section 8.02 *Lost Certificates*. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to give the corporation a bond sufficient to indemnity it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 8.03 *Transfers*. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction upon its books. Transfers of shares shall be made only on the books of the corporation by the registered holder thereof, or by his or her attorney thereunto authorized by power of attorney and filed with the Secretary of the corporation or the transfer agent.

Section 8.04 *Registered Stockholders*. The corporation shall be entitled to treat the holder of record of any share or shares of the corporation’s capital stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

ARTICLE IX.
DIVIDENDS

Section 9.01 *Declaration*. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may declare dividends with respect to the shares of the corporation’s capital stock at any regular or special meeting, pursuant to applicable law. Dividends may be paid in cash, in property, or in shares of the corporation’s capital stock, subject to the provisions of the Certificate of Incorporation.

Section 9.02 *Reserve*. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interest of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X.
INDEMNIFICATION AND INSURANCE

Section 10.01 *Third Party Actions*. The corporation shall indemnify any director or officer of the corporation, and may indemnify any other person, who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person’s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person’s conduct was unlawful.

Section 10.02 *Actions by or in the Right of the Corporation*. The corporation shall indemnify any director or officer and may indemnify any other person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Chancery or such other court shall deem proper.

Section 10.03 *Mandatory Indemnification*. To the extent that a present or former director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 10.01 and Section 10.02, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 10.04 *Determination of Conduct*. Any indemnification under Section 10.01 or Section 10.02 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 10.01 or Section 10.02. Such determination shall be made (a) by a majority vote of directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (d) by the stockholders.

Section 10.05 *Payment of Expenses in Advance*. Expenses (including attorney's fees) incurred by an officer or director in defending a civil, criminal, administrative or investigative action, suit, or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this Article X. Any such expenses incurred by an employee or agent of the corporation at its discretion may be paid by the corporation upon receipt of such an undertaking.

Section 10.06 *Indemnity Not Exclusive*. The indemnification and advancement of expenses provided or granted hereunder shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, any other bylaw, agreement, vote of stockholders, or disinterested directors or otherwise, both as to action in a person's official capacity and as to action in another capacity while holding such office.

Section 10.07 *Definitions*. For purposes of this Article X:

(a) "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee, or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article X with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued;

(b) "other enterprises" shall include employee benefit plans;

(c) "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan;

(d) "serving at the request of the corporation" shall include any service as a director, officer, employee, or agent of the corporation that imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and

(e) a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article X.

Section 10.08 *Continuation of Indemnity*. The indemnification and advancement of expenses provided by or granted pursuant to this Article X shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 10.09 *Insurance, Contracts and Funding*. The corporation may purchase and maintain insurance on behalf of any person who was or is a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the Delaware General Corporation Law. The corporation, without further stockholder approval, may enter into contracts with any director, officer, employee or agent in furtherance of the provisions of this Section 10.09 and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure that payment of such amounts as may be necessary to effect indemnification as provided in this Section 10.09.

ARTICLE XI.
MISCELLANEOUS

Section 11.01 *Seal*. The corporate seal, if one is authorized by the Board of Directors, shall have inscribed thereon the name of the corporation, and the words “Corporate Seal, Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

Section 11.02 *Books*. The books of the corporation may be kept (subject to applicable law) outside the State of Delaware at the offices of the corporation, or at such other place or places as may be designated from time to time by the Board of Directors.

ARTICLE XII
AMENDMENT

Except as otherwise provided by the Certificate of Incorporation, the Board of Directors is expressly authorized to adopt, alter, amend or repeal any and all of the bylaws of the corporation and the bylaws of the corporation may be adopted, altered, amended or repealed by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66⅔%) of all of the outstanding shares of capital stock of the corporation entitled to vote thereon, voting together as a single class.

Exhibit 31.1

Certification by Chief Executive Officer pursuant to
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Ezra Uzi Yemin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delek US Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Ezra Uzi Yemin
Ezra Uzi Yemin,
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 6, 2021

Exhibit 31.2

Certification by Chief Financial Officer pursuant to
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Reuven Spiegel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delek US Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

By: /s/ Reuven Spiegel

Reuven Spiegel,

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 6, 2021

Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Delek US Holdings, Inc. (the “Company”) on Form 10-Q for the three months ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ezra Uzi Yemin, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Ezra Uzi Yemin
Ezra Uzi Yemin,
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 6, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Delek US Holdings, Inc. (the “Company”) on Form 10-Q for the three months ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Reuven Spiegel, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Reuven Spiegel

Reuven Spiegel,

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 6, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained and furnished to the Securities and Exchange Commission or its staff upon request.