

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, 2023**

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

(State or other jurisdiction of incorporation or organization)

35-2581557

(I.R.S. Employer Identification No.)



310 Seven Springs Way, Suite 500

(Address of principal executive offices)

Brentwood Tennessee

37027

(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 May 2, 2023, there were 65,729,167 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, 2023****PART I. FINANCIAL INFORMATION**

Item 1. Financial Statements (unaudited)	3
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Income	4
Condensed Consolidated Statements of Comprehensive Income	5
Condensed Consolidated Statements of Changes in Stockholders' Equity	6
Condensed Consolidated Statements of Cash Flows	8
Notes to Condensed Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3. Quantitative and Qualitative Disclosures about Market Risk	60
Item 4. Controls and Procedures	63

PART II. OTHER INFORMATION

Item 1. Legal Proceedings	64
Item 1A. Risk Factors	64
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	64
Item 5. Other Information	64
Item 6. Exhibits	64
Signatures	66



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, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 865.0	\$ 841.3
Accounts receivable, net	847.8	1,234.4
Inventories, net of inventory valuation reserves	1,314.7	1,518.5
Other current assets	159.4	122.7
Total current assets	3,186.9	3,716.9
Property, plant and equipment:		
Property, plant and equipment	4,528.7	4,349.0
Less: accumulated depreciation	(1,646.7)	(1,572.6)
Property, plant and equipment, net	2,882.0	2,776.4
Operating lease right-of-use assets	181.8	179.5
Goodwill	744.3	744.3
Other intangibles, net	310.3	315.6
Equity method investments	354.2	359.7
Other non-current assets	127.2	100.4
Total assets	\$ 7,786.7	\$ 8,192.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,794.1	\$ 1,745.6
Current portion of long-term debt	49.5	74.5
Current portion of obligation under Inventory Intermediation Agreements	57.1	49.9
Current portion of operating lease liabilities	53.4	49.6
Accrued expenses and other current liabilities	915.8	1,166.8
Total current liabilities	2,869.9	3,086.4
Non-current liabilities:		
Long-term debt, net of current portion	2,725.5	2,979.2
Obligation under Inventory Intermediation Agreements	479.1	491.8
Environmental liabilities, net of current portion	111.5	111.5
Asset retirement obligations	42.1	41.8
Deferred tax liabilities	283.8	266.5
Operating lease liabilities, net of current portion	121.5	122.4
Other non-current liabilities	29.0	23.7
Total non-current liabilities	3,792.5	4,036.9
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, 84,569,103 shares and 84,509,517 shares issued at March 31, 2023 and December 31, 2022, respectively	0.9	0.9
Additional paid-in capital	1,141.2	1,134.1
Accumulated other comprehensive loss	(5.2)	(5.2)
Treasury stock, 17,575,527 shares, at cost, at March 31, 2023 and December 31, 2022, respectively	(694.1)	(694.1)
Retained earnings	557.2	507.9
Non-controlling interests in subsidiaries	124.3	125.9
Total stockholders' equity	1,124.3	1,069.5
Total liabilities and stockholders' equity	\$ 7,786.7	\$ 8,192.8

See accompanying notes to the 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,	
	2023	2022
Net revenues	\$ 3,924.3	\$ 4,459.1
Cost of sales:		
Cost of materials and other	3,439.6	4,152.5
Operating expenses (excluding depreciation and amortization presented below)	170.8	142.4
Depreciation and amortization	76.8	62.7
Total cost of sales	3,687.2	4,357.6
Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	27.0	27.4
General and administrative expenses	71.5	50.2
Depreciation and amortization	6.6	5.6
Other operating income, net	(10.8)	(28.4)
Total operating costs and expenses	3,781.5	4,412.4
Operating income	142.8	46.7
Interest expense, net	76.5	38.4
Income from equity method investments	(14.6)	(10.9)
Other (income) loss, net	(7.1)	1.3
Total non-operating expense, net	54.8	28.8
Income before income tax expense	88.0	17.9
Income tax expense	15.8	3.1
Net income	72.2	14.8
Net income attributed to non-controlling interests	7.9	8.2
Net income attributable to Delek	\$ 64.3	\$ 6.6
Basic income per share	\$ 0.96	\$ 0.09
Diluted income per share	\$ 0.95	\$ 0.09
Weighted average common shares outstanding:		
Basic	66,951,975	73,236,274
Diluted	67,369,374	73,649,266

See accompanying notes to the condensed consolidated financial statements

Delek US Holdings, Inc.**Condensed Consolidated Statements of Comprehensive Income (unaudited)**
(In millions)

	Three Months Ended March 31,	
	2023	2022
Net income	\$ 72.2	\$ 14.8
Other comprehensive loss:		
Other loss, net of taxes	—	(0.1)
Total other comprehensive loss	—	(0.1)
Comprehensive income	\$ 72.2	\$ 14.7
Comprehensive income attributable to non-controlling interest	7.9	8.2
Comprehensive income attributable to Delek	\$ 64.3	\$ 6.5

See accompanying notes to the 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, 2023									
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Shares		Non- Controlling Interest in Subsidiaries	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balance at December 31, 2022	84,509,517	\$ 0.9	\$ 1,134.1	\$ (5.2)	\$ 507.9	(17,575,527)	\$ (694.1)	\$ 125.9	\$ 1,069.5
Net income	—	—	—	—	64.3	—	—	7.9	72.2
Common stock dividends (\$0.22 per share)	—	—	—	—	(14.7)	—	—	—	(14.7)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(9.5)	(9.5)
Equity-based compensation expense	—	—	6.3	—	—	—	—	0.1	6.4
Repurchase of common stock	(16,292)	—	(0.2)	—	(0.2)	—	—	—	(0.4)
Taxes paid due to the net settlement of equity-based compensation	—	—	(0.5)	—	—	—	—	(0.1)	(0.6)
Exercise of equity-based awards	53,643	—	—	—	—	—	—	—	—
Other	22,235	—	1.5	—	(0.1)	—	—	—	1.4
Balance at March 31, 2023	84,569,103	\$ 0.9	\$ 1,141.2	\$ (5.2)	\$ 557.2	(17,575,527)	\$ (694.1)	\$ 124.3	\$ 1,124.3

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, 2022									
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings As Adjusted	Treasury Stock		Non- Controlling Interest in Subsidiaries	Total Stockholders' Equity As Adjusted
	Shares	Amount				Shares	Amount		
Balance at December 31, 2021	91,772,080	\$ 0.9	\$ 1,206.5	\$ (3.8)	\$ 384.7	(17,575,527)	\$ (694.1)	\$ 119.8	\$ 1,014.0
Net income	—	—	—	—	6.6	—	—	8.2	14.8
Equity-based compensation expense	—	—	5.3	—	—	—	—	0.1	5.4
Distribution to non-controlling interest	—	—	—	—	—	—	—	(8.7)	(8.7)
Sale of Delek Logistics common limited partner units, net	—	—	8.5	—	—	—	—	5.1	13.6
Purchase of Delek common stock from IEP Energy Holding LLC	(3,497,268)	—	(64.0)	—	—	—	—	—	(64.0)
Taxes paid due to the net settlement of equity-based compensation	—	—	(0.3)	—	—	—	—	—	(0.3)
Exercise of equity-based awards	45,800	—	—	—	—	—	—	—	—
Other	—	—	—	(0.1)	—	—	—	—	(0.1)
Balance at March 31, 2022	<u>88,320,612</u>	<u>\$ 0.9</u>	<u>\$ 1,156.0</u>	<u>\$ (3.9)</u>	<u>\$ 391.3</u>	<u>(17,575,527)</u>	<u>\$ (694.1)</u>	<u>\$ 124.5</u>	<u>\$ 974.7</u>

See accompanying notes to the condensed consolidated financial statements

Delek US Holdings, Inc.

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

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 72.2	\$ 14.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	83.4	68.3
Non-cash lease expense	15.4	13.4
Deferred income taxes	16.6	10.4
Income from equity method investments	(14.6)	(10.9)
Dividends from equity method investments	8.7	6.6
Non-cash lower of cost or market/net realizable value adjustment	(1.7)	(8.5)
Equity-based compensation expense	6.4	5.4
Other	3.3	4.7
Changes in assets and liabilities:		
Accounts receivable	395.9	(628.4)
Inventories and other current assets	166.8	(465.2)
Fair value of derivatives	(0.4)	(68.3)
Accounts payable and other current liabilities	(293.1)	988.6
Obligation under Inventory Intermediation Agreements	(63.5)	101.8
Non-current assets and liabilities, net	(0.3)	(5.9)
Net cash provided by operating activities	395.1	26.8
Cash flows from investing activities:		
Distributions from equity method investments	2.1	0.6
Purchases of property, plant and equipment	(211.3)	(29.5)
Purchase of equity securities	(7.5)	—
Purchases of intangible assets	(0.6)	(2.4)
Proceeds from sale of property, plant and equipment	—	1.0
Insurance proceeds	—	0.1
Other	(4.8)	—
Net cash used in investing activities	(222.1)	(30.2)
Cash flows from financing activities:		
Proceeds from long-term revolvers	848.6	415.1
Payments on long-term revolvers	(1,123.5)	(409.0)
Payments on term debt	(6.1)	(13.3)
Proceeds from product financing agreements	335.0	317.9
Repayments of product financing agreements	(236.1)	(253.1)
Proceeds from Inventory Intermediation Agreement	32.2	—
Proceeds from termination of Supply & Offtake Obligation	25.8	—
Taxes paid due to the net settlement of equity-based compensation	(0.6)	(0.3)
Repurchase of common stock	(0.4)	—
Distribution to non-controlling interest	(9.5)	(8.7)
Proceeds from sale of Delek Logistics common limited partner units	—	16.4
Purchase of Delek common stock from IEP Energy Holding LLC	—	(64.0)
Dividends paid	(14.7)	—
Net cash (used in) provided by financing activities	(149.3)	1.0
Net increase (decrease) in cash and cash equivalents	23.7	(2.4)
Cash and cash equivalents at the beginning of the period	841.3	856.5
Cash and cash equivalents at the end of the period	\$ 865.0	\$ 854.1

Delek US Holdings, Inc.

Condensed Consolidated Statements of Cash Flows (unaudited) (Continued) (In millions)

	Three Months Ended March 31,	
	2023	2022
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of capitalized interest of \$0.9 million and \$0.4 million in the 2023, and 2022 periods, respectively	\$ 105.7	24.4
Income taxes	\$ 0.1	\$ 1.0
Non-cash investing activities:		
(Decrease) Increase in accrued capital expenditures	\$ (19.2)	\$ 3.4
Non-cash financing activities:		
Non-cash lease liability arising from obtaining right-of-use assets during the period	\$ 19.8	\$ 1.5

See accompanying notes to the condensed consolidated financial statements

Delek US Holdings, Inc.**Notes to Condensed Consolidated Financial Statements (unaudited)****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 United States ("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, 2023 (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, 2022 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"). On June 1, 2022, DKL Delaware Gathering, LLC, a subsidiary of the Delek Logistics, acquired 100% of the limited liability company interests in 3 Bear Delaware Holding – NM, LLC ("3 Bear") from 3 Bear Energy – New Mexico LLC (subsequently renamed to Delek Delaware Gathering ("Delaware Gathering")), related to their crude oil and natural gas gathering, processing and transportation businesses, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico (the "Delaware Gathering Acquisition"). See Note 2 - Acquisitions for additional information. 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. 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.

Reclassifications

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

2. Acquisitions**Delek Delaware Gathering (formally 3 Bear)**

Delek Logistics completed the Delaware Gathering Acquisition on June 1, 2022 (the "Acquisition Date"), in which it acquired crude oil and natural gas gathering, processing and transportation and storage operations, as well as water disposal and recycling operations, located in the Delaware Basin of New Mexico.

The purchase price for Delaware Gathering was \$628.3 million. The Delaware Gathering Acquisition was financed through a combination of cash on hand and borrowings under the Delek Logistics' Revolving Facility (as discussed in Note 9 of these consolidated financial statements).

For the three months ended March 31, 2023, we incurred no incremental direct acquisition and integration costs.

Our consolidated financial and operating results reflect the Delaware Gathering Acquisition operations beginning June 1, 2022. Our results of operations included revenue and net income of \$44.3 million and \$11.5 million, respectively, for the three months ended March 31, 2023.

The Delaware Gathering Acquisition was accounted for using the acquisition method of accounting, whereby the purchase price was allocated to the tangible and intangible assets acquired and the liabilities assumed based on their fair values. The excess of the consideration paid over the fair value of the net assets acquired was recorded as goodwill.

Determination of Purchase Price

The table below represents the purchase price (in millions):

Base purchase price:	\$	624.7
Add: closing net working capital (as defined in the 3 Bear Purchase Agreement)		3.6
Less: closing indebtedness (as defined in the 3 Bear Purchase Agreement)		(80.6)
Cash paid for the adjusted purchase price		547.7
Cash paid to payoff 3 Bear credit agreement (as defined in the 3 Bear Purchase Agreement)		80.6
Purchase price	\$	628.3

Purchase Price Allocation

The following table summarizes the preliminary fair values of assets acquired and liabilities assumed in the Delaware Gathering Acquisition as of June 1, 2022 (in millions):

Assets acquired:		
Cash and cash equivalents	\$	2.7
Accounts receivables, net		28.9
Inventories		1.8
Other current assets		1.0
Property, plant and equipment		382.8
Operating lease right-of-use assets		7.4
Goodwill		14.8
Other intangibles, net ⁽¹⁾		223.5
Other non-current assets		0.5
Total assets acquired		663.4
Liabilities assumed:		
Accounts payable		8.0
Accrued expenses and other current liabilities		22.4
Current portion of operating lease liabilities		1.0
Asset retirement obligations		2.3
Operating lease liabilities, net of current portion		1.4
Total liabilities assumed		35.1
Fair value of net assets acquired	\$	628.3

⁽¹⁾ The acquired intangible assets amount includes the following identified intangibles:

- Customer relationships intangible that is subject to amortization with a preliminary fair value of \$210.0 million, which will be amortized over an 11.6-year useful life.
- Rights-of-way intangible that is subject to amortization with a preliminary fair value of \$13.5 million, which will be amortized over the weighted-average useful life of 25.4 years.

These fair value estimates are preliminary and therefore, the final fair value of assets acquired and liabilities assumed and the resulting effect on our financial position may change once all necessary information has become available and we finalize our valuations. To the extent possible, estimates have been considered and recorded, as appropriate, for the items above based on the information available as of March 31, 2023. We will continue to evaluate these items until they are satisfactorily resolved and adjust our purchase price allocation accordingly, within the allowable measurement period (not to exceed one year from the date of acquisition), as defined by Accounting Standards Codification ("ASC") 805, Business Combinations ("ASC 805").

The fair value of property, plant and equipment was based on the combination of the cost and market approaches. Key assumptions in the cost approach include determining the replacement cost by evaluating recently published data and adjusting replacement cost for physical deterioration, functional and economic obsolescence. We used the market approach to measure the value of certain assets through an analysis of recent sales or offerings of comparable properties.

The fair value of customer relationships was based on the income approach. Key assumptions in the income approach include projected revenue attributable to customer relationships, operating margins and discount rates.

The fair values discussed above were based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements.

The fair values of all other current assets and liabilities were equivalent to their carrying values due to their short-term nature.

The goodwill recognized in the Delaware Gathering Acquisition is primarily attributable to enhancing our third-party revenues, further diversification of our customer and product mix, expanding our footprint into the Delaware basin and bolstering our Environmental, Social and Governance ("ESG") optionality through furthering carbon capture opportunities and greenhouse gas reduction projects currently underway. This goodwill is deductible for income tax purposes. Goodwill related to the Delaware Gathering Acquisition is included in the logistics segment.

Unaudited Pro Forma Financial Information

The following table summarizes the unaudited pro forma financial information of the Company assuming the Delaware Gathering Acquisition had occurred on January 1, 2022. The unaudited pro forma financial information has been adjusted to give effect to certain pro forma adjustments that are directly related to the Delaware Gathering Acquisition based on available information and certain assumptions that management believes are factually supportable. The most significant pro forma adjustments relate to (i) incremental interest expense and amortization of deferred financing costs associated with revolving credit facility borrowings incurred in connection with the Delaware Gathering Acquisition, (ii) incremental depreciation resulting from the estimated fair values of acquired property, plant and equipment, (iii) incremental amortization resulting from the estimated fair values of acquired customer relationships intangible (iv) accounting policy alignment, and (v) transaction costs. The unaudited pro forma financial information excludes any expected cost savings or other synergies as a result of the Delaware Gathering Acquisition. The unaudited pro forma financial information is not necessarily indicative of the results of operations that would have been achieved had the Delaware Gathering Acquisition been effective as of the dates presented, nor is it indicative of future operating results of the combined company. Actual results may differ significantly from the unaudited pro forma financial information.

	Three Months Ended March 31, 2022	
(in millions, except per share data)		
Net sales	\$	4,509.5
Net income attributable to Delek	\$	0.5
Net income per share:		
Basic income per share	\$	0.01
Diluted income per share	\$	0.01

3. 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 10); and
- intercompany eliminations.

During the fourth quarter 2022, we realigned our reportable segments for financial reporting purposes to reflect changes in the manner in which our chief operating decision maker, or CODM, assesses financial information for decision-making purposes. The change primarily represents reporting the operating results of wholesale crude operations within the refining segment. Prior to this change, wholesale crude operations were reported as part of corporate, other and eliminations. While this reporting change did not change our consolidated results, segment data for previous years has been restated and is consistent with the current year presentation throughout the financial statements and the accompanying notes.

The disaggregated financial results for the reporting segments have been prepared using a management approach, which is consistent with the basis and manner in which management internally disaggregates financial information for the purposes of assisting internal operating decisions. The CODM evaluates performance based upon EBITDA attributable to Delek. We define EBITDA attributable to Delek for any period as net income (loss) attributable to Delek plus interest expense, income tax expense (benefit), depreciation and amortization. Segment EBITDA should not be considered a substitute for results prepared in accordance with U.S. GAAP and should not be considered alternatives to net income (loss), which is the most directly comparable financial measure to EBITDA that is in accordance with U.S. GAAP. Segment EBITDA, as determined and measured by us, should also not be compared to similarly titled measures reported by other companies.

Assets by segment are not a measure used to assess the performance of the Company by the CODM and thus are not disclosed.

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, 2023, including the following:

- Tyler, Texas refinery (the "Tyler refinery");
- El Dorado, Arkansas refinery (the "El Dorado refinery");
- Big Spring, Texas refinery (the "Big Spring refinery"); and
- 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.

Logistics Segment

Our logistics segment owns and operates crude oil, refined products and natural gas logistics and marketing assets as well as water disposal and recycling assets. The logistics segment generates revenue by charging fees for gathering, transporting and storing crude oil and natural gas, marketing, distributing, transporting and storing intermediate and refined products and disposing and recycling water in select regions of the southeastern United States, the Delaware Basin in New Mexico and West Texas for our refining segment and third parties, and sales of wholesale products in the West Texas market. The operating results and assets acquired in the Delaware Gathering Acquisition have been included in the logistics segment since June 1, 2022.

Retail Segment

Our retail segment consists of 249 owned and leased convenience store sites as of March 31, 2023, located primarily in West Texas and New Mexico. These convenience stores typically offer various grades of fuel, food and beverage products, general merchandise, and certain food and other services. Substantially all of the motor fuel sold through our retail segment is supplied by our Big Spring refinery.

Business Segment Operating Performance

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

Three Months Ended March 31, 2023					
(In millions)	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding intercompany fees and revenues)	\$ 3,600.8	\$ 118.5	\$ 205.0	\$ —	\$ 3,924.3
Inter-segment fees and revenues	193.7	125.0	—	(318.7)	—
Total revenues	\$ 3,794.5	\$ 243.5	\$ 205.0	\$ (318.7)	\$ 3,924.3
Segment EBITDA attributable to Delek	\$ 192.1	\$ 91.4	\$ 6.4	\$ (49.9)	\$ 240.0
Depreciation and amortization	(56.6)	(21.1)	(2.7)	(3.0)	(83.4)
Interest expense, net	(9.0)	(32.6)	(0.2)	(34.7)	(76.5)
Income tax expense					(15.8)
Net income attributable to Delek					\$ 64.3
Capital spending (excluding business combinations)	\$ 147.6	\$ 36.1	\$ 2.7	\$ 5.7	\$ 192.1

Three Months Ended March 31, 2022					
(In millions)	Refining	Logistics	Retail	Corporate, Other and Eliminations	Consolidated
Net revenues (excluding intercompany fees and revenues)	\$ 4,166.5	\$ 82.8	\$ 209.5	\$ 0.3	\$ 4,459.1
Inter-segment fees and revenues	225.8	123.8	—	(349.6)	—
Total revenues	\$ 4,392.3	\$ 206.6	\$ 209.5	\$ (349.3)	\$ 4,459.1
Segment EBITDA attributable to Delek	\$ 80.0	\$ 64.2	\$ 10.3	\$ (38.1)	\$ 116.4
Depreciation and amortization	(52.8)	(10.4)	(3.5)	(1.6)	(68.3)
Interest expense, net	(0.6)	(14.2)	—	(23.6)	(38.4)
Income tax expense					(3.1)
Net income attributable to Delek					\$ 6.6
Capital spending (excluding business combinations)	\$ 14.3	\$ 9.1	\$ 3.0	\$ 6.5	\$ 32.9

4. Earnings Per Share

Basic earnings per share (or "EPS") is computed by dividing net income by the weighted average common shares outstanding. Diluted earnings per share is computed by dividing net income, 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 16 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,	
	2023	2022
Numerator:		
Numerator for EPS		
Net income	\$ 72.2	\$ 14.8
Less: Income attributed to non-controlling interest	7.9	8.2
Numerator for basic and diluted EPS attributable to Delek	<u>\$ 64.3</u>	<u>\$ 6.6</u>
Denominator:		
Weighted average common shares outstanding (denominator for basic EPS)	66,951,975	73,236,274
Dilutive effect of stock-based awards	417,399	412,992
Weighted average common shares outstanding, assuming dilution (denominator for diluted EPS)	<u>67,369,374</u>	<u>73,649,266</u>
EPS:		
Basic income per share	<u>\$ 0.96</u>	<u>\$ 0.09</u>
Diluted income per share	<u>\$ 0.95</u>	<u>\$ 0.09</u>
The following equity instruments were excluded from the diluted weighted average common shares outstanding because their effect would be anti-dilutive:		
Antidilutive stock-based compensation (because average share price is less than exercise price)	<u>2,181,281</u>	<u>3,088,678</u>

5. Delek Logistics

Delek Logistics

Delek Logistics is a publicly traded limited partnership formed by Delek in 2012 that owns and operates crude oil, refined products and natural gas logistics and marketing assets as well as water disposal and recycling assets. A substantial majority of Delek Logistics' assets are integral to Delek's refining and marketing operations. As of March 31, 2023, we owned a 78.7% interest in Delek Logistics, consisting of 34,311,278 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 consolidated statements of income and in non-controlling interest in subsidiaries in the accompanying consolidated balance sheets.

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 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 consolidated balance sheets are included in the consolidated balance sheets of Delek. The Delek Logistics consolidated balance sheets are presented below (in millions):

	As of March 31, 2023	As of December 31, 2022
ASSETS		
Cash and cash equivalents	\$ 11.0	\$ 8.0
Accounts receivable	60.5	53.3
Inventory	2.7	1.5
Other current assets	2.7	2.4
Property, plant and equipment, net	941.1	924.0
Equity method investments	243.3	257.0
Operating lease right-of-use assets	24.9	24.8
Goodwill	27.1	27.1
Intangible assets, net	358.9	364.8
Other non-current assets	19.4	16.4
Total assets	<u>\$ 1,691.6</u>	<u>\$ 1,679.3</u>
LIABILITIES AND DEFICIT		
Accounts payable	\$ 23.1	\$ 57.4
Accounts payable to related parties	4.5	6.1
Current portion of long-term debt	15.0	15.0
Current portion of operating lease liabilities	8.1	8.0
Accrued expenses and other current liabilities	27.2	19.7
Long-term debt	1,693.2	1,646.6
Asset retirement obligations	9.5	9.3
Operating lease liabilities, net of current portion	12.2	12.1
Other non-current liabilities	16.2	15.8
Deficit	(117.4)	(110.7)
Total liabilities and deficit	<u>\$ 1,691.6</u>	<u>\$ 1,679.3</u>

6. Equity Method Investments

Wink to Webster Pipeline

Through our wholly-owned direct subsidiary Delek Energy, we own a 50% investment in W2W Holdings LLC ("HoldCo") which was formed by us and MPLX Operations LLC ("MPLX") to obtain financing and fund capital calls associated with our collective and contributed interests in the Wink to Webster Pipeline LLC ("WWP") Joint Venture. The Company has determined that HoldCo is a VIE. While we have the ability to exert significant influence through participation in board and management committees, we are not the primary beneficiary since we do not have a controlling financial interest in HoldCo, and no single party has the power to direct the activities that most significantly impact HoldCo's economic performance. We account for HoldCo using the equity method of accounting.

On June 2, 2022, HoldCo's wholly-owned finance LLC ("WWP Project Financing JV") refinanced its project finance debt using the proceeds from a \$535.0 million senior secured notes issuance due January 31, 2032. In connection with this notes issuance, on June 2, 2022 the WWP Project Financing JV also entered into a senior secured credit agreement that provides for revolving loan commitments in an amount of up to \$75.0 million and the issuance of letters of credit in an amount of up to \$44.0 million. The maturity date of the revolver and letter credit commitments is June 2, 2027. Distributions received from WWP are first applied to service the WWP Project Financing JV debt, with excess distributions being made to the HoldCo members as provided for in the W2W Holdings LLC Agreement and as allowed for under its debt agreements. The obligations of the HoldCo members under the W2W Holdings LLC Agreement are guaranteed by the parents of the member entities.

As of March 31, 2023, except for the guarantee of member obligations under the joint venture, we do not have other guarantees with or to HoldCo, nor any third-party associated with HoldCo contracted work. The Company's maximum exposure to any losses incurred by HoldCo is limited to its investment. As of March 31, 2023 and December 31, 2022, Delek's HoldCo investment balance totaled \$53.5 million and \$49.0 million, respectively, and is included in total assets in corporate, other and eliminations in our segment disclosure. For the three months ended March 31, 2023 and 2022, we recognized income of \$4.5 million and \$2.1 million, respectively, associated with HoldCo activities.

Delek Logistics Investments

Delek Logistics has a 33% membership interest in Red River Pipeline Company LLC ("Red River"), which owns a 16-inch crude oil pipeline running from Cushing, Oklahoma to Longview, Texas. As of March 31, 2023 and December 31, 2022, Delek's investment balance in Red River totaled \$141.6 million and \$149.6 million, respectively. We recognized income on the investment totaling \$3.8 million and \$5.2 million for the three months ended March 31, 2023 and 2022, 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 other 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, 2023 and December 31, 2022, Delek Logistics' investment balance in these joint ventures was \$101.7 million and \$107.4 million, respectively, and are accounted for using the equity method. We recognized income on these investments totaling \$2.5 million and \$1.8 million for the three months ended March 31, 2023 and 2022, respectively.

Other Investments

In addition to our pipeline joint ventures, we also have a 50% interest in a joint venture that owns asphalt terminals located in the southwestern region of the U.S., as well as a 50% interest in a joint venture that owns, operates and maintains a terminal consisting of an ethanol unit train facility with an ethanol tank in Arkansas. As of March 31, 2023 and December 31, 2022, Delek's investment balance in these joint ventures was \$57.4 million and \$53.7 million, respectively. We recognized income on these investments totaling \$3.8 million and \$1.8 million for the three months ended March 31, 2023 and 2022, respectively. Both investments are accounted for using the equity method. The investment in asphalt terminal operations is included as part of total assets in corporate, other and eliminations in our segment disclosure while the ethanol terminal operations is reflected in the refining segment.

Combined summarized financial information for our equity method investees on a 100% basis is shown below (in millions):

	As of March 31, 2023	As of December 31, 2022
Current assets	\$ 132.2	\$ 116.5
Non-current assets	\$ 1,326.3	\$ 1,333.2
Current liabilities	\$ 28.7	\$ 16.0
Non-current liabilities	\$ 547.6	\$ 553.9

	Three Months Ended March 31,	
	2023	2022
Revenues	\$ 84.9	\$ 56.1
Gross profit	\$ 30.3	\$ 21.1
Operating income	\$ 24.8	\$ 17.0
Net income	\$ 31.4	\$ 19.0

7. Inventory

Crude oil feedstocks, refined products, blendstocks and asphalt inventory for all of our operations, excluding merchandise inventory in our retail segment, are stated at the lower of cost determined using FIFO basis or net realizable value. 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.

The following table presents the components of inventory for each period presented:

	Titled Inventory	Inventory Intermediation Agreement ⁽¹⁾	Total
March 31, 2023			
Feedstocks, raw materials and supplies	\$ 392.1	\$ 152.4	\$ 544.5
Refined products and blendstock	374.1	366.4	740.5
Merchandise inventory and other	29.7	—	29.7
Total	<u>\$ 795.9</u>	<u>\$ 518.8</u>	<u>\$ 1,314.7</u>
December 31, 2022			
Feedstocks, raw materials and supplies	\$ 479.7	\$ 163.8	\$ 643.5
Refined products and blendstock	490.8	354.8	845.6
Merchandise inventory and other	29.4	—	29.4
Total	<u>\$ 999.9</u>	<u>\$ 518.6</u>	<u>\$ 1,518.5</u>

⁽¹⁾ Refer to Note 8 - Inventory Intermediation Obligations for further information.

At March 31, 2023, we recorded a pre-tax inventory valuation reserve of \$9.5 million due to a market price decline below our cost of certain inventory products. At December 31, 2022, we recorded a pre-tax inventory valuation reserve of \$11.2 million. For the three months ended March 31, 2023 and 2022, 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 \$1.7 million and \$8.5 million, respectively.

8. Inventory Intermediation Obligations

The following table summarizes our outstanding obligations under our Inventory Intermediation Agreement and Supply and Offtake Agreements:

	As of March 31, 2023	As of December 31, 2022
Obligations under Inventory Intermediation Agreements		
Obligations related to Base Layer Volumes	\$ 479.1	\$ 491.8
Current portion	57.1	49.9
Total Obligations under Inventory Intermediation Agreements	\$ 536.2	\$ 541.7
Other (receivable) payable for monthly activity true-up	\$ (10.0)	\$ 5.6
Obligations under Supply and Offtake Agreements		
Other (receivable) payable for monthly activity true-up	\$ —	\$ (34.9)

Included in the Inventory Intermediation Agreement and Supply and Offtake Agreements are cost of financing associated with the value of the inventory and other periodic charges, which we include in interest expense, net in the condensed consolidated statements of income. In addition to the cost of financing charges, we have other intermediation fees which include market structure settlements, where we may pay or receive amounts based on market conditions and volumes subject to the intermediation agreement. These market structure settlements are recorded in cost of materials and other in the condensed consolidated statements of income. The following table summarizes these fees:

	Three Months Ended March 31,	
	2023	2022
Net fees and expenses:		
Inventory intermediation fees	\$ 5.9	\$ 19.1
Interest expense, net	\$ 14.0	\$ 5.0

Inventory Intermediation Agreements

On December 22, 2022, Delek entered into an inventory intermediation agreement ("Inventory Intermediation Agreement") with Citigroup Energy Inc. ("Citi") in connection with DK Trading & Supply, LLC ("DKTS"), an indirect subsidiary of Delek. Pursuant to the Inventory Intermediation Agreement, Citi will (i) purchase from and sell to DKTS crude oil and other petroleum feedstocks in connection with refining processing operations at El Dorado, Big Spring, and Krotz Springs, (ii) purchase from and sell to DKTS all refined products produced by such refineries other than certain excluded products and (iii) in connection with such purchases and sales, DKTS will enter into certain market risk hedges in each case, on the terms and subject to certain conditions. The Inventory Intermediation Agreement results in up to \$800 million of working capital capacity for DKTS. As of March 31, 2023, we had letters of credit outstanding of \$90.0 million supporting the Inventory Intermediation Agreement. The Inventory Intermediation Agreement expires December 30, 2024, subject to an extension that can be executed by Citi for an additional twelve months. Prior to December 30, 2022, Delek had Supply and Offtake Agreements (the "Supply and Offtake Agreements" or the "J. Aron Agreements") with J. Aron & Company ("J. Aron"). The Inventory Intermediation Agreement replaced the Supply and Offtake Agreements that expired on December 30, 2022.

The Inventory Intermediation Agreement provides for the lease to Citi of crude oil and refined product storage facilities. At the inception of the Inventory Intermediation Agreement, we transferred title to a certain number of barrels of crude and other inventories to Citi, and the Inventory Intermediation Agreement requires the repurchase of the remaining inventory (including certain "Base Layer Volumes") at the termination. As of March 31, 2023 and December 31, 2022, the volumes subject to the Inventory Intermediation Agreement totaled 6.4 million barrels and 6.3 million barrels, including Base Layer Volumes associated with our non-current inventory intermediation obligation of 5.5 million barrels.

The Inventory Intermediation Agreement is accounted for as an inventory financing arrangement under the fair value election provided by ASC 815 *Derivatives and Hedging* ("ASC 815") and ASC 825, *Financial Instruments* ("ASC 825"). Therefore, the crude oil and refined products barrels subject to the Inventory Intermediation Agreement will continue to be reported in our condensed consolidated balance sheets until processed and sold to a third party. At each reporting period, we record a liability equal to the repurchase obligation to Citi at current market prices. The repurchase obligations associated with the Base Layer Volumes are reflected as non-current liabilities on our condensed consolidated balance sheet to the extent that they are not contractually due within twelve months. The remaining obligation resulting from our monthly activity, including long and short inventory positions valued at market-indexed pricing, are included in current liabilities (or receivables) on our condensed consolidated balance sheet.

Gains (losses) related to changes in fair value due to commodity-index price are recorded as a component of cost of materials and other in the condensed consolidated statements of income. With respect to the repurchase obligation, for the three months ended March 31, 2023, we recognized gains of \$12.7 million attributable to changes in fair value due to commodity-index price.

Supply & Offtake Agreements

Prior to December 30, 2022, Delek was a party to Supply and Offtake Agreements with J. Aron in connection with its El Dorado, Big Spring and Krotz Springs refineries. Pursuant to the Supply and Offtake Agreements, (i) J. Aron agreed to sell to us, and we agreed to buy from J. Aron, at market prices, crude oil for processing at these refineries and (ii) we agreed to sell, and J. Aron agreed to buy, at market prices, certain refined products produced at these refineries. 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") continued to be recorded at fair value under the fair value election included under ASC 815 and ASC 825. The Baseline Step-Out Liabilities had a floating component whose fair value reflected changes to commodity price risk with changes in fair value recorded in cost of materials. For the three months ended March 31, 2022, we recognized gains in cost of materials and other attributable to changes in fair value due to commodity-index price totaling \$148.8 million.

9. Long-Term Obligations

Outstanding borrowings under debt instruments are as follows (in millions):

	March 31, 2023	December 31, 2022
Delek Revolving Credit Facility	\$ 150.0	\$ 450.0
Delek Term Loan Credit Facility	947.6	950.0
Delek Logistics Revolving Facility	770.6	720.5
Delek Logistics Term Loan Facility	296.3	300.0
Delek Logistics 2025 Notes	250.0	250.0
Delek Logistics 2028 Notes	400.0	400.0
United Community Bank Revolver	25.0	50.0
Principle amount of long-term debt	2,839.5	3,120.5
Less: Unamortized discount and deferred financing costs	(64.5)	(66.8)
Total debt, net of unamortized discount and deferred financing costs	2,775.0	3,053.7
Less: Current portion of long-term debt	49.5	74.5
Long-term debt, net of current portion	\$ 2,725.5	\$ 2,979.2

Delek Term Loan Credit Facility

The Delek Term Loan Credit Facility principal of \$950.0 million was drawn on November 18, 2022 at a discount of 4.00%. This senior secured facility allows for \$400.0 million in incremental loans subject to certain restrictions. Repayment terms include quarterly principal payments of \$2.4 million with the balance of principal due on November 19, 2029. At Delek's option, borrowings bear interest at either the Adjusted Term Secured Overnight Financing Rate ("SOFR") or base rate as defined by the agreement, plus an applicable margin of 2.50% per annum with respect to base rate borrowings and 3.50% per annum with respect to SOFR borrowings. At March 31, 2023 and December 31, 2022, the weighted average borrowing rate was approximately 8.41% and 7.92%; respectively. The effective interest rate was 9.71% as of March 31, 2023.

Delek Logistics Term Loan Facility

The Delek Logistics Term Loan Facility principal of \$300.0 million was drawn on October 13, 2022. This senior secured facility requires four quarterly amortization payments of \$3.8 million in 2023 and three quarterly amortization payments of \$7.5 million in 2024 with final maturity and principal due on October 13, 2024. At Delek Logistics' option, borrowings bear interest at either the SOFR or U.S. dollar prime rate, plus an applicable margin. The applicable margin is 2.50% for the first year and 3.00% for the second year for U.S. dollar prime rate borrowings. SOFR borrowings include a credit spread adjustment of 0.10% to 0.25% plus an applicable margin of 3.50% for the first year and 4.00% for the second year. At March 31, 2023 and December 31, 2022, the weighted average borrowing rate was approximately 8.41% and 7.92%, respectively. The effective interest rate was 8.83% as of March 31, 2023.

Revolving Credit Facilities

Available capacity and amounts outstanding for each of our revolving credit facilities as of March 31, 2023 are shown below (in millions):

	Total Capacity	Outstanding Borrowings	Outstanding Letters of Credit	Available Capacity	Maturity Date
Delek Revolving Credit Facility ⁽¹⁾	\$ 1,100.0	\$ 150.0	\$ 238.6	\$ 711.4	October 26, 2027
Delek Logistics Revolving Facility ⁽²⁾	900.0	770.6	—	129.4	October 13, 2027
United Community Bank Revolver ⁽³⁾	50.0	25.0	—	25.0	June 30, 2023

⁽¹⁾ Total Capacity includes letters of credit up to \$500.0 million. This facility requires a quarterly unused commitment fee based on average commitment usage, currently at 0.30% per annum. Interest is measured at either the SOFR, base rate, or Canadian dollar bankers' acceptances rate ("CDOR"), plus an applicable margin of 0.25% to 0.75% per annum with respect to base rate borrowings or 1.25% to 1.75% per annum with respect to SOFR and CDOR. As of March 31, 2023 and December 31, 2022, the weighted average interest rate was 6.31% and 5.67%, respectively.

⁽²⁾ Total Capacity includes letters of credit up to \$115.0 million and \$25.0 million for swing line loans. This facility requires a quarterly unused commitment fee based on average commitment usage, currently at 0.50% per annum. Interest is measured at either the U.S. dollar prime rate plus an applicable margin of 1.00% to 2.00% depending on Delek Logistics' leverage ratio, or a SOFR rate plus a credit spread adjustment of 0.10% to 0.25% and an applicable margin ranging from 2.00% to 3.00% depending on the leverage ratio. As of March 31, 2023 and December 31, 2022, the weighted average interest rate was 7.57% and 7.55%, respectively.

⁽³⁾ Requires a quarterly fee of 0.50% per year on the average unused revolving commitment. The weighted average borrowing rate as of March 31, 2023 and December 31, 2022 was 7.00% and 6.75%, respectively.

Delek Logistics 2025 Notes

Our Delek Logistics 2025 Notes are general unsecured senior obligations comprised of \$250.0 million in aggregate principal of 6.75% senior notes maturing on May 15, 2025. The Delek Logistics 2025 Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by Delek Logistics' existing subsidiaries (other than Finance Corp.) and will be unconditionally guaranteed on the same basis by certain of Delek Logistics' future subsidiaries. Interest is payable semi-annually in arrears on May 15 and November 15. As of March 31, 2023, the effective interest rate was 7.19%.

Delek Logistics 2028 Notes

Our Delek Logistics 2028 Notes are general unsecured senior obligations comprised of \$400.0 million in aggregate principal amount of 7.125% senior notes maturing June 1, 2028. The Delek Logistics 2028 Notes are unconditionally guaranteed jointly and severally on a senior unsecured basis by Delek Logistics' subsidiaries (other than Finance Corp.) and will be unconditionally guaranteed on the same basis by certain of Delek Logistics' future subsidiaries. Interest is payable semi-annually in arrears on June 1 and December 1. As of March 31, 2023, the effective interest rate was 7.40%.

Guarantees Under Revolver and Term Facilities

The obligations of the borrowers under the Delek Term Loan Credit Facility and the Delek Revolving Credit Facility 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 Delek Term Loan Credit Facility and the Delek Revolving Credit Facility are also guaranteed by DK Canada Energy ULC, a British Columbia unlimited liability company and a wholly-owned restricted subsidiary of Delek.

The obligations under the Delek Logistics Revolving Facility and Term Loan Facility are secured by first priority liens on substantially all of Delek Logistics' tangible and intangible assets.

Restrictive Terms and Covenants

Under the terms of our debt facilities, we are required to comply with usual and customary financial and non-financial covenants. Certain of our debt facilities contain limitations on future transactions such as incurrence of additional indebtedness, investments, affiliate transactions, asset acquisitions or dispositions, and dividends or distributions. As of March 31, 2023, we were in compliance with covenants on all of our debt instruments.

Some of Delek's subsidiaries have restrictions in their respective credit facilities limiting their use of assets. As of March 31, 2023, we had no subsidiaries with restricted net assets which would prohibit earnings from being transferred to the parent company for its use.

10. 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 the commodity at a predetermined price and location at a specified future date. Options provide the right, but not the obligation to buy or sell a 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 ("NPNS") pursuant to ASC 815. If we elect the NPNS 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. Our Canadian crude trading operations are accounted for as derivative instruments, and the related unrealized and realized gains and losses are recognized in other operating income, net on the condensed consolidated statements of income. Additionally, as of and for the three months ended March 31, 2023, other forward contracts accounted for as derivatives that are specific to managing crude costs rather than for trading purposes are recognized in cost of materials and other on the condensed consolidated statements of income in our refining segment, and are included in our disclosures of commodity derivatives in the tables below.

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, 2023, we do not believe there is any material credit risk with respect to the counterparties to any of our derivative contracts.

The following table presents the fair value of our derivative instruments as of March 31, 2023 and December 31, 2022. 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 consolidated balance sheets. See Note 11 for further information regarding the fair value of derivative instruments (in millions).

Derivative Type	Balance Sheet Location	March 31, 2023		December 31, 2022	
		Assets	Liabilities	Assets	Liabilities
Derivatives not designated as hedging instruments:					
Commodity derivatives ⁽¹⁾	Other current assets	\$ 213.9	\$ (197.8)	\$ 217.1	\$ (204.4)
Commodity derivatives ⁽¹⁾	Other current liabilities	54.6	(58.1)	101.0	(129.5)
Commodity derivatives ⁽¹⁾	Other long-term assets	2.9	(2.3)	1.1	(0.8)
RINs commitment contracts ⁽²⁾	Other current assets	4.1	—	9.7	—
RINs commitment contracts ⁽²⁾	Other current liabilities	—	(14.4)	—	(6.6)
Total gross fair value of derivatives		275.5	(272.6)	328.9	(341.3)
Less: Counterparty netting and cash collateral ⁽³⁾		254.6	(253.5)	306.2	(320.0)
Total net fair value of derivatives		\$ 20.9	\$ (19.1)	\$ 22.7	\$ (21.3)

⁽¹⁾ As of March 31, 2023 and December 31, 2022, we had open derivative positions representing 178,925,171 and 158,307,020 barrels, respectively, of crude oil and refined petroleum products. Additionally, as of March 31, 2023 and December 31, 2022, we had open derivative positions representing 4,600,000 and 2,310,000 million British Thermal Units ("MMBTU"), respectively, of natural gas products.

⁽²⁾ As of March 31, 2023 and December 31, 2022, we had open RINs commitment contracts representing 133,850,000 and 259,022,967 RINs, respectively.

⁽³⁾ As of March 31, 2023 and December 31, 2022, \$(1.1) million and \$13.8 million, respectively, of cash (obligation) collateral held by counterparties has been netted with the derivatives with each counterparty.

Total gains (losses) on our non-trading commodity derivatives and RINs commitment contracts recorded in the consolidated statements of income are as follows (in millions) ⁽²⁾:

	Three Months Ended March 31,	
	2023	2022
Gains (losses) on hedging derivatives not designated as hedging instruments recognized in cost of materials and other ⁽¹⁾	\$ 5.3	\$ (71.4)
Losses on non-trading physical forward contract commodity derivatives in cost of materials and other	(2.4)	(3.4)
Total gains (losses)	\$ 2.9	\$ (74.8)

⁽¹⁾ Gains (losses) on commodity derivatives that are economic hedges but not designated as hedging instruments include unrealized gains (losses) of \$30.0 million and \$(70.7) million for the three months ended March 31, 2023 and 2022.

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

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

	Three Months Ended March 31,	
	2023	2022
Trading Physical Forward Contract Commodity Derivatives		
Realized gains	\$ 1.4	\$ 18.0
Unrealized losses	(1.8)	(0.4)
Total	<u>\$ (0.4)</u>	<u>\$ 17.6</u>
Trading Hedging Commodity Derivatives		
Realized gains	\$ 1.4	\$ 15.0
Unrealized gains (losses)	1.1	(17.2)
Total	<u>\$ 2.5</u>	<u>\$ (2.2)</u>

11. Fair Value Measurements

Our assets and liabilities that are measured at fair value include commodity derivatives, investment commodities, environmental credits obligations, our Inventory Intermediation Agreement, and Supply and Offtake Agreements. ASC 820, 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 for the NPNS 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.

To the extent that we have purchased RINs or transferred RINs to our refineries, each refinery's RINs Obligation may be a surplus or deficit at the end of each reporting period (their respective "Net RINs Obligation"). Because our Net RINs Obligations exceed the RINs we are able to generate annually on a consolidated basis, and because we have the legal ability to transfer RINs generated or purchased through any of our entities to our obligated parties as needed, we view and manage the Company's individual Net RINs Obligations, as well as any non-obligated party RINs holdings, on a consolidated basis. Therefore, the sum of our individual obligated parties' Net RINs Obligations as well as RINs held by our non-obligated parties which meet our recognition criteria, comprises the Company's "Consolidated Net RINs Obligation." 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. These RINs commitment contracts (which are forward contracts accounted for as derivatives – see Note 10) 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. 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, and gains (losses) related to changes in fair value are recorded as a component of cost of materials and other in the consolidated statements of income. With respect to our Consolidated Net RINs Obligation surplus or deficit, we recognized gains (losses) on changes in fair value totaling \$0.3 million and \$(1.1) million for the three months ended March 31, 2023 and 2022, respectively, primarily attributable to changes in the market prices of the underlying credits that occurred at the end of each quarter.

As of and for the three months ended March 31, 2023 and 2022, we elected to account for our Inventory Intermediation step-out liability and 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 Inventory Intermediation Agreement and the amended and restated Supply and Offtake 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 Inventory Intermediation Agreement 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 consolidated statements of income. See Note 8 for discussion of gains and losses recognized from changes in fair value.

The fair value of the Delek Logistics 2028 Notes is measured based on quoted market prices in an active market, defined as Level 1 in the fair value hierarchy. The carrying value (excluding unamortized debt issuance costs) and estimated fair value of these notes was \$400.0 million and \$365.4 million, respectively, as of March 31, 2023, and \$400.0 million and \$359.7 million, respectively, at December 31, 2022.

The fair value approximates the historical or amortized cost basis comprising our carrying value for all other financial instruments 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):

As of March 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets				
Commodity derivatives	\$ —	\$ 271.4	\$ —	\$ 271.4
RINs commitment contracts	—	4.1	—	4.1
Total assets	—	275.5	—	275.5
Liabilities				
Commodity derivatives	—	(258.2)	—	(258.2)
RINs commitment contracts	—	(14.4)	—	(14.4)
Environmental credits obligation deficit	—	(136.0)	—	(136.0)
Inventory Intermediation Agreement obligation	—	(536.2)	—	(536.2)
Total liabilities	—	(944.8)	—	(944.8)
Net liabilities	\$ —	\$ (669.3)	\$ —	\$ (669.3)

As of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Assets				
Commodity derivatives	\$ —	\$ 319.2	\$ —	\$ 319.2
RINs commitment contracts	—	9.7	—	9.7
Total assets	—	328.9	—	328.9
Liabilities				
Commodity derivatives	—	(334.7)	—	(334.7)
RINs commitment contracts	—	(6.6)	—	(6.6)
Environmental credits obligation deficit	—	(295.5)	—	(295.5)
Inventory Intermediation Agreement obligation	—	(541.7)	—	(541.7)
Total liabilities	—	(1,178.5)	—	(1,178.5)
Net liabilities	\$ —	\$ (849.6)	\$ —	\$ (849.6)

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, 2023 and December 31, 2022, \$(1.1) million and \$13.8 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 10 for further information regarding derivative instruments.

Non-Recurring Fair Value Measurements

The Delaware Gathering Acquisition was accounted for as a business combination using the acquisition method of accounting, with the assets acquired and liabilities assumed at their respective acquisition date fair values at the closing date. The fair value measurements were based on a combination of valuation methods including discounted cash flows, the market approach and obsolescence adjusted replacement costs, all of which are Level 3 inputs.

12. 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.

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 and 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, 2023, we have recorded an environmental liability of approximately \$114.6 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 \$3.1 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.

Included in our environmental liabilities as of both March 31, 2023 and December 31, 2022 is a liability totaling \$78.5 million related to a property that we have historically operated as an asphalt and marine fuel terminal both as an owner and, subsequently, as a lessee under an in-substance lease agreement (the "License Agreement"). The License Agreement, which provided us the license to continue operating our asphalt and marine fuel terminal operations on the property for a term of ten years and expired in June 2020, also ascribed a contractual noncontingent indemnification guarantee to certain of our wholly-owned subsidiaries related to certain incremental environmental remediation activities, predicated on the completion of certain property development activities ascribed to the lessor. Our combined liability, comprised of our environmental liability plus the estimated fair value of the noncontingent guarantee liability, was recorded in connection with the Delek/Alon Merger, effective July 1, 2017. While the License Agreement expired in June 2020, it is currently being disputed in litigation where we have determined that no loss accrual is necessary and that the amount of incremental loss that is reasonably possible is immaterial as of March 31, 2023. Such ongoing dispute causes sufficient uncertainty around the release of risk and the appropriate joint and several liability allocations thereunder that we cannot currently determine a more reasonable estimate of the potential total contingent liability that is probable, nor do we have sufficient information to better estimate the fair value of any remaining noncontingent guarantee liability. As such, as of March 31, 2023 and December 31, 2022, except for accretion and expenditures, our combined environmental liability related to the terminal and property remained unchanged.

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 may 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 and related adjustments to our 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.

Other Losses and Contingencies

Delek maintains property damage insurance policies which have varying deductibles. Delek also maintains business interruption insurance policies, with varying coverage limits and waiting periods. Covered losses in excess of the deductible and outside of the waiting period will be recoverable under the property and business interruption insurance policies.

El Dorado Refinery Fire

On February 27, 2021, our El Dorado refinery experienced a fire in its Penex unit. Contrary to initial assessments, and despite occurring during the early stages of turnaround activity, the facility suffered operational disruptions as a result of the fire. We continue to incur repair costs that may be recoverable under property and casualty insurance policies. During the three months ended March 31, 2022, we recognized a gain of \$4.3 million related to business interruption claims. This gain is included in other operating income in the condensed consolidated statements of income. If applicable, we accrue receivables for probable insurance or other third-party recoveries. Work to determine the full extent of covered business interruption and property and casualty losses and potential insurance claims is ongoing and may result in the future recognition of insurance recoveries.

Big Spring Refinery Fire

On November 29, 2022, our Big Spring refinery experienced a fire in its diesel hydrotreater unit. The facility suffered operational disruptions as a result of the fire. Accelerated depreciation due to property damaged in the fire was immaterial. We incurred repair costs that may be recoverable under property and casualty insurance policies and we submitted a claim in 2023. If applicable, we accrue receivables for probable insurance or other third-party recoveries. Work to determine the full extent of covered property losses and potential insurance claims is ongoing and may result in the future recognition of insurance recoveries.

Winter Storm Uri

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 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. We continue to incur repair costs that may be recoverable under property and casualty insurance policies. In addition, during the three months ended March 31, 2023 and 2022, we recognized a gain of \$5.1 million and \$5.7 million, respectively, related to property and business interruption claims. If applicable, we accrue receivables for probable insurance or other third-party recoveries. Work to determine the full extent of covered business interruption and property and casualty losses and potential insurance claims is ongoing and is expected to result in additional future recognition of insurance recoveries.

Crude Oil and Other Releases

There were no material releases that occurred during the three months ended March 31, 2023. For other releases that occurred in prior years, we have received regulatory closure or a majority of the cleanup and remediation efforts are substantially complete. We 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, 2023, we had in place letters of credit totaling approximately \$238.6 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, 2023.

13. Income Taxes

Under ASC 740, *Income Taxes* ("ASC 740"), we used an estimated annual tax rate to record income taxes for the three months ended March 31, 2023 and 2022. Our effective tax rate was 18.0% and 17.3% for the three months ended March 31, 2023 and 2022, 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, 2023 as compared to the three months ended March 31, 2022 was primarily due to an increase in quarter to date pre-tax earnings and the impact of fixed dollar favorable permanent adjustments on the quarter.

14. Related Party Transactions

Our related party transactions consist primarily of transactions with our equity method investees (See Note 6). Transactions with our related parties were as follows for the periods presented (in millions):

	Three Months Ended March 31,	
	2023	2022
Revenues ⁽¹⁾	\$ 17.9	\$ 16.7
Cost of materials and other ⁽²⁾	\$ 45.5	\$ 23.4

⁽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.

15. Other Current Assets and Liabilities

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

Other Current Assets	March 31, 2023	December 31, 2022
Prepaid expenses	\$ 68.9	\$ 45.4
Investment commodities	40.4	29.8
Short-term derivative assets (see Note 10)	20.2	22.4
Income and other tax receivables	23.9	20.9
Other	6.0	4.2
Total	\$ 159.4	\$ 122.7

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

Accrued Expenses and Other Current Liabilities	March 31, 2023	December 31, 2022
Consolidated Net RINs Obligation deficit (see Note 11)	\$ 136.0	\$ 295.5
Crude purchase liabilities	140.4	268.7
Product financing agreements	362.1	258.0
Income and other taxes payable	127.6	120.4
Employee costs	40.6	91.2
Deferred revenue	32.6	44.6
Short-term derivative liabilities (see Note 10)	19.0	21.3
Other	57.5	67.1
Total	\$ 915.8	\$ 1,166.8

16. Equity-Based Compensation

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

Compensation expense related to equity-based awards granted under the Incentive Plans amounted to \$5.9 million and \$5.1 million for the three months ended March 31, 2023 and 2022, respectively. These amounts are included in general and administrative expenses and operating expenses in the accompanying condensed consolidated statements of income. As of March 31, 2023, there was \$45.6 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 1.4 years.

We issued net shares of common stock of 53,643 and 45,800 as a result of exercised or vested equity-based awards during the three months ended March 31, 2023 and 2022, respectively. These amounts are net of 20,463 and 17,829 shares withheld to satisfy employee tax obligations related to the exercises and vesting during the three months ended March 31, 2023 and 2022, respectively.

17. Shareholders' Equity

Dividends

For 2023, our Board of Directors declared the following dividends:

Approval Date	Dividend Amount Per Share	Record Date	Payment Date
February 27, 2023	\$0.22	March 10, 2023	March 17, 2023
May 2, 2023	\$0.23	May 15, 2023	May 22, 2023

Stock Repurchase Program

Our Board of Directors has authorized a share repurchase program under which repurchases of Delek common stock may be executed through open market transactions or 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 share prices, general economic and market conditions and other considerations. The authorization has no expiration date. During the three months ended March 31, 2023, 16,292 shares of our common stock were repurchased and cancelled at the time of transaction for a total of \$0.4 million. As of March 31, 2023, there was \$270.0 million of authorization remaining under Delek's aggregate stock repurchase program.

Stock Purchase and Cooperation Agreement

On March 7, 2022, Delek entered into a stock purchase and cooperation agreement (the "Icahn Group Agreement") with IEP Energy Holding LLC, a Delaware limited liability company, American Entertainment Properties Corp., a Delaware corporation, Icahn Enterprises Holdings L.P., a Delaware limited partnership, Icahn Enterprises G.P. Inc., a Delaware corporation, Beckton Corp., a Delaware corporation, and Carl C. Icahn (collectively, the "Icahn Group"), pursuant to which the Company purchased an aggregate of 3,497,268 shares of Company common stock from the Icahn Group at a price per share of \$18.30, the closing price of a share of Company common stock on the NYSE on March 4, 2022. The aggregate purchase price of \$64.0 million was funded from cash on hand. All 3,497,268 shares were cancelled at the time of the transaction.

Under the terms of the Icahn Group Agreement, the Icahn Group withdrew its notice of nomination for members of the Company's board of directors at the Company's 2022 annual meeting of stockholders. Under the terms of the Icahn Group Agreement, the Icahn Group agreed to standstill restrictions which require, among other things, that until the completion of the Company's 2023 annual meeting of stockholders, the Icahn Group will refrain from acquiring additional shares of the Company Common Stock.

18. 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, 2023, \$22.2 million of our net property, plant, and equipment balance is subject to an operating lease to a third party. 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 payments 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,	
	2023	2022
Lease Cost		
Operating lease costs ⁽¹⁾	\$ 18.2	\$ 17.4
Short-term lease costs ⁽²⁾	7.6	8.7
Sublease income	—	(0.1)
Net lease costs	\$ 25.8	\$ 26.0
Other Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases ⁽¹⁾	\$ (18.2)	\$ (17.4)
Leased assets obtained in exchange for new operating lease liabilities	\$ 18.3	\$ 1.5
Leased assets obtained in exchange for new financing lease liabilities	\$ 1.4	\$ —
	March 31, 2023	March 31, 2022
Weighted-average remaining lease term (years) operating leases	4.2	4.5
Weighted-average remaining lease term (years) financing leases	6.3	6.5
Weighted-average discount rate operating leases ⁽³⁾	6.1 %	6.0 %
Weighted-average discount rate financing leases ⁽³⁾	4.0 %	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.

19. Subsequent Events

Subsequent to March 31, 2023, we made repurchases of 1,795,335 shares of our common stock that were cancelled at the time of transaction for approximately \$40 million.

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, 2023 (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](https://twitter.com/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 that refer to the acquisition of 3 Bear Delaware Holding – NM, LLC ("3 Bear") (subsequently renamed to Delek Delaware Gathering ("Delaware Gathering")) (the "Delaware Gathering Acquisition"), including any statements regarding the expected benefits, synergies, growth opportunities, impact on liquidity and prospects, and other financial and operating benefits thereof, 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 early 2020 (the "COVID-19 Pandemic" or the "Pandemic") and its impact on oil production and pricing, and statements regarding our efforts and plans in response to such events, the information concerning possible future results of operations, business and growth strategies, including as the same may be impacted by the attack on Ukraine by Russia in February 2022 ("the Russia-Ukraine War"), financing plans, expectations that regulatory developments or other matters will or will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, and the benefits and synergies to be obtained from our completed and any future acquisitions, statements of management's goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "appears," "projects" and similar expressions, as well as statements in future tense, identify forward-looking statements.

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

- volatility in our refining margins or fuel gross profit as a result of changes in the prices of crude oil, other feedstocks and refined petroleum products;
- reliability of our operating assets;
- 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 or future pandemics;
- our ability to execute our strategy of growth through acquisitions such as the Delaware Gathering Acquisition, 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 ("U.S."). due to the COVID-19 Pandemic;
- general economic and business conditions affecting the southern, southwestern and western U.S., 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 our Inventory Intermediation Obligation 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;

- changes in our ability to pay dividends;
- seasonality;
- earthquakes, hurricanes, tornadoes, and other weather events, which can unforeseeably affect the price or availability of electricity, natural gas, crude oil, and other feedstocks, critical supplies, refined petroleum products and ethanol;
- increases in costs of compliance with, or liability for violation of, existing or future laws, regulations and other requirements;
- legislative and regulatory measures to address climate change and greenhouse gases emissions;
- acts of terrorism (including cyber-terrorism) aimed at either our facilities or other facilities;
- impacts of global conflicts;
- future decisions by the Organization of Petroleum Exporting Countries ("OPEC") and the members of other leading oil producing countries (together with OPEC, "OPEC+") regarding production and pricing and disputes between OPEC+ members regarding the same;
- 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 Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in our other filings with the SEC.

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

Management's View of Our Business

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.

During the fourth quarter 2022, we realigned our reportable segments for financial reporting purposes to reflect changes in the manner in which our chief operating decision maker, or CODM, assesses financial information for decision-making purposes. The change primarily represents reporting the operating results of wholesale crude operations within the refining segment. Prior to this change, wholesale crude operations were reported as part of corporate, other and eliminations. In addition, during the fourth quarter 2022, the CODM determined that EBITDA is the key performance measure for planning and forecasting purposes and discontinued the use of contribution margin as a measure of performance. We define EBITDA for any period as net income (loss) to add back interest expense, income tax expense (benefit), depreciation and amortization. While these reporting changes did not change our consolidated results, segment data for previous years has been restated and is consistent with the current year presentation throughout the financial statements and the accompanying notes.

Business and Economic Environment Overview

Our focus on safe and reliable operations is a pillar which underlines all of our business activities. We continue to identify opportunities to mitigate market risk and focus on efforts that improve our overall cost structure while not compromising operational excellence. During the first quarter of 2023, Delek executed a successful turnaround at the Tyler refinery substantially on time and on budget with zero process or safety incidents. With no other significant planned downtime until late 2024, we expect a return to near full utilization rates during the rest of the year. Refining margins have been strong and demand for refined products has been robust driven by constrained supply in the markets we serve. The favorable domestic crack spreads and increased U.S. export demand has encouraged expansion in domestic refining capacity. We have also benefited from the more favorable crude differentials including the WTI Midland - WTI Cushing differential, as well as favorable calendar month average differentials. Additionally, our integration of Delek Delaware Gathering (formally 3 Bear) has expanded our existing crude oil gathering throughput capacity in the Permian while also extending our product offering to include natural gas gathering and processing as well as wastewater recycling and disposal. Our retail operations have benefited from stable demand from U.S. drivers and present several high-growth opportunities for future investment which will complement our existing operations and build brand equity. Although the near term economic outlook appears favorable, we are positioning the Company for potential economic headwinds that coincide with a potential global downturn in the economy. The expectation of reduction in the reliance of liquid fuels, a tightening of capital markets, increased regulatory pressures, and volatility in the commodity markets, are considerations as Delek moves forward with our strategic initiatives.

The energy-related legislation passed with the Inflation Reduction Act ("IRA") encompasses clean energy financial incentives that are expected to increase capital investment opportunities that focus on the development of production capacity for liquid fuels with lower greenhouse gas emissions ("GHG"). Gulf coast industries should be well positioned for growth, particularly if global trade becomes tied to environmental attributes. Our focus on reduction of greenhouse gas emissions is a key objective as we strive to be a leader in the transition to a carbon neutral future. Delek formed the Sustainable Operations Team ("SOT") in 2022 which is led by our EVP, Operations. The SOT will coordinate execution of our sustainability improvement plans (beginning with GHG reduction targets) ensuring enterprise strategies, business unit operations, capital spending plans, supply chain and personnel pipeline are in alignment and operating as needed to meet established goals. Delek prioritizes stewardship of the environment, and we focus on how to positively impact our shareholders, employees, customers, and the communities where we operate.

Our near-term focus is centered around safe and reliable operations, shareholder returns including debt reductions and unlocking the "sum of the parts" value of our existing business while identifying growth opportunities to enhance the Company's scale and diversify revenue streams, including in the alternative energy markets and creating a long-term sustainable business model. We believe these strategic priorities will maximize the value of our shareholders while optimizing our asset portfolio and balance sheet.

See further discussion on macroeconomic factors and market trends, including the impact on 2023 and the outlook for the rest of the year, in the 'Market Trends' section below.

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, 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 bpd as of March 31, 2023. 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 (bpd)	75,000	80,000 ⁽¹⁾	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 ⁽²⁾	Gulf Coast 3-2-1 ⁽³⁾	Gulf Coast 2-1-1 ⁽⁴⁾
Marketing and Distribution	The refining segment's petroleum-based products are marketed primarily in the south central and southwestern 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 the El Dorado refinery has a total nameplate capacity of 80,000 barrels per day ("bpd"), in order to qualify for the small refinery exemption under the Environmental Protection Agency's ("EPA's") Renewable Fuel Standards regulations, total output cannot exceed 75,000 bpd. We currently expect that the El Dorado refinery's output will remain under the 75,000 bpd threshold in the current economic environment.

⁽²⁾ 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.

⁽³⁾ 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-responsive production decisions.

⁽⁴⁾ 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. In addition, the refining segment includes our wholesale crude operations.

Logistics Overview

Our logistics segment (or "Logistics") gathers, transports and stores crude oil and natural gas; markets, distributes, transports and stores refined products; and disposes and recycles water in select regions of the southeastern United States, West Texas and New Mexico for our refining segment and third parties. It is comprised of the consolidated balance sheet and results of operations of Delek Logistics (NYSE: DKL), where we owned a 78.7% interest at March 31, 2023. 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 gathering and processing business owns or leases capacity on approximately 400 miles of crude oil transportation pipelines, approximately 450 miles of refined product pipelines, and an approximately 1,120-mile crude oil gathering system. The storage and transportation business owns or leases associated crude oil storage tanks with an aggregate of approximately 10.3 million barrels of active shell capacity. It also owns and operates ten 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, 2023 includes the operations of 249 owned and leased convenience store sites located primarily in 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 amendments require the removal of all 7-Eleven branding on a store-by-store basis by December 31, 2023. Merchandise 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, 2023, we have removed the 7-Eleven brand name at 132 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.

Corporate and Other Overview

Our corporate activities, results of certain immaterial operating segments, 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

A New Framework: Long-Term Sustainability

The emphasis on environmental responsibility and long-term economic and environmental sustainability is accelerating, with increased demand for transparency evolving out of the Environmental, Social and Governance ("ESG") movement. As we evaluate our current ESG positioning in the market, we also must integrate a broader sustainability view to all of our activities, both operational and strategic. For these reasons, we have developed a **Long-Term Sustainability Framework**, which will help us to formulate our strategic objectives and initiatives.

Long-Term Sustainability Framework: Overarching Objectives

Certain fundamental principles are foundational to our Long-Term Sustainability Framework, and direct us as we develop our guiding objectives. With that in mind, we have initially identified the following **overarching objectives**:

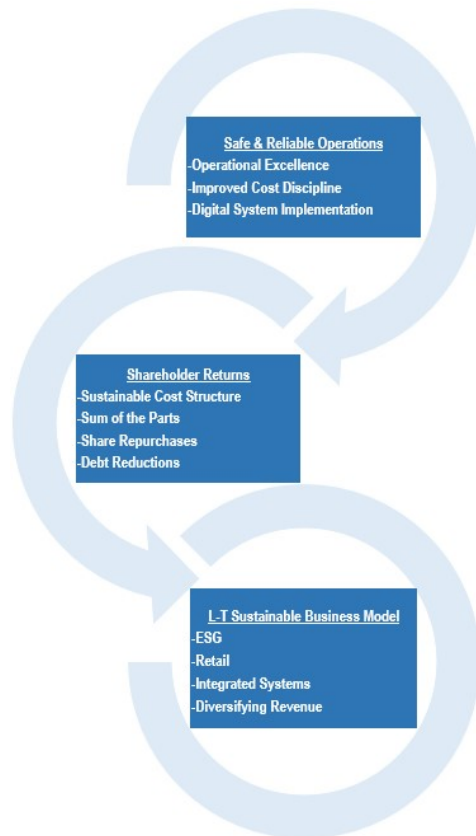
- I. **Redirect Corporate Culture towards Innovation, Excellence, and Operating Discipline.**
- II. **Focus on Operational Optimization and Improved Margin Capture.**
- III. **Implement Digital Transformation Strategy.**
- IV. **Identify ESG-Conscious Investments with Clear Value Propositions and Sustainable Returns.**
- V. **Evaluate Strategic Priorities and Redefine Long-term Sustainable Business Model.**

Long-Term Sustainability Framework: Key Initiatives

Safe and Reliable Operations

We are committed to maintaining safe, reliable, and environmentally responsible operations. We are continuously looking to reduce costs, increase reliability and safety, improve efficiency, and pursue operational improvements. Delek prioritizes stewardship of the environment, and we focus on how to positively impact our shareholders, employees, customers, and the communities where we operate. For 2023, we will be focused on the following:

- Focus on operational excellence by implementing and sustaining a low operating cost model through spending discipline, supply chain management, and innovative solutions.
- Improve discipline around outage spend and optimizing downtimes.
- Continue our progression of digital system implementations that will improve our ability to understand all aspects of our business as well as our ability to make real-time and forward-looking operational decisions. Automate processes and shift operational roles to higher value-added activities.



Shareholder Returns

We believe shareholder value is strengthened through, among other things, a stable dividend complemented by share repurchases and debt reductions. We also want to reward our shareholders with a competitive long-term capital allocation framework. One of our near-term initiatives is centered around unlocking the "sum of the parts" value of our existing business while identifying growth opportunities to enhance the Company's scale and diversify revenue streams, including in the alternative energy markets. We are also committed to lowering costs and improving the efficiency of our cost structure in all aspects of our business and will continue to focus on operational excellence. We are continuously looking to improve our operating and general and administrative cost structure. For 2023, we will be focused on the following:

- Explore opportunities to monetize some of our investment in Delek Logistics, which will help us to better capture tangible value in the Delek valuation, while also improving liquidity in the market for DKL units without dilution of overall DKL market capitalization.
- Reward our shareholders with a competitive long-term capital allocation framework including share repurchases and an evaluation of debt reductions which will continue to strengthen our balance sheet.
- Monitor performance of our first phase of a zero-based budget for 2023 by setting clear mechanisms for tracking costs, including how to address variances and reallocate funds.

Long-Term Sustainable Business Model

It is vitally important that our strategic process, especially in view of the evolutionary direction of our macroeconomic and geopolitical environment, involves a continuous evaluation of our business model in terms of long-term economic and operational sustainability. We are operating in a mature industry, with increasingly difficult operational and regulatory challenges and, likewise, pressure on operating costs/gross margins as well as the availability and cost of capital. More consolidation in our industry is expected as the regulatory environment continues to move towards reducing carbon emissions and transitions to renewable energy in the long-term. Additionally, evolving consumer and capital markets sentiment, regulations, supply chain constraints and customer demand are expected to cause disruption and increasing pressure in the intermediate term. In order to compete under historic environmental and regulatory changes, companies in our industry will need to be adaptive, forward-thinking and strategic in their approach to long-term sustainability. For 2023, we will be focused on the following:

- Continue our retail rebranding efforts and retail growth plans with additional new-to-industry locations in the planning phase. In addition, invest in industry leading digital technology which will improve brand image and customer experience.
- Identify and evaluate investment opportunities that fit our sustainability view, including strategic investments or joint ventures in renewables, incubator investments in new technologies, and other core-business investments that could improve our scalability and agility.
- Deploy integrated solutions to simplify architecture, data management, and cybersecurity.
- Pursuit of strategic investments and acquisitions with a focus on diversifying revenue streams.

2023 Strategic Developments

The following table highlights our 2023 Strategic Developments:

2023 Strategic Developments	2023 Key Initiatives		
	Safe & Reliable Operations	Shareholder Returns	Long Term Sustainable Business Model
Improving Discipline Around Outage Spend and Optimizing Downtime: Successfully completed the Tyler refinery turnaround in the first quarter of 2023 with zero process or safety incidents. The turnaround was completed substantially on time and on budget and positions us to capture market opportunities.	✓		
Implementing Phase 1 of Our Zero-Based Budget: We have taken steps to improve the efficiency of our cost structure and to align with our strategic priorities to drive cost efficiencies, which include cost reductions in general and administrative expenses.		✓	
Reducing Debt to Provide Shareholder Value: During the three months ended March 31, 2023, we reduced our long-term obligations by approximately \$281.0 million.		✓	
Focus on Leadership: In March 2023, Joseph Israel was named Executive Vice President, Operations and will be responsible for refining operations at Delek and for logistics operations at Delek Logistics. Mr. Israel has 25 years of energy experience and a proven track record of driving operational excellence. Also in March 2023, Patrick Reilly was appointed Executive Vice President and Chief Commercial Officer. Mr. Reilly will work closely with Delek's management team to lead the Company's strategies to achieve its short and long-term objectives. Mr. Reilly has over 20-years of energy oil refining and trading experience. In April 2023, Tommy Chavez was named Senior Vice President, Refining Operations. Mr. Chavez brings over three decades of refining experience.	✓	✓	✓
Improving Safety Through a Safety Action Plan: As part of an ongoing review of safety practices across our refining system, we have developed a Safety Action Plan which will require previously un-budgeted capital expenditures and additional labor resources and subject matter experts. The execution of the Safety Action Plan will address a broad range of items, some of which were delayed in implementation due to the pandemic, or for other reasons.	✓		

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" in MD&A Item 2.), 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 renewable identification numbers ("RINs").

Market Outlook for the Remainder of 2023

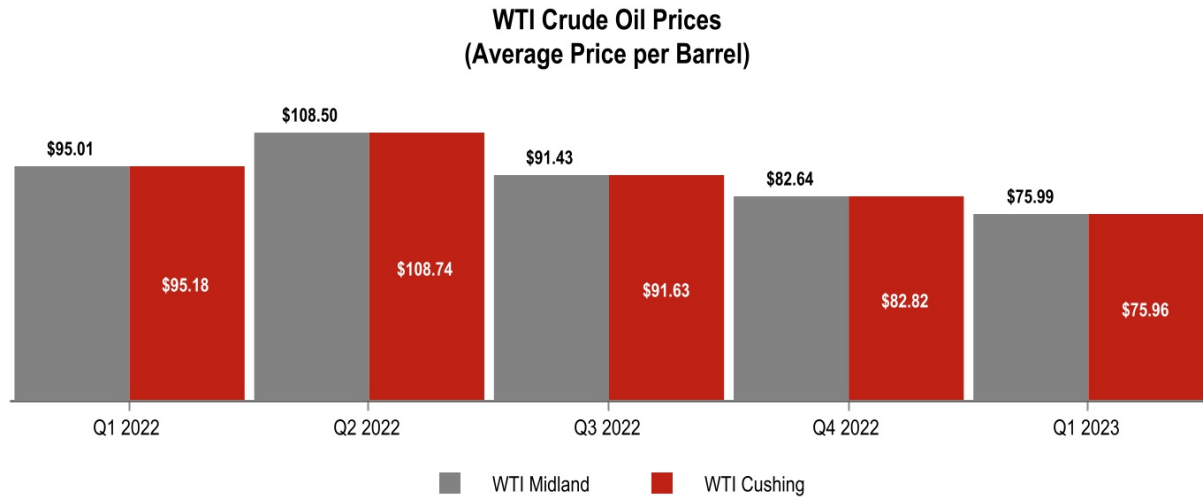
We have positioned the Company to continue to run safely, reliably and environmentally responsibly at near nameplate capacity while leveraging our new Delek Delaware Gathering lines of business with an eye towards the One Delek vision. Many uncertainties remain with respect to the global supply and demand of the crude oil and refined products markets and it is difficult to predict the ultimate economic impacts this may have on our operations. We expect gasoline and diesel demand to follow typical seasonal patterns resulting from the summer driving season. Crude oil and refined product supply continues to be restricted and should support the continued increased utilization of refining capacity.

See below for further discussion on how certain key market trends impact our operating results.

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 or other locations. We manage our supply chain risk to ensure that we have the barrels to meet our crude slate consumption plan for each month through gathering supply contracts and throughput agreements on various strategic pipelines, some of which include those where we hold equity method investments. We manage market price risk on crude oil through financial derivative hedges, in accordance with our risk management strategies.

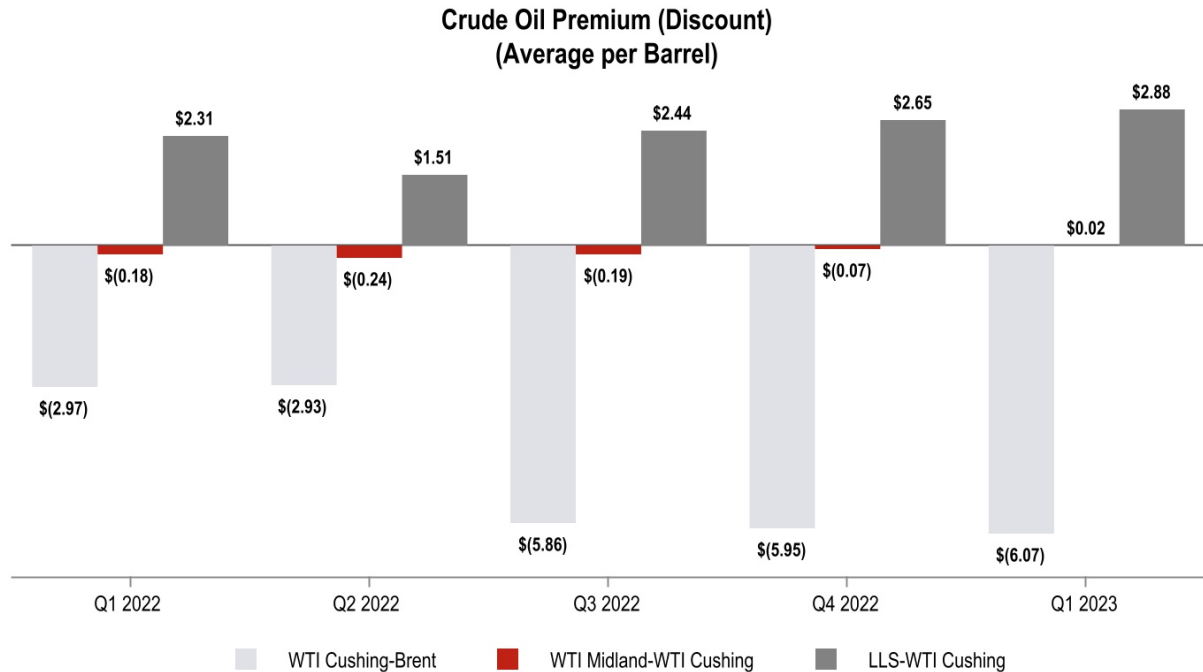
The table below reflects the quarterly average prices of WTI Midland and WTI Cushing crude oil for each of the quarterly periods in 2022 and for the first quarterly period in 2023.



Crude Pricing Differentials

Historically, domestic refiners have benefited from the discount for WTI Cushing compared to 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 key differentials impacting our refining operations, including WTI Cushing to Brent, WTI Midland to WTI Cushing, and Louisiana Light Sweet crude oil ("LLS") to WTI Cushing for each of the quarterly periods in 2022 and for the first quarterly period in 2023.



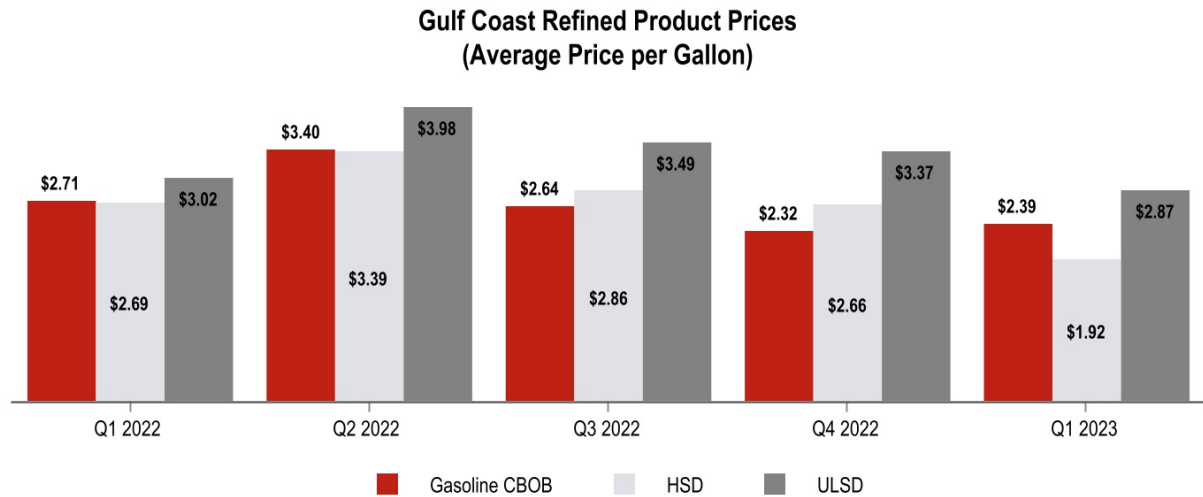
Refined Product Prices

We are impacted by refined product prices in two ways: (1) in terms of the prices we are able to sell our refined product for in our refining segment, and (2) in terms of the cost to acquire the refined products to meet Refining production shortfalls (e.g., when we have outages), or to acquire refined fuel products we sell to our wholesale customers in our logistics segment and at our convenience stores in our retail segment. These prices largely 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 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

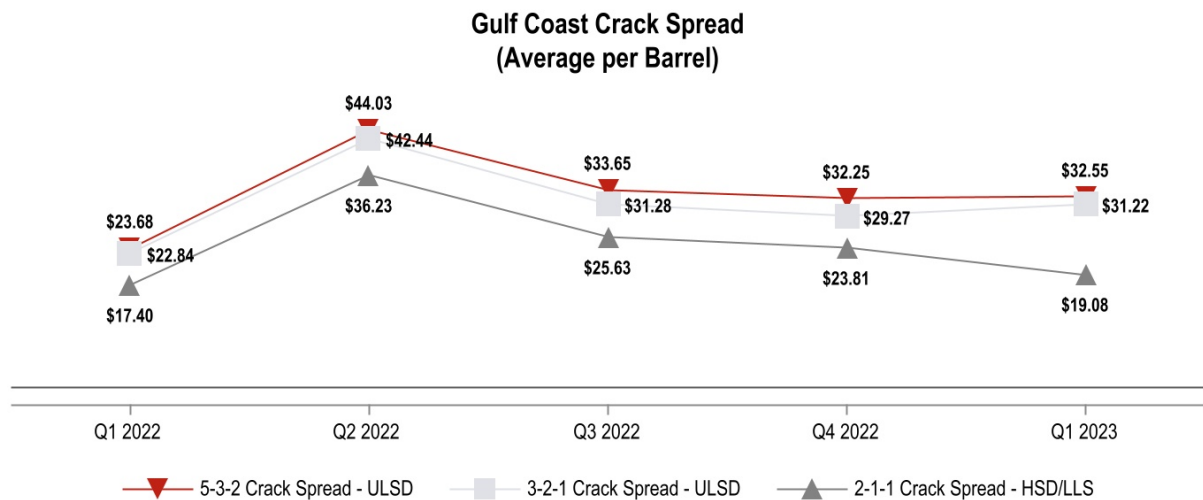
The charts below illustrate the quarterly average prices of Gulf Coast Gasoline ("CBOB"), U.S. High Sulfur Diesel ("HSD") and U.S. Ultra Low Sulfur Diesel ("ULSD") for each of the quarterly periods in 2022 and for the first quarterly period in 2023.



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.

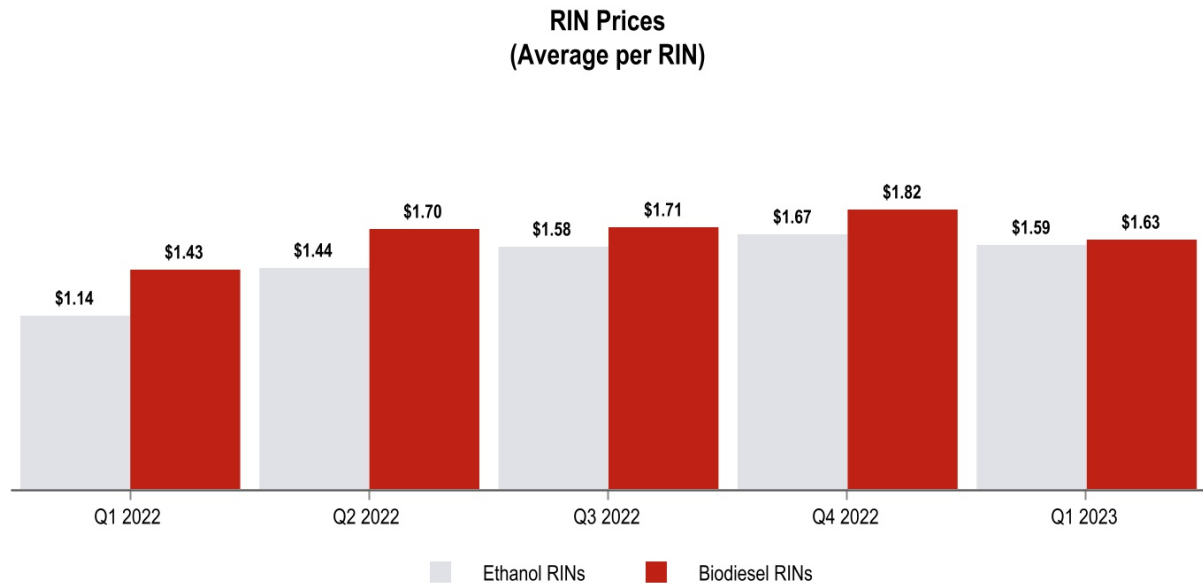
The table below reflects the quarterly average Gulf Coast 5-3-2 ULSD, 3-2-1 ULSD and 2-1-1 HSD/LLS crack spreads for each of the quarterly periods in 2022 and for the first quarterly period in 2023.



RIN Volatility

Environmental regulations and the political environment continue to affect our refining margins in the form of volatility in the price of RINs. We enter into future commitments to purchase or sell RINs at fixed prices and quantities, which are used to manage the costs of our credits for commitments required by the EPA to blend biofuels into fuel products ("RINs Obligation"). On a consolidated basis, we work to balance our RINs Obligation in order to minimize the effect of RINs prices on our results. While we obtain RINs in our refining and logistics segments through our ethanol and biodiesel blending and generate RINs through biodiesel production, our refining segment still must purchase additional RINs to satisfy its obligations. Additionally, our ability to obtain RINs through blending is limited by our refined product slate, blending capabilities and market constraints. The cost to purchase these additional RINs is a significant cash outflow for our business. 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. RINs prices are highly sensitive to regulatory and political influence and conditions, and therefore often do not correlate to movements in crude oil prices, refined product prices or crack spreads. Because of the volatility in RINs prices, it is not possible to predict future RINs cost with certainty, and movements in RINs prices can have significant and unanticipated adverse effects on our refining margins that are outside of our control.

The chart below illustrates the volatility in RINs for each of the quarterly periods in 2022 and for the first quarterly period in 2023.

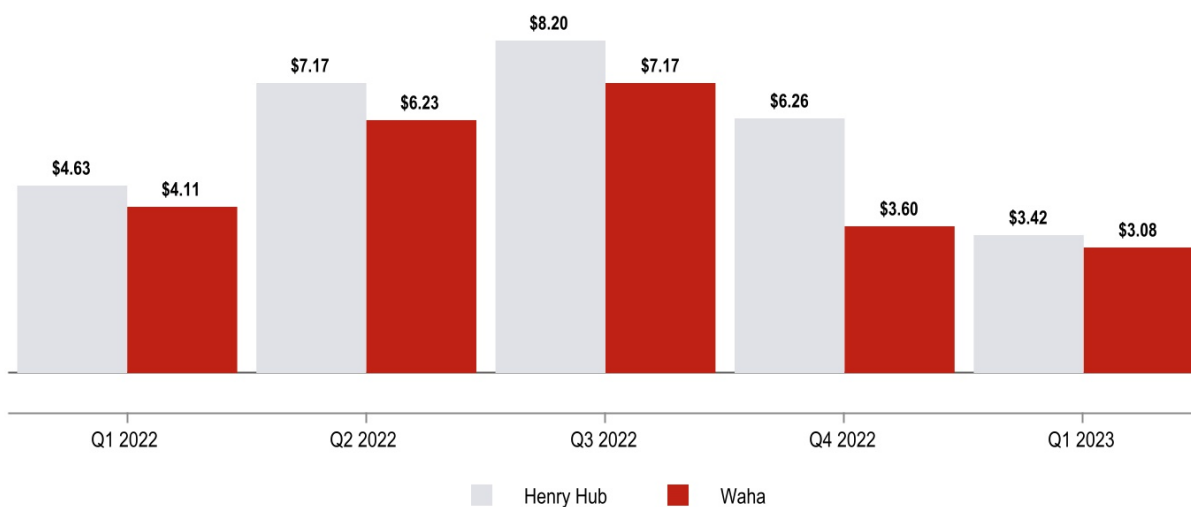


Energy Costs

Energy costs are a significant element of our Refining EBITDA and can significantly impact our ability to capture crack spreads, with natural gas representing the largest component. Natural gas prices are driven by supply-side factors such as amount of natural gas production, level of natural gas in storage and import and export activity, while demand-side factors include variability of weather, economic growth and the availability and price of other fuels. Refiners and other large-volume fuel consumers may be more or less susceptible to volatility in natural gas prices depending on their consumption levels as well as their capabilities to switch to more economical sources of fuel/energy. Additionally, geographic location of facilities make consumers vulnerable to price differentials of natural gas available at different supply hubs. Within Delek's geographic footprint, we source the majority of our natural gas from the Gulf Coast, and secondarily from the Permian, coinciding with the physical locations of our refineries. We manage our risk around natural gas prices by entering into variable and fixed-price supply contracts in both the Gulf and Permian Basin or by entering into derivative hedges based on forecasted consumption and forward curve prices, as appropriate, in accordance with our risk policy.

The chart below illustrates the quarterly average prices of Waha (Permian Basin) and Henry Hub (Gulf Coast) per million British Thermal Units ("MMBtu") for each of the quarterly periods in 2022 and for the first quarterly period in 2023.

Natural Gas Prices
(Average Price per MMBtu)



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:

- Earnings before interest, taxes, depreciation and amortization ("EBITDA") - calculated as net income (loss) attributable to Delek adjusted to add back interest expense, income tax expense, depreciation and amortization; and
- Refining margin - calculated as gross margin (which we define as sales minus cost of sales) adjusted for operating expenses and depreciation and amortization included in cost of sales.

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 they 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 segment EBITDA to the most directly comparable U.S. GAAP measure, net income attributable to Delek:

Reconciliation of segment EBITDA to net income attributable to Delek

(In millions)	Three Months Ended March 31,	
	2023	2022
Refining segment EBITDA	\$ 192.1	\$ 80.0
Logistics segment EBITDA	91.4	64.2
Retail segment EBITDA	6.4	10.3
Corporate, Other and Eliminations EBITDA	(49.9)	(38.1)
EBITDA attributable to Delek	\$ 240.0	\$ 116.4
Interest expense, net	(76.5)	(38.4)
Income tax expense	(15.8)	(3.1)
Depreciation and amortization	(83.4)	(68.3)
Net income attributable to Delek	\$ 64.3	\$ 6.6

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 (in millions)

Refining Segment		
	Three Months Ended March 31,	
	2023	2022
Net revenues	\$ 3,794.5	\$ 4,392.3
Cost of sales	3,654.5	4,365.7
Gross margin	140.0	26.6
Add back (items included in cost of sales):		
Operating expenses (excluding depreciation and amortization)	139.1	122.7
Depreciation and amortization	56.6	52.8
Refining margin	\$ 335.7	\$ 202.1

Summary Financial and Other Information

The following table provides summary financial data for Delek (in millions):

Summary Statement of Operations Data ⁽¹⁾

	Three Months Ended March 31,	
	2023	2022 ⁽²⁾
Net revenues	\$ 3,924.3	\$ 4,459.1
Cost of sales:		
Cost of materials and other	3,439.6	4,152.5
Operating expenses (excluding depreciation and amortization presented below)	170.8	142.4
Depreciation and amortization	76.8	62.7
Total cost of sales	3,687.2	4,357.6
Operating expenses related to retail and wholesale business (excluding depreciation and amortization presented below)	27.0	27.4
General and administrative expenses	71.5	50.2
Depreciation and amortization	6.6	5.6
Other operating income, net	(10.8)	(28.4)
Total operating costs and expenses	3,781.5	4,412.4
Operating income	142.8	46.7
Interest expense, net	76.5	38.4
Income from equity method investments	(14.6)	(10.9)
Other income, net	(7.1)	1.3
Total non-operating expenses, net	54.8	28.8
Income before income tax expense	88.0	17.9
Income tax expense	15.8	3.1
Net income	72.2	14.8
Net income attributed to non-controlling interests	7.9	8.2
Net income attributable to Delek	\$ 64.3	\$ 6.6

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

⁽²⁾ In the current period, we reassessed the classification of certain expenses and made certain reclassification adjustments to better represent the nature of those expenses. Accordingly, we have made reclassifications to the prior period in order to conform to this revised current period classification, which resulted in a decrease in the prior period general and administrative expenses and an increase in the prior period operating expenses of approximately \$2.9 million for the three months ended March 31, 2022.

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 EBITDA.

Results of Operations

Consolidated Results of Operations — Comparison of the Three Months Ended March 31, 2023 versus the Three Months Ended March 31, 2022.

Net Income

Consolidated net income for the three months ended March 31, 2023 was \$72.2 million compared to a net income of \$14.8 million for the three months ended March 31, 2022. Consolidated net income attributable to Delek for the three months ended March 31, 2023 was \$64.3 million, or \$0.96 per basic share, compared to income of \$6.6 million, or \$0.09 per basic share, for the three months ended March 31, 2022. 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

We generated net revenues of \$3,924.3 million and \$4,459.1 million during the three months ended March 31, 2023 and 2022, respectively, a decrease of \$534.8 million, or 12.0%. The decrease in net revenues was primarily due to the following:

- in our refining segment, decreases in volume sold and decreases in the average price of U.S. Gulf Coast gasoline of 11.6%, ULSD of 4.9%, and HSD of 28.6% and decreases in wholesale activity;
- in our logistics segment, decreases in the average volumes of gasoline sold and in the average sales price per gallon of diesel and gasoline sold in our West Texas marketing operations, partially offset by increased volumes from the Midland Gathering operations and incremental revenues from the Delaware Gathering Acquisition; and
- in our retail segment, a decrease in total fuel sales primarily attributable to a \$0.26 decrease in average price charged per gallon sold, partially offset by an increase in merchandise sales primarily driven by the same-store sales increase of 5.3%.

Total Operating Costs and Expenses

Cost of Materials and Other

Cost of materials and other was \$3,439.6 million for the three months ended March 31, 2023, compared to \$4,152.5 million for three months ended March 31, 2022, a decrease of \$712.9 million, or 17.2%. The net decrease in cost of materials and other primarily related to the following:

- a decrease in the cost of crude oil feedstocks at the refineries, including a 20.2% decrease in the average cost of WTI Cushing crude oil and a 20.0% decrease in the average cost of WTI Midland crude oil;
- decreases in average RINs cost due to decreased production during the three months ended March 31, 2023 compared to the three months ended March 31, 2022;
- decreases in the average volumes sold and average cost per gallon of gasoline and diesel sold, partially offset by incremental cost of materials and other from the Delaware Gathering Acquisition in our logistics segment; and
- a decrease in retail cost of materials and other due to 6.6% decrease in average cost per gallon sold applied to higher fuel sales volumes.

Operating Expenses

Operating expenses (included in both cost of sales and other operating expenses) were \$197.8 million for the three months ended March 31, 2023 compared to \$169.8 million in three months ended March 31, 2022, an increase of \$28.0 million, or 16.5%. The increase in operating expenses was primarily driven by the following:

- increases in outside services related to maintenance and employee costs including incentive compensation costs.

These increases were partially offset by the following:

- lower natural gas prices in 2023.

General and Administrative Expenses

General and administrative expenses were \$71.5 million for the three months ended March 31, 2023 compared to \$50.2 million in three months ended March 31, 2022, an increase of \$21.3 million, or 42.4%. The increase was primarily driven by the following:

- an increase in employee costs including incentive compensation costs.

Depreciation and Amortization

Depreciation and amortization (included in both cost of sales and other operating expenses) was \$83.4 million and \$68.3 million for the three months ended March 31, 2023 and 2022, respectively, an increase of \$15.1 million, or 22.1%.

Other Operating Income, Net

Other operating income, net was \$10.8 million and \$28.4 million for the three months ended March 31, 2023 and 2022, respectively, a decrease of \$17.6 million, primarily due to decreased hedge gains realized in 2023 compared to 2022 associated with our trading derivatives.

Non-Operating Expenses, Net**Interest Expense, Net**

Interest expense, net was \$76.5 million in the three months ended March 31, 2023, compared to \$38.4 million for three months ended March 31, 2022, an increase of \$38.1 million, or 99.2% primarily due to the following:

- an increase in the average effective interest rate of 372 basis points during the three months ended March 31, 2023 compared to the three months ended March 31, 2022 (where effective interest rate is calculated as interest expense divided by the net average borrowings/obligations outstanding); and
- an increase in net average borrowings outstanding (including the obligations under the supply and offtake agreements which have an associated interest charge) of approximately \$699.5 million during the three months ended March 31, 2023 (calculated as a simple average of beginning borrowings/obligations and ending borrowings/obligations for the period) compared to the three months ended March 31, 2022.

Results from Equity Method Investments

We recognized income from equity method investments of \$14.6 million for the three months ended March 31, 2023, compared to \$10.9 million for the three months ended March 31, 2022, an increase of \$3.7 million. This increase was primarily driven by the following:

- an increase in income from our asphalt terminal equity method investment due to higher volumes and resulting revenue increases; and
- an increase in income from our investment in W2W Holdings LLC to income of \$4.5 million during the three months ended March 31, 2023 from income of \$2.1 million in the three months ended March 31, 2022.

These increases were partially offset by the following:

- decrease in income from our Red River equity method investment due to lower throughput volumes as a result of the Tyler turnaround and resulting revenue decrease.

Income Taxes

For the three months ended March 31, 2023, we recorded income tax expense of \$15.8 million compared to \$3.1 million for the three months ended March 31, 2022, primarily driven by the following:

- Our effective tax rates were 18.0% and 17.3% for the three months ended March 31, 2023 and 2022, respectively; and
- an increase in pre-tax net income of \$70.1 million.

Refining Segment

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

	Selected Refining Financial Information	
	Three Months Ended March 31,	
	2023	2022
Revenues	\$ 3,794.5	\$ 4,392.3
Cost of materials and other	3,458.8	4,190.2
Refining Margin	\$ 335.7	\$ 202.1
Operating expenses (excluding depreciation and amortization)	\$ 139.1	\$ 122.7
Refining segment EBITDA	\$ 192.1	\$ 80.0

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 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 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 and LLS. The Brent less LLS spread represents the differential between the average per barrel price of Brent 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.

Finally, Refining EBITDA is impacted by regulatory costs associated with the cost of RINs as well as energy costs, including the cost of natural gas. In periods of unfavorable regulatory sentiment, RINs prices can increase at higher rates than crack spreads, or even when crack spreads are declining. This can be particularly impactful on smaller refineries, where the operating cost structure does not have as much scalability as larger refineries. Additionally, volatility in energy costs, which are captured in our operating expenses and impact our Refining EBITDA, can significantly impact our ability to capture crack spreads, with natural gas representing the most significant component. Within Delek's geographic footprint, we source the majority of our natural gas from the Gulf Coast, and secondarily from the Permian, and we do not currently have the capability at our refineries to switch our energy consumption to utilize alternative sources of fuel. For this reason, unfavorable Gulf Coast (Henry Hub) differentials can impact our crack spread capture.

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 largely 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.

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 EBITDA.

Refinery Statistics		
	Three Months Ended March 31,	
	2023	2022
Total Refining Segment		
Days in period	90	90
Total sales volume - refined product (average bpd) ⁽¹⁾	271,715	303,865
Total production (average bpd)	266,606	286,058
Crude oil	248,199	272,156
Other feedstocks	20,336	14,871
Total throughput (average bpd):	268,535	287,027
Crude Slate: (% based on amount received in period)		
WTI crude oil	69.8 %	62.7 %
Gulf Coast Sweet Crude	4.7 %	9.4 %
Local Arkansas crude oil	4.5 %	4.4 %
Other	21.0 %	23.5 %
Crude utilization (% based on nameplate capacity)	82.2 %	90.1 %

Refinery Statistics (continued)

	Three Months Ended March 31,	
	2023	2022
Tyler, TX Refinery		
Days in period	90	90
Products manufactured (average bpd):		
Gasoline	18,776	37,228
Diesel/Jet	13,042	29,010
Petrochemicals, LPG, natural gas liquids ("NGLs")	736	2,251
Other	1,778	1,670
Total production	34,332	70,159
Throughput (average bpd):		
Crude Oil	29,810	66,436
Other feedstocks	4,694	3,720
Total throughput	34,504	70,156
Per barrel of throughput:		
Operating expenses	\$ 8.70	\$ 4.64
Crude Slate: (% based on amount received in period)		
WTI crude oil	37.5 %	86.8 %
East Texas crude oil	62.5 %	13.2 %
El Dorado, AR Refinery		
Days in period	90	90
Products manufactured (average bpd):		
Gasoline	38,044	36,875
Diesel	27,710	29,178
Petrochemicals, LPG, NGLs	1,290	1,019
Asphalt	7,718	7,123
Other	746	785
Total production	75,508	74,980
Throughput (average bpd):		
Crude Oil	72,637	72,091
Other feedstocks	4,558	3,947
Total throughput	77,195	76,038
Per barrel of throughput:		
Operating expenses	\$ 4.47	\$ 4.14
Crude Slate: (% based on amount received in period)		
WTI crude oil	61.9 %	31.4 %
Local Arkansas crude oil	14.7 %	17.4 %
Other	23.4 %	51.2 %

Refinery Statistics (continued)

	Three Months Ended March 31,	
	2023	2022
Big Spring, TX Refinery		
Days in period	90	90
Products manufactured (average bpd):		
Gasoline	38,509	32,894
Diesel/Jet	25,642	22,688
Petrochemicals, LPG, NGLs	3,133	3,333
Asphalt	1,642	1,881
Other	2,642	1,280
Total production	71,568	62,076
Throughput (average bpd):		
Crude oil	67,989	60,633
Other feedstocks	4,625	1,739
Total throughput	72,614	62,372
Per barrel of refined throughput:		
Operating expenses	\$ 5.80	\$ 6.06
Crude Slate: (% based on amount received in period)		
WTI crude oil	74.8 %	66.7 %
WTS crude oil	25.2 %	33.3 %
Krotz Springs, LA Refinery		
Days in period	90	90
Products manufactured (average bpd):		
Gasoline	41,846	32,667
Diesel/Jet	32,783	30,994
Heavy Oils	3,509	1,021
Petrochemicals, LPG, NGLs	6,873	6,927
Other	187	7,234
Total production	85,198	78,843
Throughput (average bpd):		
Crude Oil	77,764	72,997
Other feedstocks	6,459	5,464
Total throughput	84,223	78,461
Per barrel of throughput:		
Operating expenses	\$ 5.21	\$ 4.12
Crude Slate: (% based on amount received in period)		
WTI Crude	79.8 %	64.3 %
Gulf Coast Sweet Crude	14.3 %	35.7 %
Other	5.9 %	— %

⁽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)	2023	2022
El Dorado refined product sales to other Delek refineries	—	866
Big Spring refined product sales to other Delek refineries	—	639
Krotz Springs refined product sales to other Delek refineries	—	501

Refinery Sales to Other Segments		
	Three Months Ended March 31,	
(in barrels per day)	2023	2022
El Dorado refined product sales to other Delek segments	—	7
Big Spring refined product sales to other Delek segments	19,433	21,766

Pricing Statistics (average for the period presented)		
	Three Months Ended March 31,	
	2023	2022
WTI — Cushing crude oil (per barrel)	\$ 75.96	\$ 95.18
WTI — Midland crude oil (per barrel)	\$ 75.99	\$ 95.01
WTS — Midland crude oil (per barrel)	\$ 75.39	\$ 94.90
LLS (per barrel)	\$ 78.84	\$ 97.49
Brent (per barrel)	\$ 82.10	\$ 97.92
U.S. Gulf Coast 5-3-2 crack spread (per barrel) - utilizing HSD	\$ 16.60	\$ 18.20
U.S. Gulf Coast 5-3-2 crack spread (per barrel) ⁽¹⁾	\$ 32.55	\$ 23.68
U.S. Gulf Coast 3-2-1 crack spread (per barrel) ⁽¹⁾	\$ 31.22	\$ 22.84
U.S. Gulf Coast 2-1-1 crack spread (per barrel) ⁽¹⁾	\$ 19.08	\$ 17.40
U.S. Gulf Coast Unleaded Gasoline (per gallon)	\$ 2.39	\$ 2.71
Gulf Coast Ultra low sulfur diesel (per gallon)	\$ 2.87	\$ 3.02
U.S. Gulf Coast high sulfur diesel (per gallon)	\$ 1.92	\$ 2.69
Natural gas (per MMBtu)	\$ 2.73	\$ 4.59

⁽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 (Argus pricing) WTI Cushing crude, U.S. Gulf Coast CBOB gasoline and U.S. Gulf Coast Pipeline No. 2 heating oil (ultra low sulfur diesel). For our Big Spring refinery, we compare our per barrel refining margin to the Gulf Coast 3-2-1 crack spread consisting of (Argus pricing) WTI Cushing crude, U.S. Gulf Coast CBOB gasoline and Gulf Coast ultra-low sulfur diesel. Starting in Q1 2023, for our Krotz Springs refinery, we compare our per barrel refining margin to the Gulf Coast 2-1-1 crack spread consisting of (Argus pricing) LLS crude oil, (Argus pricing) U.S. Gulf Coast CBOB gasoline and 50% of (Argus pricing) U.S. Gulf Coast Pipeline No. 2 heating oil (high sulfur diesel) and 50% of (Platts pricing) U.S. Gulf Coast Pipeline No. 2 heating oil (high sulfur diesel). Historical Gulf Coast 2-1-1 crack spread measures have been revised to conform to current period presentation. 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.

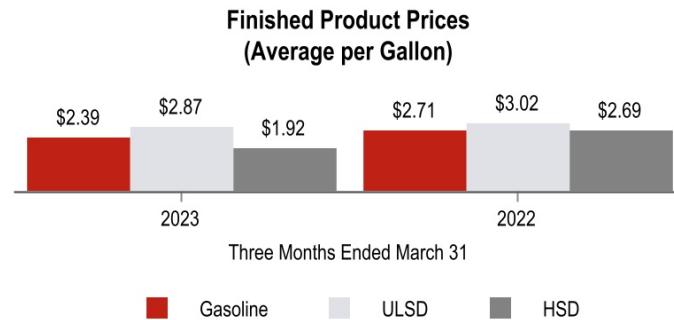
Refining Segment Operational Comparison of the Three Months Ended March 31, 2023 versus the Three Months Ended March 31, 2022.

Revenues

Revenues for the refining segment decreased \$597.8 million, or 13.6%, in the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The decrease was primarily driven by the following:

- a decrease in the average price of U.S. Gulf Coast gasoline of 11.6%, ULSD of 4.9%, and HSD of 28.6%;
- a decrease in total sales volumes primarily driven by turnaround activities at the Tyler refinery; and
- a decrease in wholesale activity.

Revenues included sales to our retail segment of \$102.6 million and \$111.7 million, sales to our logistics segment of \$91.1 million and \$105.9 million and sales to the other segment of \$0.0 million and \$8.1 million for the three months ended March 31, 2023 and 2022, respectively. We eliminate this intercompany revenue in consolidation.

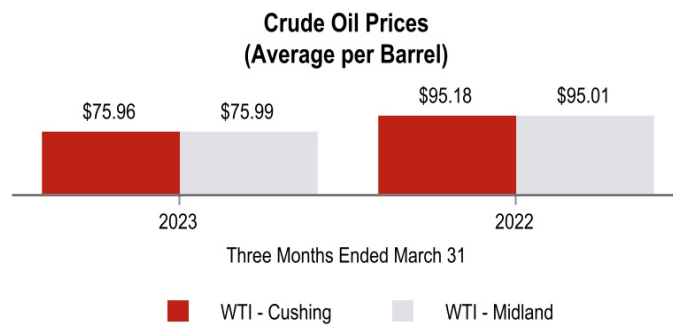


Cost of Materials and Other

Cost of materials and other decreased \$731.4 million, or 17.5%, in the three months ended March 31, 2023 compared to the three months ended March 31, 2022. This decrease was primarily driven by the following:

- decreases in the cost of WTI Cushing crude oil, from an average of \$95.18 per barrel to an average of \$75.96, or 20.2%;
- decreases in the cost of WTI Midland crude oil, from an average of \$95.01 per barrel to an average of \$75.99, or 20.0%;
- a decrease in sales volumes;
- lower natural gas costs; and
- a decrease in RINs expense primarily due to decreased production.

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 \$124.6 million and \$123.4 million during the three months ended March 31, 2023 and 2022, respectively. We eliminate these intercompany fees in consolidation.



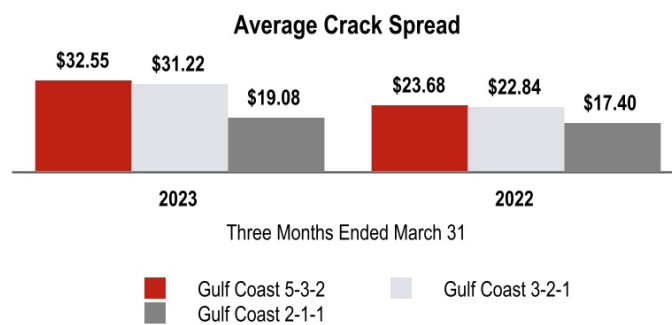
Refining Margin

Refining margin increased by \$133.6 million, or 66.1%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, with a refining margin percentage of 8.8% as compared to 4.6% for the three months ended March 31, 2023 and 2022, respectively, primarily driven by the following:

- a 37.5% improvement in the 5-3-2 crack spread (the primary measure for the Tyler refinery and El Dorado refinery), a 36.7% improvement in the average Gulf Coast 3-2-1 crack spread (the primary measure for the Big Spring refinery) and a 9.7% improvement in the average Gulf Coast 2-1-1 crack spread (the primary measure for the Krotz Springs refinery).

These increases were partially offset by the following:

- a decrease in RINs expense primarily due to decreased production; and
- a decrease in total sales volumes primarily driven by turnaround activities at the Tyler refinery.



Operating Expenses

Operating expenses increased \$16.4 million, or 13.4%, in the three months ended March 31, 2023, compared to three months ended March 31, 2022. The increase in operating expenses was primarily driven by the following:

- higher employee and outside service costs.

These increases were partially offset by the following:

- lower natural gas prices.

EBITDA

EBITDA increased by \$112.1 million, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, driven by an increase in refining margin primarily due to improved crack spreads, lower natural gas prices and lower RINs expense primarily due to decreased production, partially offset by decreased sales volume and increases in employee and outside services costs.

Logistics Segment

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

Selected Logistics Financial and Operating Information		
	Three Months Ended March 31,	
	2023	2022
Revenues	\$ 243.5	\$ 206.6
Cost of materials and other	\$ 126.1	\$ 126.2
Operating expenses (excluding depreciation and amortization)	\$ 24.7	\$ 18.1
EBITDA	\$ 91.4	\$ 64.2
Operating Information:		
Gathering & Processing: (average bpd)		
Lion Pipeline System:		
Crude pipelines (non-gathered)	63,528	72,872
Refined products pipelines	55,003	59,522
SALA Gathering System	13,872	16,156
East Texas Crude Logistics System	10,508	16,056
Midland Gathering Assets ⁽¹⁾	222,112	100,325
Plains Connection System	240,597	162,007
Delaware Gathering Assets: ⁽²⁾		
Natural Gas Gathering and Processing (Mcf) ⁽³⁾	74,716	n/a
Crude Oil Gathering (average bpd)	103,725	n/a
Water Disposal and Recycling (average bpd)	88,182	n/a
Wholesale Marketing & Terminalling:		
East Texas - Tyler refinery sales volumes (average bpd) ⁽⁴⁾	34,816	70,578
Big Spring wholesale marketing throughputs (average bpd)	78,380	75,549
West Texas wholesale marketing throughputs (average bpd)	8,696	9,913
West Texas wholesale marketing margin per barrel	\$ 2.58	\$ 3.04
Terminalling throughputs (average bpd) ⁽⁵⁾	93,305	137,622

⁽¹⁾ Formerly known as the Permian Gathering System. Excludes volumes that are being temporarily transported via trucks while connectors are under construction.

⁽²⁾ Formally known as 3 Bear, which was acquired June 1, 2022.

⁽³⁾ Mcfd - average thousand cubic feet per day.

⁽⁴⁾ Excludes jet fuel and petroleum coke.

⁽⁵⁾ 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.

Logistics revenue is largely based on fixed-fee or tariff rates charged for throughput volumes running through our logistics network, where many of those volumes are contractually protected by minimum volume commitments ("MVCs"). To the extent that our logistics volumes are not subject to MVCs, our Logistics revenue may be negatively impacted in periods where our customers are experiencing economic pressures or reductions in demand for their products. Additionally, certain of our throughput arrangements contain deficiency credit provisions that may require us to defer excess MVC fees collected over actual throughputs to apply toward MVC deficiencies in future periods. With respect to our equity method investments in pipeline joint ventures, our earnings from those investments (which is based on our pro rata ownership percentage of the joint venture's recognized net income or loss) are directly impacted by the operations of those joint ventures. Items impacting the joint venture net income (loss) may include (but are not limited to) the following: long-term throughput contractual arrangements and related MVCs and, in some cases, deficiency credit provisions; the demand for walk-up nominations; applicable rates or tariffs; long-lived asset or other impairments assessed at the joint venture level; and pipeline releases or other contingent liabilities. With respect to our West Texas marketing activities, our profitability is dependent upon the cost of landed product versus the rack price of refined product sold. Our logistics segment is generally protected from commodity price risk because inventory is purchased and then immediately sold at the rack.

Logistics Segment Operational Comparison of the Three Months Ended March 31, 2023 versus the Three Months Ended March 31, 2022.

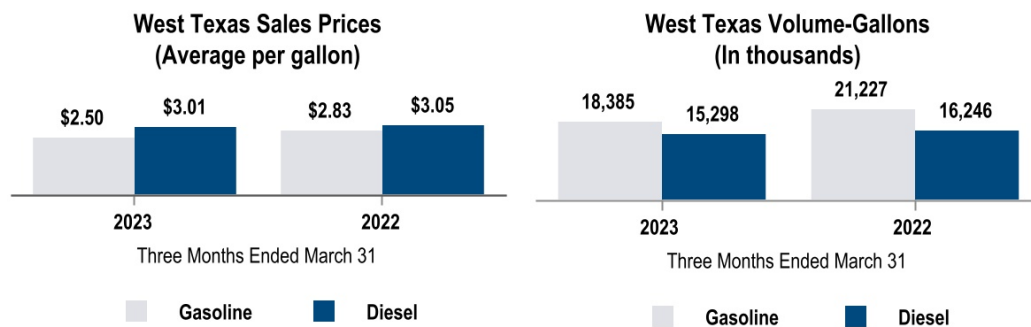
Revenues increased by \$36.9 million, or 17.9%, in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 primarily driven by the following:

- incremental revenues from the Delaware Gathering Acquisition; and
- increase in volumes associated with Midland Gathering operations due to new connections finalized during 2022.

This increase was partially offset by the following:

- decreases in the average sales prices per gallon of gasoline and diesel sold and volume of diesel and gasoline sold in our West Texas marketing operations;
- decreases in pipeline throughputs.

Revenues included sales to our refining segment of \$124.6 million and \$123.4 million for the three months ended March 31, 2023 and 2022, respectively, and sales to our other segment of \$0.4 million and \$0.4 million for the three months ended March 31, 2023 and 2022, respectively. We eliminate this intercompany revenue in consolidation.



Cost of Materials and Other

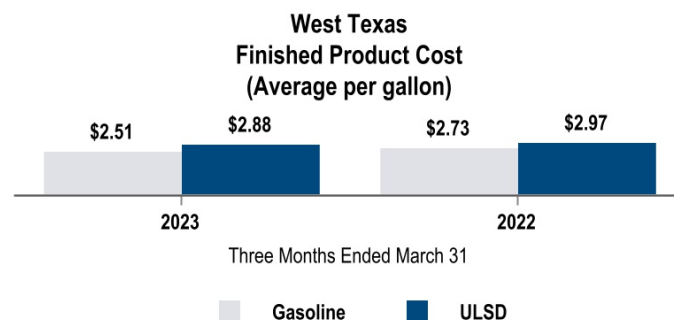
Cost of materials and other for the logistics segment decreased by \$0.1 million, or 0.1%, in the three months ended March 31, 2023 compared to the three months ended March 31, 2022. This decrease was primarily driven by the following:

- decreases in the average cost per gallon of gasoline and diesel sold and decreases in the average volumes of diesel and gasoline sold in our West Texas marketing operations:
 - the average cost per gallon of gasoline and diesel sold decreased \$0.22 per gallon and \$0.10 per gallon, respectively; and
 - the average volumes of diesel sold decreased by 0.9 million gallons and gasoline volumes sold decreased by 2.8 million gallons.

These decreases were partially offset by the following:

- incremental cost of materials and other from the Delaware Gathering Acquisition.

Our logistics segment purchased product from our refining segment of \$91.1 million and \$105.9 million for the three months ended March 31, 2023 and 2022, respectively. We eliminate these intercompany costs in consolidation.



Operating Expenses

Operating expenses increased by \$6.6 million, or 36.5%, in the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily driven by the following:

- increase due to additional expenses associated with Delaware Acquisition.
-

EBITDA

EBITDA increased by \$27.2 million, or 42.4%, in the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily driven by the following:

- higher throughput volumes; and
 - incremental EBITDA from the Delaware Gathering Acquisition.
-

Retail Segment

The tables below set forth certain information concerning our retail segment operations (gross sales \$ in millions):

Selected Retail Financial and Operating Information			
		Three Months Ended March 31,	
		2023	2022
Revenues		\$ 205.0	\$ 209.5
Cost of materials and other		\$ 170.0	\$ 173.0
Operating expenses (excluding depreciation and amortization)		\$ 24.6	\$ 22.7
EBITDA		\$ 6.4	\$ 10.3

Operating Information			
		Three Months Ended March 31,	
		2023	2022
Number of stores (end of period)		249	248
Average number of stores		249	248
Average number of fuel stores		244	243
Retail fuel sales		\$ 131.1	\$ 139.9
Retail fuel sales (thousands of gallons)		39,964	39,505
Average retail gallons per average number of stores (in thousands)		164	163
Average retail sales price per gallon sold		\$ 3.28	\$ 3.54
Retail fuel margin (\$ per gallon) ⁽¹⁾		\$ 0.266	\$ 0.314
Merchandise sales (in millions)		\$ 73.9	\$ 69.7
Merchandise sales per average number of stores (in millions)		\$ 0.3	\$ 0.3
Merchandise margin %		33.0 %	34.6 %

Same-Store Comparison ⁽²⁾			
		Three Months Ended March 31,	
		2023	2022
Change in same-store retail fuel gallons sold		(1.7)%	0.8 %
Change in same-store merchandise sales		5.3 %	(5.2)%

⁽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 year-over-year changes in specified metrics for stores that were in service at both the beginning of the year and the end of the most recent year used in the comparison.

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.

Retail Segment Operational Comparison of the Three Months Ended March 31, 2023 versus the Three Months Ended March 31, 2022.

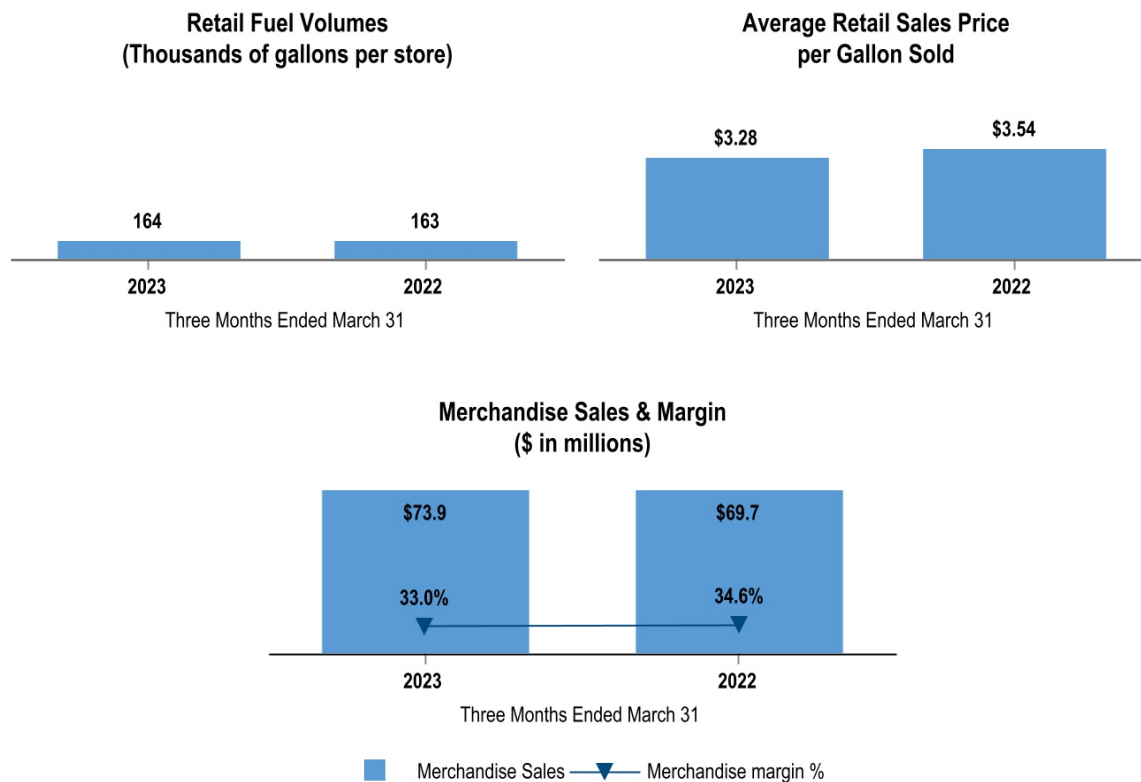
Revenues

Revenues for the retail segment decreased by \$4.5 million, or 2.1%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily driven by the following:

- a decrease in total fuel sales which were \$131.1 million for the three months ended March 31, 2023 compared to \$139.9 million for the three months ended March 31, 2022, primarily attributable to a \$0.26 decrease in average price charged per gallon sold.

These decreases were partially offset by the following:

- an increase in merchandise sales to \$73.9 million for the three months ended March 31, 2023 compared to \$69.7 million for the three months ended March 31, 2022, primarily driven by the same-store sales increase of 5.3%.



Cost of Materials and Other

Cost of materials and other for the retail segment decreased by \$3.0 million, or 1.7%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily driven by the following:

- a decrease in average cost per gallon of \$0.21, or 6.6%.

Our retail segment purchased finished product from our refining segment of \$102.6 million and \$111.7 million for the three months ended March 31, 2023 and 2022, respectively. We eliminate this intercompany cost in consolidation.

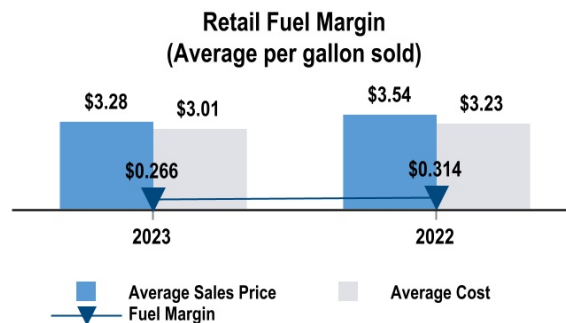
Operating Expenses

Operating expenses for the retail segment increased by \$1.9 million, or 8.4%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 primarily driven by higher employee cost in 2023.

EBITDA

EBITDA for the retail segment decreased by \$3.9 million, a 37.9% decrease in EBITDA, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily driven by the following:

- a decrease in average fuel margin of \$0.048 per gallon, partially offset by an increase in fuel sales volume; and
- an increase in operating expenses due to higher employee costs.



Liquidity and Capital Resources

Sources of Capital

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, 2023 our total liquidity amounted to \$1.7 billion comprised primarily of \$865.8 million in unused credit commitments under our revolving credit facilities (as discussed in Note 9 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q) and \$865.0 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 fund operational capital expenditures. On May 2, 2023, our Board of Directors approved a quarterly cash dividend of \$0.23 per share of our common stock.

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 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 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 oil prices, some of which are beyond our control.

As of March 31, 2023, 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 Term Loan Credit Facility (see further discussion in Note 9 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q). Additionally, we were in compliance with incurrence covenants to the extent triggered during the quarter ended March 31, 2023. 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 pay 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 Delek Revolving Credit Facility, and for Delek Logistics, under its Delek Logistics Revolving Facility; the allowance to incur an additional \$400.0 million of secured debt under the Delek Term Loan Credit Facility (see further discussion of these facilities in Note 9 of our condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q); 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 or joint ventures, 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,	
	2023	2022
Cash Flow Data:		
Operating activities	\$ 395.1	\$ 26.8
Investing activities	(222.1)	(30.2)
Financing activities	(149.3)	1.0
Net increase (decrease)	\$ 23.7	\$ (2.4)

Cash Flows from Operating Activities

Net cash provided by operating activities was \$395.1 million for the three months ended March 31, 2023, compared to \$26.8 million for the comparable period of 2022. Increases were a result of a net \$446.6 million positive impact generated by strong operating results and favorable changes in working capital, an increase in dividends received of \$2.1 million, and a decrease in income taxes paid of \$0.9 million. Partially offsetting these increases in net cash provided by operating activities was an increase in cash paid for debt interest of \$81.3 million.

Cash Flows from Investing Activities

Net cash used in investing activities was \$222.1 million for the three months ended March 31, 2023, compared to \$30.2 million in the comparable period of 2022. The increase in cash flows used in investing activities were primarily due to the \$181.8 million increase in purchases of property, plant and equipment, substantially driven by maintenance projects associated with the Tyler turnaround, other refinery additions and various interconnects associated with Logistics assets. During the three months ended March 31, 2023, we also made payments of \$12.3 million for equity interests and other investments.

Cash Flows from Financing Activities

Net cash used in financing activities was \$149.3 million for the three months ended March 31, 2023, compared to cash provided of \$1.0 million in the comparable 2022 period. The decrease in cash provided was predominantly due to net payments on long-term revolvers and term debt of \$281.0 million during the three months ended March 31, 2023, compared to net payments of \$7.2 million in the comparable 2022 period, dividend payments of \$14.7 million made during the three months ended March 31, 2023, and proceeds received of \$16.4 million in the comparable 2022 period for the sale of Delek Logistics common limited partner units.

These decreases in cash flows were partially offset by share repurchases of \$63.6 million in 2022, combined with the impact of the following: net proceeds from product financing arrangements of \$98.9 million for the three months ended March 31, 2023 compared to net proceeds of \$64.8 million in the comparable 2022 period, and the receipt of settlement proceeds of \$58.0 million during the first quarter of 2023 associated with the termination of the J. Aron Supply & Offtake Agreements and origination of the Citi Inventory Intermediation Agreement..

Cash Position and Indebtedness

As of March 31, 2023, our total cash and cash equivalents were \$865.0 million and we had total long-term indebtedness of approximately \$2,775.0 million. The total long-term indebtedness is net of deferred financing costs and debt discount of \$64.5 million. Additionally, we had letters of credit issued of approximately \$238.6 million. Total unused credit commitments or borrowing base availability, as applicable, under our revolving credit facilities was approximately \$865.8 million. The decrease of \$281.0 million in total long-term indebtedness as of March 31, 2023 compared to December 31, 2022 resulted primarily from a decrease in net borrowings under the Delek Revolving Credit Facility and the United Community Bank Revolver, partially offset by an increase in net borrowings under the Delek Logistics Revolving Facility. As of March 31, 2023, our total long-term indebtedness (as defined in Note 9 of the condensed consolidated financial statements in Item 1. Financial Statements) consisted of the following:

- aggregate principal of \$150.0 million under the Delek Revolving Credit Facility (maturity of October 26, 2027 and average borrowing rate of 6.31%);
- aggregate principal of \$947.6 million under the Delek Term Loan Credit Facility (maturity of November 19, 2029 and effective interest of 9.71%);
- aggregate principal of \$770.6 million under the Delek Logistics Revolving Facility, (maturity of October 13, 2027 and average borrowing rate of 7.57%);
- aggregate principal of \$296.3 million under the Delek Logistics Term Loan Facility (maturity of October 13, 2024 and average borrowing rate of 8.41%);
- aggregate principal of \$250.0 million under the Delek Logistics 2025 Notes (due in 2025, with effective interest rate of 7.19%);
- aggregate principal of \$400.0 million under the Delek Logistics 2028 Notes (due in 2028, with effective interest rate of 7.40%); and
- aggregate principal of \$25.0 million under the United Community Bank Revolver (maturity of June 30, 2023 and average borrowing rate of 7.00%).

See Note 9 to our accompanying condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q for additional information about our separate debt and credit facilities.

Additionally, we utilize other financing arrangements to finance operating assets and/or, from time to time, to monetize other assets that may not be needed in the near term, when internal cost of capital and other criteria are met. Such arrangements include our inventory intermediation arrangement, which finances a significant portion of our first-in, first-out inventory at the refineries and, from time to time, RINs or other non-inventory product financing liabilities. Our inventory intermediation obligation with Citi was \$536.2 million at March 31, 2023, \$57.1 of which is current, and the remaining balance of \$479.1 million which is due on December 30, 2024. See Note 8 of the accompanying condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q for additional information about our inventory intermediation agreement. Our product financing liabilities consisted primarily of RIN financings as of March 31, 2023, and totaled \$362.1 million, all of which is due in the next 12 months. See further description of these types of arrangements in the Environmental Credits and Related Regulatory Obligations accounting policy disclosed in Note 2 to our accompanying consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, of our December 31, 2022 Annual Report on Form 10-K. For both arrangements and the related commitments, see also our "Cash Requirements" section below.

Debt Ratings

We receive debt ratings from the major ratings agencies in the U.S. In determining our debt ratings, the agencies consider a number of qualitative and quantitative items including, but not limited to, commodity pricing levels, our liquidity, asset quality, reserve mix, debt levels and seniorities, cost structure, planned asset sales and production growth opportunities.

There are no "rating triggers" in any of our contractual debt obligations that would accelerate scheduled maturities should our debt rating fall below a specified level. However, a downgrade could adversely impact our interest rate on new credit facility borrowings and the ability to economically access debt markets in the future. Additionally, any rating downgrades may increase the likelihood of us having to post additional letters of credit or cash collateral under certain contractual arrangements.

Capital Spending

A key component of our long-term strategy is our capital expenditure program. The following table summarizes our actual capital expenditures for the three months ended March 31, 2023, by segment, as well as planned capital expenditures for the full year 2023 by operating segment and major category (in millions):

	2023 Forecast	Three Months Ended March 31, 2023 Actual
Refining		
Regulatory	\$ 21.5	\$ 1.1
Sustaining maintenance, including turnaround activities	173.1	146.4
Growth projects	7.2	0.1
Refining segment total	201.8	147.6
Logistics		
Regulatory	13.1	0.1
Sustaining maintenance	4.0	3.1
Growth projects	64.2	32.9
Logistics segment total	81.3	36.1
Retail		
Regulatory	—	—
Sustaining maintenance	26.9	2.4
Growth projects	4.2	0.3
Retail segment total	31.1	2.7
Corporate and Other		
Regulatory	1.1	0.7
Sustaining maintenance	33.1	4.1
Growth projects	2.1	0.9
Other total	36.3	5.7
Total capital spending	\$ 350.5	\$ 192.1

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 and subject to the changes and uncertainties discussed under the 'Forward-Looking Statements' section of Item 2. Management Discussion and Analysis, of this Quarterly Report on Form 10-Q. For further information, please refer to our discussion in Item 1A. Risk Factors, of our December 31, 2022 Annual Report on Form 10-K.

Cash Requirements

Long-Term Cash Requirements Under Contractual Obligations

Information regarding our known cash requirements under contractual obligations of the types described below as of March 31, 2023, 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	\$ 49.5	\$ 550.3	\$ 939.6	\$ 1,300.1	\$ 2,839.5
Interest ⁽¹⁾	218.6	389.4	316.6	139.9	1,064.5
Operating lease commitments ⁽²⁾	61.3	81.6	37.2	22.7	202.8
Purchase commitments ⁽³⁾	591.9	—	—	—	591.9
Product financing agreements ⁽⁴⁾	362.1	—	—	—	362.1
Transportation agreements ⁽⁵⁾	186.1	366.8	301.0	426.0	1,279.9
Inventory intermediation obligation ⁽⁶⁾	102.4	513.3	—	—	615.7
Total	\$ 1,571.9	\$ 1,901.4	\$ 1,594.4	\$ 1,888.7	\$ 6,956.4

⁽¹⁾ Expected interest payments on debt outstanding at March 31, 2023. Floating interest rate debt is calculated using March 31, 2023 rates. For additional information, see Note 9 to the condensed consolidated financial statements 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, 2023.

⁽³⁾ We have purchase commitments 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 in exchanges.

⁽⁴⁾ Balances consist of obligations under RINs product financing arrangements, as described in Note 12 to the condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q and further discussed in the "Environmental Credits and Related Regulatory Obligations" accounting policy included in Note 2 to our consolidated financial statements in Item 8. Financial Statements and Supplementary Data, of our December 31, 2022 Annual Report on Form 10-K.

⁽⁵⁾ Balances consist of contractual obligations under agreements with third parties (not including Delek Logistics) for the transportation of crude oil to our refineries.

⁽⁶⁾ Balances consist of contractual obligations under the Citi Inventory Intermediation Agreement, including principal obligation for the Baseline Volume Step-Out Liability and other recurring fees. For additional information, see Note 8 to the condensed consolidated financial statements in Item 1. Financial Statements, of this Quarterly Report on Form 10-Q.

Other Cash Requirements

Our material short-term cash requirements under contractual obligations are presented above, and we expect to fund the majority of those requirements with cash flows from operations. Our other cash requirements consisted of operating activities and capital expenditures. Operating activities include cash outflows related to payments to suppliers for crude and other inventories (which are largely reflected in our contractual purchase commitments in the table above) and payments for salaries and other employee related costs. Cash outlays in the first quarter of 2023 included incentive compensation payments that were earned and accrued in 2022. In line with our Long-term Sustainable strategy, future cash requirements will include initiatives to build on our long-term sustainable business model, ESG initiatives and sum of the parts initiatives.

Refer to the cash flow section for our operating activities spend during the three months ended March 31, 2023. While many of the expenses related to the operating activities are variable in nature, some of the expenditures can be somewhat fixed in the short-term due to forward planning on our level of activity.

Refer to the 'Capital Spending' section for our capital expenditures for three months ended March 31, 2023 and our anticipated cash requirements for planned capital expenditures for the full year 2023.

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, 2023.

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 Accounting Standards Codification ("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, excluding our trading derivative contracts (which are presented separately below), as of March 31, 2023 (\$ in millions):

Contract Description	Total Outstanding		Notional Contract Volume by Year of Maturity	
	Fair Value	Notional Contract Volume	2023	2024
Contracts not designated as hedging instruments:				
Crude oil price swaps - long ⁽¹⁾	\$ (31.7)	85,082,000	68,113,000	16,969,000
Crude oil price swaps - short ⁽¹⁾	45.2	80,696,000	62,711,000	17,985,000
Inventory, refined product and crack spread swaps - long ⁽¹⁾	4.7	4,235,000	4,235,000	—
Inventory, refined product and crack spread swaps - short ⁽¹⁾	(3.9)	5,515,000	5,515,000	—
Natural gas swaps - long ⁽³⁾	(2.1)	4,600,000	4,600,000	—
RINs commitment contracts - long ⁽²⁾	(14.5)	113,850,000	113,850,000	—
RINs commitment contracts - short ⁽²⁾	4.1	20,000,000	20,000,000	—
Total	\$ 1.8			

⁽¹⁾ Volume in barrels.

⁽²⁾ Volume in RINs.

⁽³⁾ Volume in MMBtu.

Interest Rate Risk

We have market exposure to changes in interest rates relating to our outstanding floating rate borrowings, which totaled approximately \$2,189.5 million as of March 31, 2023. The annualized impact of a hypothetical one percent change in interest rates on our floating rate debt outstanding as of March 31, 2023 would be to change interest expense by approximately \$21.9 million.

Inflation

Inflationary factors, such as increases in the costs of our inputs, operating expenses, and interest rates may adversely affect our operating results. During the first quarterly period in 2023, our results of operations were negatively affected by higher labor costs and supply chain disruptions, the uncertain economic environment, and macroeconomic and geopolitical events and trends. We expect these cost pressures and supply chain challenges to continue through 2023. In addition, current or future governmental policies may increase the risk of inflation, which could further increase costs and may have an adverse effect on our ability to maintain current levels of gross margin and operating expenses as a percentage of sales if the prices at which we are able to sell our products and services do not increase in line with increases in costs.

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 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 trading commodity derivative contracts as of March 31, 2023 (\$ in millions):

Contract Description	Total Outstanding		Notional Contract Volume by Year of Maturity
	Fair Value	Notional Contract Volume	2023
Crude forward contracts - long ⁽¹⁾	91.1	1,384,095	1,384,095
Crude forward contracts - short ⁽¹⁾	(129.2)	2,013,076	2,013,076
Total	<u>\$ (38.1)</u>		

⁽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.

We acquired 3 Bear effective June 1 2022, and have included the operating results and assets and liabilities of 3 Bear in our consolidated financial statements as of March 31, 2023. As permitted by SEC guidance for newly acquired businesses, management's assessment of the Company's disclosure controls and procedures did not include an assessment of those disclosure controls and procedures of 3 Bear that are subsumed by internal control over financial reporting. 3 Bear accounted for approximately 8.3% of total assets as of March 31, 2023 and approximately 1.1% of total revenues of the Company for the three months ended on March 31, 2023. Other than our internal controls for 3 Bear, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the first quarter of 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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 12 to our accompanying condensed consolidated financial statements, which is incorporated by reference in this Item 1, for additional information. Aside from the disclosure updated in Note 12, there have been no material developments to the proceedings previously reported in our Annual Report on Form 10-K filed on March 1, 2023.

ITEM 1A. RISK FACTORS

There were no material changes during the three months ended March 31, 2023 to the risk factors identified in the Company's fiscal 2022 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information with respect to the purchase of shares of our common stock made during the three months ended March 31, 2023 by or on behalf of us or any "affiliated purchaser," as defined by Rule 10b-18 of the Exchange Act (inclusive of all purchases that have settled as of March 31, 2023).

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31, 2023	16,292	\$ 26.97	16,292	\$ 270.0
February 1 - February 28, 2023	—	—	—	\$ 270.0
March 1 - March 31, 2023	—	—	—	\$ 270.0
Total	16,292	\$ 26.97	16,292	N/A

⁽¹⁾ See further discussion in Note 17 to our Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
<u>10.1</u>	*# <u>First Amendment to Executive Chairman Employment Agreement by and between the Company and Ezra Uzi Yemin, dated as of March 1, 2023.</u>
<u>10.2</u>	*# <u>First Amendment to Executive Employment Agreement by and between the Company and Reuven Spiegel, dated as of March 1, 2023.</u>
<u>10.3</u>	*# <u>Executive Employment Agreement by and between the Company and Joseph Israel, dated as of March 27, 2023.</u>
<u>31.1</u>	# <u>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.</u>
<u>31.2</u>	# <u>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.</u>
<u>32.1</u>	## <u>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.</u>
<u>32.2</u>	## <u>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.</u>
101	The following materials from Delek US Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of March 31, 2023 and March 31, 2022 (Unaudited), (ii) Condensed Consolidated Statements of Income for the three months ended March 31, 2023 and 2022 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2023 and 2022 (Unaudited), (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2023 and 2022 (Unaudited), (v) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2023 and 2022 (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, 2023, has been formatted in Inline XBRL.
*	Management contract or compensatory plan or arrangement.
#	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/ Avigal Soreq

Avigal Soreq
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Reuven Spiegel

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

By: /s/ Robert Wright

Robert Wright
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Dated: May 9, 2023

**FIRST AMENDMENT TO
EXECUTIVE CHAIRMAN EMPLOYMENT AGREEMENT**

This First Amendment (this “Amendment”) to the Executive Chairman Employment Agreement (the “Agreement”) by and between **Ezra Uzi Yemin** (the “Executive”) and DELEK US HOLDINGS, INC. (the “Company”) which was effective as of June 9, 2022, is hereby entered into by the Company and the Executive to be effective March 1, 2023 (the “Amendment Date”). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Agreement.

WHEREAS, the Executive and the Company wish to enter into this Amendment in order to modify the terms of Executive’s service with the Company.

NOW, THEREFORE, in consideration of the foregoing, effective as of the Effective Date, the Agreement is hereby amended as follows:

1. Paragraph 1(a) is hereby deleted in its entirety and replaced with the following:

(a) Term. The term of this Agreement shall commence upon the Effective Date. Executive shall be an employee of the Company through the earlier to occur of (i) the date of an annual meeting of stockholders prior to January 1, 2025 at which the Company’s stockholders fail to elect the Executive as a director of the Company or (ii) December 31, 2024 (the “Executive Chairman Term”), and following the Executive Chairman Term Executive will continue to perform services as a non-employee director of the Board of Directors of the Company (the “Board”), or to the extent the Company’s stockholders fail to elect the Executive as a director of the Board, as an advisor to the Chief Executive Officer of the Company and the Board on mutually agreeable terms to be determined in good faith through December 31, 2025, unless terminated earlier as provided for herein (the “Term” and such period during which Executive performs services to the Company in any capacity the “Period of Service”).

2. The last sentence of paragraph 10(b) is hereby deleted in its entirety and replaced with the following:

No amounts will be payable pursuant to this Section 10(b) for any termination of service on or after January 1, 2025.

3. Paragraph 10(c) is hereby deleted in its entirety and replaced with the following:

(c) Termination At-Will by Company. The Company may terminate this Agreement (and Executive’s employment hereunder) at any time and for any reason. If the termination occurs prior to January 1, 2025, and is other than for Cause, in addition to the Accrued Benefits and the Prior Year Bonus, if Executive timely executes and does not revoke the Separation Release (as that term is defined in Section 10(t) of this Agreement), Executive shall be entitled to the following: (i) the Separation Payment, and (ii) COBRA Continuation. This provision shall not apply if Executive is terminated by reason of death or Disability. For purposes of this Section 10(c) (y) a determination by the Nominating and Corporate Governance Committee of the Board not to nominate the Executive as a director of the Company without the consent of Executive with respect to the 2023 or 2024 annual meeting of stockholders or (z) the failure by the Company’s stockholders to elect the Executive as a director of the Company at the Company’s 2022, 2023 or 2024 annual meeting of

stockholders will. in either case and provided such determination or failure occurred without the consent of the Executive, constitute a termination pursuant to this Section 10(c). No amounts will be payable pursuant to this Section 10(c) for any termination of service on or after January 1, 2025; provided, however, if, (a) the Company does not engage the Executive as a nil advisor to the Chief Executive Officer of the Company and the Board on mutually agreeable terms to be determined in good faith by both parties. or (b) such advisory relationship is terminated by the Company without Cause, the Executive will be entitled to the Accelerated Vesting.

4. Paragraph 10(f) is hereby deleted in its entirety and replaced with the following:

(f) Separation Release. Notwithstanding anything to the contrary, but subject to Executive's compliance with the ongoing obligations of Section 8 (above), and any applicable six-month delay required by Section 22 hereof and Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "Section 409A"), (i) the Separation Payment shall be payable in substantially equal installments over the period of the time from the termination date through December 31, 2024, in accordance with the Company's regular payroll practices; provided, however, in the event any such Separation Payment would constitute nonqualified deferred compensation subject to Section 409A, such amount shall be paid no later than March 15 of the year following the year of termination; provided, further, that the first payment shall be made on the first regularly scheduled payroll date following the 60th day following Executive's termination of employment and shall include payment of any amounts that would otherwise be due prior thereto, and (ii) the Enhanced Separation Payment shall be payable in a cash lump sum pursuant to Executive on the first payroll date following the 60th day following Executive's termination date. However, Executive's right to receive the Separation Payment or Enhanced Separation Payment, as applicable, or COBRA Continuation or Accelerated Vesting or Enhanced Accelerated Vesting, as applicable, shall be conditioned upon (i) Executive's execution and delivery to the Company of a Separation Release, which shall be provided to Executive within five (5) days of the date of termination, and any revocation period applicable to such Separation Release must have expired no later than the 60th day following Executive's termination of employment and (ii) Executive's continued compliance with this Agreement, including Sections 7 and 8, and any other restrictive covenants to which Executive is bound. If Executive fails to timely execute and deliver the Separation Release or if Executive timely revokes Executive's acceptance of the Separation Release thereafter (if such revocation is permitted), Executive shall not be entitled to the Separation Payment or Enhanced Separation Payment, as applicable, or COBRA Continuation or Accelerated Vesting or Enhanced Accelerated Vesting, as applicable, and shall repay any such amounts received with respect thereto.

5. Paragraph 10(h)(x) is hereby deleted in its entirety and replaced with the following:

(x) "Separation Payment" shall mean an amount equal to the sum of (x) Executive's Base Compensation (without regard to any reduction therein which otherwise breached this Agreement) for the remaining period ending December 31, 2024, and (y) (i) two (2) times Target Bonus if the termination date occurs in 2022 or (ii) one (1) times Target Bonus if the termination date occurs in 2023 or 2024, which shall be payable pursuant to Section 10(f). Executive shall have no responsibility for mitigating the amount of any

payment provided for herein by seeking other employment or otherwise, and any such payment will not be reduced in the event such other employment is obtained.

6. Paragraph 11(a) is hereby deleted in its entirety and replaced with the following:

If, during the Executive Chairman Term, Executive's employment is terminated by the Company without Cause or by Executive for Good Reason and (i) a Change in Control has occurred on or prior to the date of such termination or (ii) a Change in Control occurs prior to December 31, 2024 and within six months following such termination, in each case, in addition to the Accrued Benefits and Prior Year Bonus, Executive shall be entitled to (i) the Enhanced Separation Payment less the amount of any Separation Payment previously Paid, if any, (ii) the COBRA Continuation, and (iii) Enhanced Acceleration Benefits; provided, that Executive must timely execute and not revoke the Separation Release (in accordance with Section 10(11) of this Agreement); provided, that, in no event shall Executive be required to sign more than one Separation Release. Executive acknowledges and agrees that a termination of service following the Executive Chairman Term will not constitute a termination in the Context of a Change in Control.

7. The Terms of Employment attached as Exhibit A to the Agreement are hereby amended to continue the Executive's Base Salary as in effect on December 31, 2023 until December 31, 2024. The Terms of Employment are also amended to provide that the Executive will receive grants of time-vesting equity awards on March 10, 2023 consisting of \$750,000 of DK RSUs and \$750,000 of DKL RSUs, which grants will vest 50% on December 31, 2023 and 50% on December 31, 2024.

8. Except as expressly modified by this Amendment, all terms, conditions and covenants in the Agreement shall remain in full force and effect.

[Remainder of Page Intentionally Blank; Signature Page Follows]

In witness whereof, the parties have executed this Agreement as of the date set forth above.

COMPANY: DELEK US HOLDINGS. INC

By:	<u>/s/ Schlomo Zohar</u> Schlomo Zohar Title: Lead Independent Director, on behalf of the Board	Executive <u>/s/ Ezra Uzi Yemin</u> Ezra Uzi Yemin
By:	<u>/s/ Jared Serff</u> Jared Serff Title: Chief Human Resources Officer	
By:	<u>/s/ Denise McWatters</u> Denise McWatters Title: EVP/General Counsel	

**FIRST AMENDMENT TO
EXECUTIVE EMPLOYMENT AGREEMENT**

This First Amendment to the Executive Employment Agreement (this "First Amendment") is entered into on March 1, 2023 (the "First Amendment Effective Date"), by and between Delek US Holdings, Inc., a Delaware corporation (the "Company"), and Reuven Spiegel ("Executive").

WHEREAS, the Company and Executive previously entered into that certain Executive Employment Agreement, effective as of August 1, 2020 (the "Employment Agreement"); and

WHEREAS, the Company and Executive desire to enter into this First Amendment to amend the terms of the Employment Agreement and in accordance with Section 16 of the Employment Agreement.

NOW, THEREFORE, the Employment Agreement is hereby amended by this First Amendment as of the First Amendment Effective Date:

1. Section 1(a) shall be restated in its entirety to read as follows: "Term. The term of this Agreement (the "Term") shall commence upon the Effective Date and expire on December 31, 2024 unless terminated earlier as provided for herein."

2. Section 3 shall be restated in its entirety to read as follows: "Compensation."

(a) Base Compensation. During the Term and effective as of the Effective Date, Executive's annualized base salary (the "Base Compensation") shall be (i) \$600,000 (ii) subject to all appropriate federal and state withholding taxes and (iii) payable at the same times and under the same conditions as salaries are paid to the Company's other employees in accordance with the normal payroll practices of the Company. The Base Compensation shall be reviewed and may be increased from time to time following the Effective Date by the Company's Board of Directors (the "Board") (or any applicable committee thereof) in its sole discretion applied consistent with this Section 1(a). The Base Compensation shall at all times during the Term be, and remain, more than the compensation of Executive's subordinates at such times. If the Base Compensation is adjusted after the Effective Date, the Base Compensation defined above shall also be adjusted for all purposes of this Agreement.

(b) Annual Bonus. Commencing in calendar year 2023, Executive will be eligible to participate in the Company's annual cash incentive plan at a level that is commensurate with Executive's position as determined by the Board (or any applicable committee thereof) in its sole and reasonable discretion. Executive's Annual Bonus (as defined below) target for service during the 2021 fiscal year shall be 90% of Executive's Base Compensation (the "Bonus Target"). The Annual Bonus may be based upon achievement of performance measures and objectives established by the Board from time to time. The Annual Bonus is typically paid in the first fiscal quarter of the year following the applicable bonus year. For purposes of this Agreement, an "Annual Bonus" shall mean a cash bonus, if any, awarded by the Board (or any applicable committee thereof) to Executive in recognition of Executive's service during the preceding fiscal year and in a manner consistent with the Company's annual bonus programs for senior executives.

(c) Long-Term Incentive Compensation. Executive shall be eligible to participate in the Company's long-term incentive plans that may be in effect from time to time for the Company and its subsidiaries including, without limitation, the Company's 2016 Long-Term Incentive Plan and the

Delek Logistics GP, LLC 2012 Long-Term Incentive Plan (collectively the “Plans”), on terms commensurate with Executive’s position and duties, as determined by the Board or any other authorized administrator of a Plan (the “Plan Administrator”) in their sole discretion; provided that in 2023, in lieu of an annual grant under the Plans, Executive shall receive a grant of restricted stock units (“RSUs”) valued at approximately \$1,100,000. Such RSUs shall be 50% time-based and 50% performance-based. The time-based RSUs shall vest quarterly in seven substantially equal installments over the remaining Term and the performance period for the performance-based RSUs shall be from January 1, 2023 to December 31, 2024. Program design, including, without limitation, performance measures and weighting, is at the sole discretion of the Plan Administrator.”

3. The following paragraph shall be added following Section 10(h) as Section 10(i): “Consulting Agreement. Upon the earlier of (i) December 31, 2024 or (ii) Executive’s providing the Company with a three-month notice of at-will termination by Executive pursuant to Section 10(d), Executive shall enter into a consulting agreement with the Company on terms to be agreed upon at a later date; provided, however, the compensation paid to Executive in conjunction with the consulting agreement shall be \$400,000 over a 12-month period. For purposes of clarity, Executive providing the three-month notice contemplated by this paragraph shall not preclude Executive from receiving the lump sum payment described in Section 10(d)(i).”

4. As amended hereby, the Employment Agreement is specifically ratified and reaffirmed. This First Amendment is made part of, and is incorporated into, the Employment Agreement.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the First Amendment Effective Date.

DELEK US HOLDINGS, INC.

/s/ Jared Serff

Jared Serff

EVP Human Resources

Executive

/s/ Reuven Spiegel

Reuven Spiegel

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the “Agreement”) is entered into effective March 27, 2023 (the “Effective Date”), by and between **Joseph Israel** (the “Executive”) and DELEK US HOLDINGS, INC. (the “Company”), who, in return for the mutual promises set forth herein, agree as follows:

1. Term.

- (a) Term. The term of this Agreement (the “Term”) shall commence upon the Effective Date and expire on March 27, 2027, unless terminated earlier as provided for herein.

2. Scope of Employment. During the Term, the Company shall employ Executive and Executive shall render services to the Company as its EVP, Operations, Delek US Holdings and in such other capacities and positions as may be established by the Company from time to time. During the Term, Executive may also serve as an executive vice president of any subsidiary of the Company required to be listed by the Company under Item 601(b)(21) of Regulation S-K of the United States Securities and Exchange Commission (the “SEC”). Executive shall devote Executive’s full business time and best efforts to the successful functioning of the Company’s business and shall faithfully and industriously perform all duties pertaining to Executive’s position, including such additional duties as may be assigned from time to time, to the best of Executive’s ability, experience and talent; provided, however, that Executive may pursue charitable or civic activities, engage in passive personal investments, participate in industry association and trade groups, and serve as an executor, trustee or in other similar fiduciary capacities ; provided that any such activities do not interfere with the performance of his responsibilities and obligations pursuant to this Agreement. Executive shall be subject at all times during the Term hereof to the direction and control of the Company’s Chief Executive Officer in respect of the work to be done.

3. Compensation.

- (a) Base Compensation. During the Term and effective as of the Effective Date, Executive’s annualized base salary (the “Base Compensation”) shall be (i) the Base Salary specified in the “Terms of Employment” (attached hereto as “Exhibit A”), (ii) subject to all appropriate federal and state withholding taxes and (iii) payable at the same times and under the same conditions as salaries are paid to the Company’s other employees in accordance with the normal payroll practices of the Company. The Base Compensation shall be reviewed and may be increased from time to time following the Effective Date by the Company’s Board of Directors (the “Board”) (or any applicable committee thereof) in its sole discretion applied consistent with this Section 3(a). The Base Compensation shall at all times during the Term be, and remain, more than the compensation of Executive’s subordinates at such times. If the Base Compensation is adjusted after the Effective Date, the Base Compensation defined above shall also be adjusted for all purposes of this Agreement.

- (b) Annual Bonus. Executive will be eligible to participate in the Company's annual cash incentive plan at a level that is commensurate with Executive's position as determined by the Board (or any applicable committee thereof) in its sole and reasonable discretion. Executive's Annual Bonus (as defined below) target for service during the fiscal year shall be equivalent to a stated percentage of Executive's Base Compensation as specified in the Terms of Employment (the "Bonus Target"). The Annual Bonus may be based upon achievement of performance measures and objectives established by the Board from time to time; provided that the performance metrics for the Annual Bonus in respect of the fiscal year will be as specified in the Terms of Employment. The Annual Bonus is typically paid in the first fiscal quarter of the year following the applicable bonus year. For purposes of this Agreement, an "Annual Bonus" shall mean a cash bonus, if any, awarded by the Board (or any applicable committee thereof) to Executive in recognition of Executive's service during the preceding fiscal year and in a manner consistent with the Company's annual bonus programs for senior executives.
- (c) Long-Term Incentive Compensation. Executive shall be eligible to participate in the Company's long-term incentive plans that may be in effect from time to time for the Company and its subsidiaries including, without limitation, the Company's 2016 Long-Term Incentive Plan and the Delek Logistics GP, LLC 2012 Long-Term Incentive Plan (collectively the "Plans"), on terms commensurate with Executive's position and duties and at such time and on such terms specified in the Terms of Employment, as determined by the Board or any other authorized administrator of a Plan (the "Plan Administrator") in their sole discretion. Program design, including, without limitation, performance measures and weighting, is at the sole discretion of the Plan Administrator. Executive acknowledges that Executive may be granted awards under Plans that are not subject to the control of the Board (or any applicable committee thereof) including, without limitation, pursuant to the Delek Logistics GP, LLC 2012 Long-Term Incentive Plan. If so, the obligations of the Board (or any applicable committee thereof) hereunder including, without limitation, any obligation to accelerate the vesting of any such award, shall be fully discharged so long as the Board (or any applicable committee thereof) uses reasonable efforts to ensure that such obligations are met by the applicable Plan Administrator.

4. Fringe Benefits / Reimbursement of Business Expenses.

- (a) General Employee Benefits. The Company shall make available to Executive, or cause to be made available to Executive, throughout the period of Executive's employment hereunder, such benefits as may be put into effect from time to time by the Company generally for other senior executives of the Company. The Company expressly reserves the right to modify such benefits available to Executive at any time provided that such modifications apply to other similarly situated employees.
- (b) Business Expenses. Executive will be reimbursed for all reasonable out-of-pocket business, business entertainment and travel expenses paid by Executive in connection with the performance of Executive's duties for the Company, in accordance with and subject to Section 20(c) and all applicable Company expense incurrence and reimbursement policies.
- (c) Other Benefits. During the Term, the Company will pay Executive's reasonable costs of professional tax and financial counseling, provided that, beginning in the

2016 calendar year, the cost of each such benefit does not exceed \$25,000 in any calendar year. Perquisites and other personal benefits that are not integrally and directly related to the performance of Executive's duties and confer a direct or indirect benefit upon Executive that has a personal aspect may, in the Company's sole discretion, be recorded as taxable compensation to Executive and disclosed in public filings according to SEC regulations.

5. Vacation Time / Sick Leave. Executive will be granted 25 business days of vacation per calendar year. Unused vacation will accrue and carry over into a new calendar year during the Term and the amount attributed to accrued and unused vacation will be paid to Executive upon the termination of employment. Executive will be provided with sick leave according to the Company's standard policies.
6. Compliance with Company Policies. Executive shall comply with and abide by all applicable policies and directives of the Company and its subsidiaries including, without limitation, the Codes of Business Conduct & Ethics for the Company and its subsidiaries, the Supplemental Insider Trading Policies for the Company and its subsidiaries and any applicable employee handbooks or manuals. The Company and its subsidiaries may, in their sole discretion, change, modify or adopt new policies and directives affecting Executive's employment which shall be provided to Executive in writing and shall not be on a basis more burdensome than applicable to other officers or otherwise require any additional financial commitment from Executive. In the event of any conflict between the terms of this Agreement and the employment policies and directives of the Company and its subsidiaries, the terms of this Agreement will control, subject to the Company Clawback Policy as modified or amended which shall not be abrogated and shall take precedence over any inconsistent terms in this Agreement. Executive acknowledges that the Company and its subsidiary, Delek Logistics Partners, LP ("DKL"), are currently subject to SEC reporting requirements pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the continued listing requirements of the New York Stock Exchange or any other securities exchange on which the securities of the Company may be listed from time to time for public trading (collectively, a "Securities Market"), and other federal securities laws and regulations applicable to publicly traded companies in the United States. As an employee, officer or director of the Company or as an officer or director of DKL, Executive will, in such capacities, be required to comply with applicable federal securities laws and regulations (including, without limitation, the reporting requirements under Exchange Act Section 16(a) and related SEC rules and regulations), Securities Market listing requirements as well as certain policies of the Company and its subsidiaries designed to comply with such laws and regulations.
7. Confidentiality. Executive recognizes that during the course of Executive's employment, Executive will be exposed to information or ideas of a confidential or proprietary nature that pertain to Company's business, financial, legal, marketing, administrative, personnel, technical or other functions or which constitute trade secrets (including, without limitation, business strategy, strategic plans, investment and growth plans and opportunities, client and customer needs and strategies, the identity of sources and markets, marketing information and strategies, business and financial plans and strategies, methods of doing business, data processing and technical systems, specifications, designs, plans, drawings, software, data, prototypes, programs and practices, sales history, financial health or material non-public information as defined under federal securities law) (collectively "Confidential Information"). Confidential Information also includes such information of third parties that has been provided to Company in confidence. All such information is deemed "confidential" or "proprietary" whether or not it is so marked. Information will not be considered Confidential Information to the extent that it is or becomes generally available to the public other than

through any breach of this Agreement by or at the discretion of Executive. Nothing in this Section will prohibit the use or disclosure by Executive of knowledge that is in general use in the industry or general business knowledge that was known to Executive prior to Executive's service to the Company or which enters the public domain other than through any breach of this Agreement by or at the discretion of Executive. Executive may also disclose such information if required by court order or applicable law provided that Executive (a) uses Executive's reasonable best efforts to give the Company written notice as far in advance as is practicable to allow the Company to seek a protective order or other appropriate remedy (except to the extent that Executive's compliance with the foregoing would cause Executive to violate a court order or other legal requirement), (b) discloses only such information as is required by law, and (c) uses Executive's reasonable best efforts to obtain confidential treatment for any Confidential Information so disclosed. During Executive's employment and for so long as the Confidential Information remains confidential or proprietary thereafter, Executive shall hold Confidential Information in strict confidence, shall use it only in connection with the performance of Executive's duties on behalf of the Company, shall restrict its disclosure to those directors, employees or independent contractors of the Company with a need to know such Confidential Information, and shall not disclose, copy or use Confidential Information for the benefit of anyone other than the Company without the Company's prior written consent. However, nothing in this Agreement shall prohibit Executive from reporting possible violations of law to any governmental agency or entity in accordance with applicable whistleblower protection provisions including, without limitation, the rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, or require Executive to notify the Company (or obtain its prior approval) of any such reporting. Executive shall, at any time, upon Company's request and at Company's sole discretion or immediately upon Executive's separation from employment, return to the Company and certify in a form satisfactory to the Company, the destruction of any and all written or electronic documents or data containing Confidential Information in Executive's possession, custody or control. Further, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. For the avoidance of doubt, Executive shall not retain any copy, in any form of any Confidential Information following such request or separation.

8. Restrictive Covenants.

(a) Non-Competition.

- (i) In consideration of the Confidential Information provided to Executive and the other benefits provided to him pursuant to this Agreement, Executive agrees that, if his employment ends during the Term, then, during a one-year Non-Compete Period (as defined below), he will not, without the prior written consent of the Company (which shall not be unreasonably withheld), directly or indirectly, either as an individual or as an employee, officer, director, shareholder, partner, equity participant, sole proprietor, independent contractor, consultant or in any other capacity conduct any business, or assist any person in conducting any business, that is directly in competition with the Company's Business (as defined below)

in the Territory (as defined below). The terms of this Section 8(a) shall not apply to the passive ownership by Executive of less than 5% of a class of equity securities of an entity, which securities are publicly traded on any national securities exchange.

- (ii) For any termination except for a termination by the Company for Cause, the “Non-Compete Period” shall commence upon the date that notice of termination of employment is delivered or deemed delivered under the notice provisions of this Agreement, it being acknowledged and agreed that the Non-Compete Period may commence to run, or even completely run, during a period of time during which Executive remains employed by the Company (assuming that he continues to be so employed after the delivery of such notice of termination). In the event of a termination by the Company for Cause, the Non-Compete Period shall commence upon the date that Executive’s employment with the Company ends.
 - (iii) For purposes of this Section 8(a), the “Company’s Business” means the businesses conducted by the Company or its subsidiaries at the time of the termination of Executive’s employment over which he has primary responsibility at the time of the termination of his employment (it being agreed and understood that other aspects of the businesses conducted by the Company or its subsidiaries is not within such definition).
 - (iv) For purposes of Section 8(a), the “Territory” shall mean the following geographic areas as of the commencement of the Non-Compete Period (A) a 75 mile radius from any of the Company’s petroleum and biodiesel refining facilities, (B) a 75 mile radius from any of the Company’s wholesale refined products distribution facilities and (C) a 50 mile radius from any of the Company’s retail fuel and/or convenience merchandise facilities.
- (b) Non-Interference with Commercial Relationships. During Executive’s employment with the Company, and for a period of one year thereafter, Executive will not, directly or indirectly, either as an individual or as an employee, officer, director, shareholder, partner, equity participant, sole proprietor, independent contractor, consultant or in any other capacity whatsoever approach or solicit any customer or vendor of Company for the purpose of causing, directly or indirectly, any such customer or vendor to cease doing business with the Company or its affiliates, nor will Executive engage in any other activity that interferes or could reasonably be expected to interfere in any material way with the commercial relationships between the Company and its affiliates and such customers or vendors. The foregoing covenant shall be in addition to any other covenants or agreements to which Executive may be subject.
- (c) Non-Interference with Employment Relationships. During Executive’s employment with the Company, and for a period of one year thereafter, Executive shall not, without the Company’s prior written consent, directly or indirectly: (i) induce or attempt to induce any Company employee to terminate his/her employment with the Company; or (ii) interfere with or disrupt the Company’s relationship with any of its employees or independent contractors. The foregoing does not prohibit Executive (personally or as an employee, officer, director, shareholder, partner, equity participant, sole proprietor, independent contractor, consultant or in any other capacity) from hiring or employing an individual that contacts Executive on his/her own initiative without any direct or indirect

solicitation by Executive other than customary forms of general solicitation such as newspaper advertisements or internet postings. It is understood and agreed that the scope of each of the covenants contained in this Section 8 is reasonable as to time, area, and persons and is necessary to protect the legitimate business interest of the Company. It is further agreed that such covenants will be regarded as divisible and will be operative as to time, area and persons to the extent that they may be so operative.

9. Copyright, Inventions, Patents. The Company shall have all right, title and interest to all intellectual property (including, without limitation, graphic designs, copyrights, trademarks and patents) created by Executive during the course of Executive's employment with the Company. Executive hereby assigns to Company all copyright ownership and rights to any work product developed by Executive or at Executive's discretion and reduced to practice for or on behalf of the Company or which relate to the Company's business during the course of the employment relationship. At the Company's expense and for a period beginning on the Effective Date and continuing for three years following the termination of Executive's employment, Executive shall use Executive's reasonable best efforts to assist or support the Company to obtain, maintain, and assert its rights in such intellectual property and work product including, without limitation, the giving of evidence in suits and proceedings, and the furnishing and/or assigning of all documentation and other materials relative to the Company's intellectual property rights.
10. Termination of Employment.
- (a) Termination by Company for Cause. The Company may immediately terminate this Agreement and/or Executive's employment at any time for Cause (as defined below). Upon any such termination, the Company shall be under no further obligation to Executive hereunder except as otherwise required by law, and the Company will reserve all further rights and remedies available to it at law or in equity.
- (b) Termination by Executive for Good Reason. Within 30 calendar days after Executive becomes (or should have become) aware of the occurrence of a Good Reason (as defined below) during the Term, Executive may terminate this Agreement (and Executive's employment hereunder) by providing 30 calendar days' advance written notice of termination and provided that the condition remains uncured through the end of such 30-day period. After such 30-day period, Executive shall either resign Executive's employment immediately or, if Executive continues in employment beyond such 30-day period, Executive shall have irrevocably waived and released any right to resign for Good Reason based upon the circumstances identified in Executive's advance notice of termination. In the event of any such termination, Executive shall be entitled to the separation benefits under Section 10(c) as if the Company had terminated Executive's employment without Cause. This provision shall not apply if Executive is terminated by reason of death or Disability (as defined below).
- (c) Termination At-Will by Company. Subject to the provisions of Section 10(f), the Company may terminate this Agreement (and Executive's employment hereunder) at any time and for any reason. If the termination occurs during the Term and is other than for Cause, Executive, if Executive timely executes and does not revoke the Separation Release (as that term is defined in Section 10(f) of this Agreement), in a form to be determined by the Company and provided to Executive at the time of Executive's separation, shall be entitled to the following

(in addition to all accrued compensation and benefits through the date of termination): (i) the Separation Payment, (ii) the costs of continuing family health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), for 12 months following termination of employment, provided, that the Company may, in its sole discretion, (A) pay such amounts directly to the applicable provider or (B) pay an equivalent amount directly to Executive, (iii) the Post-Employment Annual Bonus and (iv) Accelerated Vesting upon termination. This provision shall not apply if Executive is terminated by reason of death or Disability. Termination At-Will by Executive. Executive may terminate this Agreement (and Executive's employment hereunder) at any time and for any reason. If Executive terminates this Agreement and Executive's employment hereunder during the Term (other than due to Executive's death or Disability), Executive must provide the Company with advance written notice of termination equal to the lesser of three months or the balance of the Term (the "Required Notice").

- (i) If Executive terminates Executive's employment during the Term other than for a Good Reason and provides at least three months' advance written notice of termination (even if the Required Notice is less than three months). If Executive timely executes and does not revoke the Separation Release, in a form to be determined by the Company and provided to Executive at the time of Executive's separation and Executive fully complies with the ongoing obligations of Section 8 (above), Executive shall be entitled to receive a single lump sum payment equal to fifty percent (50%) of Executive's annualized Base Compensation at the time the notice of termination is delivered, subject to all appropriate federal and state withholding taxes, and the costs of continuing family health insurance coverage under COBRA for 12 months following termination of employment, provided, that the Company may, in its sole discretion, (A) pay such amounts directly to the applicable provider or (B) pay an equivalent amount directly to Executive. This Section 10(d)(i) shall not apply if Executive is terminated by reason of death or Disability.
- (ii) If Executive (A) terminates Executive's employment during the Term other than for a Good Reason without providing the Required Notice or (B) fails to render services to the Company in a diligent and good faith manner after the delivery of the Required Notice and continues or repeats such failure after receiving written notice of such failure, Executive shall receive compensation only in the manner stated in Section 10(a) and the Company may immediately terminate Executive's employment, which termination shall not be deemed a termination without Cause under Section 10(c). This Section 10(d)(ii) shall not apply if Executive is terminated by reason of death or Disability.

- (d) Accelerated Termination After Notice. Nothing herein shall limit the Company's right to terminate this Agreement and/or Executive's employment after the Company receives notice of termination from Executive, which termination shall not be deemed a termination without Cause under Section 10(c). However, if the Company receives the Required Notice from Executive and then terminates this Agreement and/or Executive's employment for any reason other than for Cause or under Section 10(d)(ii), Executive's employment shall terminate on (and post-employment provisions of Sections 7, 8(b), 8(c) and 9 shall be effective from) the date on which the Company terminates Executive's employment, but Executive shall be entitled to a single lump sum payment of the amount of such

compensation, bonuses, vesting and other benefits as if Executive's termination had been effective on the earlier of (i) the termination date specified in Executive's notice of termination or (ii) three months following Executive's notice of termination.

- (e) Separation Release. Notwithstanding anything to the contrary, but subject to Executive's compliance with the ongoing obligations of Section 8 (above), and any applicable six-month delay required by Section 18 hereof and Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "Section 409A"), if a payment is otherwise payable to Executive hereunder upon Executive's termination of employment, such payment shall be payable in cash to Executive on the Company's first payroll date that is on or after the 60th day following Executive's "separation from service" (within the meaning of Section 409A) (or such later date as may be required by law). However, Executive's right to receive the Separation Payment, and any other separation benefits provided by Section 10(c) or Section 10(d) shall be conditioned upon (i) Executive's execution and delivery to the Company of a Separation Release (and the expiration of any statutorily mandated revocation period without Executive revoking the Separation Release) within the time provided by the Company to do so and (ii) Executive's continued compliance with this Agreement, including Sections 7 and 8, and any other restrictive covenants to which Executive is bound. If Executive fails to timely execute and deliver the Separation Release or if Executive timely revokes Executive's acceptance of the Separation Release thereafter (if such revocation is permitted), Executive shall not be entitled to the Separation Payment or any other separation benefits and shall repay any Separation Payment or other separation benefits received. If the foregoing consideration and revocation periods begin in one taxable year and end in a second taxable year, payment will be made in the second taxable year.
- (f) Termination upon Disability or Death. In the event that Executive's employment ceases due to Executive's death or Disability, Executive shall be entitled to the following (in addition to all accrued compensation and benefits through the date of termination): (i) the costs of continuing family health insurance coverage under COBRA for 12 months following termination of employment, provided, that the Company may, in its sole discretion, (A) pay such amounts directly to the applicable provider or (B) pay an equivalent amount directly to Executive, (ii) the Post-Employment Annual Bonus and (iii) Accelerated Vesting upon termination. Definitions. The following terms shall have the following meanings as used in this Agreement: "Accelerated Vesting" means the immediate vesting of all unvested equity awards granted to Executive under the Plans. However, any Accelerated Vesting that occurs other than in the context of a Change in Control will apply to unvested (A) performance awards on a prorated basis through the termination of employment, based on actual results evaluated after the close of the applicable performance period and payable in a lump sum at the same time as performance awards are paid to executives of the Company generally and (B) full value equity awards (e.g., restricted stock, restricted stock units and phantom units) and appreciation equity awards (e.g., non-qualified stock options and stock appreciation rights) only to the extent that such awards that would have vested if Executive's employment had continued during a period equal to the lesser of six months following termination of employment or the balance of the Term.
- (i) "Cause" means Executive's: (A) fraud, gross negligence, willful misconduct involving the Company or its affiliates, willful breach of a

fiduciary duty, including, without limitation, Section 7 hereof, owed to the Company or its affiliates, or any violation of the Company's policies against discrimination or harassment; (B) conviction of, or plea of nolo contendere to, a felony or crime involving moral turpitude; or (C) deliberate and continual refusal to perform Executive's duties in any material respect on substantially a full-time basis or to act in accordance with any specific and lawful instruction of Executive's supervisor provided that Executive has been given written notice of such conduct and such conduct is not cured within 30 days thereafter.

- (ii) "Good Reason" means (A) the Company materially breaches this Agreement (it being acknowledged that any failure to pay any significant compensation or benefits at the times due under this Agreement shall be deemed a material breach), (B) the Company significantly reduces the scope of Executive's duties under Section 2, (C) the Company reduces Executive's Base Compensation under Section 3 other than as part of a base compensation reduction plan generally applicable to other similar senior executive employees, (D) the Company pays base compensation to any of Executive's subordinates at an annualized rate in excess of Executive's then-current Base Compensation, or (E) the Company requires Executive to relocate to any location that increases his commuting distance by more than 50 miles.
- (iii) "Release Expiration Date" shall mean the date of the expiration of any and all waiting and revocation periods in the Separation Release.
- (iv) "Disability" means the inability of Executive to perform the customary duties of Executive's employment or other service with the Company or its affiliates by reason of a physical or mental incapacity or illness that is expected to result in death or to be of indefinite duration, as determined by a duly licensed physician selected by the Company.
- (v) "Post-Employment Annual Bonus" shall mean the Annual Bonus to which Executive would have otherwise been entitled if Executive's employment had continued through the end of the bonus year based upon the actual performance of the Company, prorated for the period of actual employment during the bonus year, and paid upon the payment of the annual bonuses to senior executives of the Company pursuant to the Company's annual bonus programs.
- (vi) "Separation Release" means a general release of claims against the Company (and its subsidiaries and affiliates) in a form reasonably satisfactory to the Company that pertains to all claims related to Executive's employment and the termination of Executive's employment and that contains appropriate anti-disparagement and continuing confidentiality covenants.
- (vii) "Separation Payment" shall mean an amount equal to the sum of Executive's then current Base Compensation and Executive's target Annual Bonus as in effect immediately before any notice of termination, multiplied by (A) two in the context of a Change in Control and (B) one in all other cases, in each case. The Separation Payment shall be payable in a cash lump sum pursuant to Section 10(f). Executive shall have no responsibility for mitigating the amount of any payment provided for

herein by seeking other employment or otherwise, and any such payment will not be reduced in the event such other employment is obtained.

11. Change in Control.

- (a) If Executive's employment is terminated by the Company without Cause or by Executive for Good Reason within two years following a Change in Control, in each case, the termination of Executive's employment shall be deemed to have occurred in the "Context of a Change in Control", and Executive shall be entitled to the separation benefits set forth in Section 10(c).
- (b) For purposes of this Agreement, a "Change in Control" of the Company shall mean any of the following:
 - (i) Any "person" (as defined in Section 13(h)(8)(E) of the Exchange Act), other than the Company or any of its subsidiaries or any employee benefit plan of the Company or any of its subsidiaries, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (or any successor to all or substantially all of the Company's assets) representing more than 30% of the combined voting power of the Company's (or such successor's) then outstanding voting securities that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company (or such successor) in the ordinary course of business);
 - (ii) As the result of, or in connection with, any cash tender or exchange offer, merger or other business combination or contested election, or any combination of the foregoing transactions, less than 51% of the combined voting power of the then outstanding securities of the Company or any successor company or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction;
 - (iii) All or substantially all of the assets of the Company are sold, exchanged or otherwise transferred;
 - (iv) The Company's stockholders approve a plan of liquidation or dissolution of the Company; or
 - (v) During any 12-month period within the Term, Continuing Directors cease for any reason to constitute at least a majority of the Board. For this purpose, a "Continuing Director" is any person who at the beginning of the Term was a member of the Board, or any person first elected to the Board during the Term whose election, or the nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the Continuing Directors then in office, but excluding any person (A) initially appointed or elected to office as result of either an actual or threatened election and/or proxy contest by or on behalf of any "person" or "group" (within the meaning of Section 13(d) of the Exchange Act) other than the Board, or (B) designated by any "person" or "group" (within the meaning of Section 13(d) of the Exchange Act)) who

has entered into an agreement with the Company to effect a transaction described in Section 11(b)(i) through (iv).

- (c) Anything in this Agreement to the contrary notwithstanding, if it shall be determined that any payment or distribution by the Company or its affiliates to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, all such payments and benefits being hereinafter referred to as the "Total Payments") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in any other plan, arrangement or agreement providing for a payment or benefit, the payments under this Agreement shall be reduced in the order specified below to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The payments and benefits under this Agreement shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (B) reduction of any other cash payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (C) reduction of any other payments or benefits otherwise payable to the Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (D) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time. Survival of Terms. The provisions of Sections 7, 8(b), 8(c), 9 and 10 shall survive the termination or expiration of this Agreement and will continue in effect following the termination of Executive's employment for the periods described therein. If a Change in Control occurs during the Term, the provisions of Section 11 shall survive the termination or expiration of this Agreement and will continue in effect following the Change in Control for the periods described therein. The provisions of Section 8(a) shall survive the termination (but not the expiration) of this Agreement.

12. Assignment. This Agreement shall not be assignable by either party without the written consent of the other party except that the Company may assign this Agreement to a subsidiary, affiliate or, subject to the terms of this Section 13, a third-party successor of the Company. Any failure by the Company to assign this Agreement to an unaffiliated third-party successor upon the Company's sale or transfer of all or substantially all of its business will be considered the termination of Executive's employment in the context of

a Change in Control effective upon the closing of the applicable transaction without an assignment to the successor, which closing constitutes a Change in Control. Any failure by Executive to consent to the assignment of this Agreement to such unaffiliated third-party successor will be considered the termination of Executive's employment for a Good Reason other than in the context of a Change in Control effective upon the closing of the applicable Change in Control transaction without any assignment to the successor. For the avoidance of doubt, the parties acknowledge that the payment of any benefits under this Section 13 shall be made in accordance with the applicable provision of Section 10 or 11 of this Agreement within 60 days of the closing date of the Change in Control transaction, provided that Executive has executed a Separation Release, the Release Expiration Date has expired, and Executive has not revoked the Separation Release, and no payments will be made pursuant to this Section 13 if a Change in Control transaction does not occur.

13. No Inducement / Agreement Voluntary. Executive represents that (a) Executive has not been pressured, misled, or induced to enter into this Agreement based upon any representation by Company or its agents not contained herein, (b) Executive has entered into this Agreement voluntarily, after having the opportunity to consult with legal counsel and other advisors of Executive's own choosing, and (c) Executive's assent is freely given.
14. Interpretation. Any Section, phrase or other provision of this Agreement that is determined by a court, arbitrator or arbitration panel of competent jurisdiction to be unreasonable or in conflict with any applicable statute or rule, shall be deemed, if possible, to be modified or altered so that it is not unreasonable or in conflict or, if that is not possible, then it shall be deemed omitted from this Agreement. The invalidity of any portion of this Agreement shall not affect the validity of the remaining portions. Unless expressly stated to the contrary, all references to "days" in this Agreement shall mean calendar days.
15. Prior Agreements / Amendments. This Agreement (a) represents the entire agreement between the parties in relation to the employment of Executive by the Company on, and subsequent to, the Effective Date and (b) revokes and supersedes all prior agreements pertaining to the subject matter herein, whether written and oral. However, this Agreement does not nullify or otherwise affect any prior equity awards granted to Executive. For the avoidance of doubt, Executive acknowledges that the Company has fully and finally satisfied all obligations that it has had and could ever have under the Prior Agreement, as the Prior Agreement has been replaced in its entirety by this Agreement. In entering into this Agreement, Executive expressly acknowledges and agrees that Executive has received all sums and compensation that Executive has been owed, is owed or ever could be owed for services provided to the Company through the date that Executive signs this Agreement except for the payment of any unpaid base salary earned in the Company's pay period that includes the Effective Date. Notwithstanding anything else herein, Executive acknowledges that Sections 7 and 8 of the Prior Agreement, and any other agreements between Employee and any Company Party that create obligations for Employee with respect to confidentiality, non-disclosure, non-competition or non-solicitation shall remain in full force and effect. This Agreement shall not be subject to modification or amendment by any oral representation, or any written statement by either party, except for a dated writing signed by Executive and the Company.
16. Notices. All notices of any kind to be delivered in connection with this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered or if sent by nationally-recognized overnight courier (e.g., FedEx, UPS, DHL, etc.) or by

registered or certified mail, return receipt requested and postage prepaid, addressed to the Company at 7102 Commerce Way, Brentwood, Tennessee 37027, Attn: General Counsel, to Executive at Executive's then-existing payroll address, or to such other address as the party to whom notice is to be given may have furnished to the other in writing in accordance with the provisions of this Section. Any such notice or communication shall be deemed to have been received: (a) if by personal delivery or nationally-recognized overnight courier, on the date of such delivery; and (b) if by registered or certified mail, on the third postal service day following the date postmarked. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee without giving effect to its principles of conflicts of law. The state and federal courts for Davidson County, Tennessee shall be the exclusive venue for any litigation based in significant part upon this Agreement.

17. Mediation / Arbitration.

- (a) Any dispute concerning a legally cognizable claim arising out of this Agreement or in connection with the employment of Executive by Company, including, without limitation, claims of breach of contract, fraud, unlawful termination, discrimination, harassment, retaliation, defamation, tortious infliction of emotional distress, unfair competition, arbitrability and conversion (collectively a "Legal Dispute") shall be resolved according to the following protocol:
 - (i) The parties shall first submit the Legal Dispute to mediation under the auspices of the American Arbitration Association ("AAA") and pursuant to the mediation rules and procedures promulgated by the AAA. The Company shall pay the expenses associated with the mediation.
 - (ii) In the event mediation is unsuccessful in fully resolving the Legal Dispute, binding arbitration shall be the method of final resolution. The parties expressly waive their rights to bring action against one another in a court of law except as expressly provided herein. In addition to remedies at law, the parties acknowledge that failure to comply with this provision shall entitle the non-breaching party to injunctive relief to enjoin the actions of the breaching party. Any Legal Dispute submitted to Arbitration shall be under the auspices of the AAA and pursuant to the "National Rules for the Resolution of Employment Disputes," or any similar identified rules promulgated at such time the Legal Dispute is submitted for resolution. All mediation and arbitration hearings shall take place in either Davidson or Williamson County, Tennessee. The Company shall pay the filing expenses associated with the arbitration. All other expenses and fees associated with the arbitration shall be determined in accordance with the AAA rules.
- (b) Notice of submission of any Legal Dispute to mediation shall be provided no later than one year following the date the submitting party became aware, or should have become aware of, the conduct constituting the alleged claims. Failure to do so shall result in the irrevocable waiver of the claim made in the Legal Dispute.
- (c) Notwithstanding that mediation and arbitration are established as the exclusive procedures for resolution of any Legal Dispute, (i) either party may apply to an appropriate judicial or administrative forum for injunctive relief and (ii) claims by Company arising in connection with Sections 7, 8 and/or 9 may be brought in any court of competent jurisdiction.

- (d) With respect to any breach or attempted breach of Sections 7, 8 and/or 9 of this Agreement, each party acknowledges that a remedy at law will be inadequate, agrees that the Company will be entitled to specific performance and injunctive and other equitable relief and agrees not to use as a defense that any party has an adequate remedy at law. This Agreement shall be enforceable in a court of equity, or other tribunal with jurisdiction, by a decree of specific performance, and appropriate injunctive relief may be applied for and granted in connection herewith. Such remedy shall not be exclusive and shall be in addition to any other remedies now or hereafter existing at law or in equity, by statute or otherwise. No delay or omission in exercising any right or remedy set forth in this Agreement shall operate as a waiver thereof or of any other right or remedy and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy.

18. Section 409A.

- (a) It is intended that each installment of the payments provided under this Agreement, if any, is a separate “payment” for purposes of Section 409A and the payments satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(9)(iii) and 1.409A-1(b)(9)(v). Notwithstanding any other provision to the contrary, a termination of employment with the Company shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of “deferred compensation” (as such term is defined in Section 409A and the Treasury Regulations promulgated thereunder) upon or following a termination of employment unless such termination is also a “separation from service” from the Company within the meaning of Section 409A and Section 1.409A-1(h) of the Treasury Regulations and, for purposes of any such provision of this Agreement, references to a “separation,” “termination,” “termination of employment” or like terms shall mean “separation from service.”
- (b) Notwithstanding anything to the contrary in this Agreement, if the Company determines (i) that on the date Executive’s employment with the Company terminates or at such other time that the Company determines to be relevant, Executive is a “specified employee” (as such term is defined under Treasury Regulation 1.409A-1(i)(1)) of the Company and (ii) that any payments to be provided to Executive pursuant to this Agreement are or may become subject to the additional tax under Section 409A(a)(1)(B) or any other taxes or penalties imposed under Section 409A if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six months after the date of Executive’s “separation from service” (as such term is defined under Treasury Regulation 1.409A-1(h)) with the Company, or, if earlier, the date of Executive’s death. Any payments delayed pursuant to this Section shall be made in a lump sum on the first business day of the seventh month following Executive’s “separation from service” (as such term is defined under Treasury Regulation 1.409A-1(h)), or, if earlier, the date of Executive’s death.
- (c) In addition, to the extent that any reimbursement, fringe benefit or other, similar plan or arrangement in which Executive participates during the term of Executive’s employment under this Agreement or thereafter provides for a “deferral of compensation” within the meaning of Section 409A, then such amount shall be reimbursed in accordance with Section 1.409A-3(i)(1)(iv) of the Treasury Regulations, including (i) the amount eligible for reimbursement or payment under such plan or arrangement in one calendar year may not affect the

amount eligible for reimbursement or payment in any other calendar year (except that a plan providing medical or health benefits may impose a generally applicable limit on the amount that may be reimbursed or paid), (ii) subject to any shorter time periods provided herein or the applicable plans or arrangements, any reimbursement or payment of an expense under such plan or arrangement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to any reimbursement or in-kind benefit is not subject to liquidation or exchange for another benefit.

- (d) For the avoidance of doubt, any payment due under this Agreement within a period following Executive's termination of employment or other event, shall be made on a date during such period as determined by the Company in its sole discretion.
- (e) Notwithstanding any other provision to the contrary, in no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Section 409A be subject to offset by any other amount unless otherwise permitted by Section 409A.
- (f) This Agreement is intended to comply with the applicable requirements under Section 409A, as modified from time to time, including exceptions and exemptions provided for therein (the "409A Requirements"). Accordingly, this Agreement shall be administered, construed and interpreted in a manner to comply with the 409A Requirements. Specifically, and without limiting the foregoing, if any terms set forth in this Agreement are considered to be ambiguous, such terms shall be administered, construed and interpreted in a manner to comply with the 409A Requirements.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

In witness whereof, the parties have executed this Agreement as of the date set forth above.

Company: DELEK US HOLDINGS, INC.

/s/ Jared Serff

Jared Serff

EVP Human Resources

Executive:

/s/ Joseph Israel

Joseph Israel

Joseph Israel
Terms of Employment,
Exhibit A to Executive Employment Agreement

Title: EVP, Operations, Delek US Holdings, Inc

Reports To: Avigal Soreq, Chief Executive Officer

Term: 4 years

Base Salary: \$600,000 to be paid out bi-weekly

Executive will be eligible based on Board of Director approval for an annual bonus effective 1/1/2023, which at target would be equal to **80%** of base salary up to a maximum of 200% of the target or 160%.

Annual Bonus: The annual bonus will be based on 60% Company's financial (EPS) and 40% non-financial metrics (HSE & Refinery Utilization and Availability)
\$1,000,000

Executive will be eligible based on Board of Director approval for the company's long-term incentive plan, which would consist of annual grants, which at target would be equal to \$1,000,000 split 50%- time vested restricted stock units and 50% performance based restricted stock units.

Time Based RSU Awards Vesting: \$500,000 (*Quarterly over 3 years)
*The vesting schedule is quarterly after the first six (6) months from date of grant, 4/3/2023

PRSUs Performance Award Grant \$500,000 annually:
• Performance Metric: Relative TSR (Total Shareholder Return)
• Performance Period: 3 years
• 0-200% Attainment
• Grant Date: 4/3/2023
O Performance Period: 1/1/2023 - 12/31/2023 (\$100,000 @ Target) O Performance Period:
1/1/2024 - 12/31/2024 (\$100,000 @ Target) O Performance Period: 1/1/2025 - 12/31/2025
(\$100,000 @ Target) O Performance Period: 1/1/2023 - 12/31/2025 (\$200,000 @ Target)

**Long-Term Incentive
(Equity Plan):**

Eligible for Executive Relocation Policy and an additional tax assisted \$150,000 towards the purchase of a home as long as executed by July 1, 2023. The Company will provide you with \$150,000 net grossed up should you purchase a home in the Nashville area by July 1, 2023.

Relocation:

Vacation: 25 days accrued vacation (unused vacation carryover annually)

Severance: 1 year for involuntary termination (refer to employment agreement for details)

**Medical, 401k, and Other
Benefits:** See attached Benefits Guide (401K matching to begin at start date)

Covenants: Non-compete, non-solicit, and confidentiality as applicable

Location: Brentwood, TN

Start Date: March 27, 2023 or as soon as administratively possible

**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, Avigal Soreq, 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/ Avigal Soreq
 Avigal Soreq,
 President and Chief Executive Officer
 (Principal Executive Officer)

Dated: May 9, 2023

**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 9, 2023

**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 quarterly period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Avigal Soreq, 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/ Avigal Soreq
Avigal Soreq,
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 9, 2023

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.

**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 quarterly period ended March 31, 2023, 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 9, 2023

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.