UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

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: 001-32567

Alon USA Energy, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	74-2966572
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

7616 LBJ Freeway, Suite 300, Dallas, Texas 75251
(Address of principal executive offices) (Zip Code)

(972) 367-3600
(Registrant's telephone number, including area code)

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

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

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

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

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

The number of shares of the Registrant's common stock, par value $0.01 per share, outstanding as of July 31, 2009 was 46,819,862.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ALON USA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands except per share data)

	June 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,477	$ 18,454
Accounts and other receivables, net	199,452	204,576
Income tax receivable	—	116,564
Inventories	317,589	232,320
Current portion of heating oil crack spread hedge	—	75,405
Prepaid expenses and other current assets	11,604	6,353
Total current assets	572,122	653,672
Equity method investments	44,540	37,661
Property, plant, and equipment, net	1,474,759	1,448,959
Goodwill	105,943	105,943
Non-current portion of heating oil crack spread hedge	—	42,080
Other assets	75,175	125,118
Total assets	$2,272,539	$ 2,413,433
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 366,281	$ 233,004
Accrued liabilities	137,937	111,317
Current portion of long-term debt	15,089	28,397
Deferred income tax liability	—	30,570
Total current liabilities	519,307	403,288
Other non-current liabilities	106,532	104,190
Long-term debt	819,266	1,075,172
Deferred income tax liability	287,412	293,916
Total liabilities	1,732,517	1,876,566
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, par value $0.01, 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, par value $0.01, 100,000,000 shares authorized; 46,819,862 and 46,814,021 shares issued and outstanding at June 30, 2009 and December 31, 2008, respectively	468	468
Additional paid-in capital	183,913	183,642
Accumulated other comprehensive loss, net of income tax	(36,297)	(37,354)
Retained earnings	286,160	287,895
Total stockholders' equity	434,244	434,651
Non-controlling interest in subsidiaries	17,178	17,916
Preferred stock of subsidiary including accumulated dividends	88,600	84,300
Total equity	540,022	536,867
Total liabilities and equity	$2,272,539	$ 2,413,433

The accompanying notes are an integral part of these consolidated financial statements.

ALON USA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, dollars in thousands except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
Net sales (1)	$ 1,106,398	$ 1,244,671	$1,828,578	$2,265,434
Operating costs and expenses:				
Cost of sales	988,318	1,252,392	1,528,048	2,221,389
Direct operating expenses	71,345	40,546	140,209	82,835
Selling, general and administrative expenses	31,581	27,802	63,496	56,656
Net costs associated with fire	—	9,374	—	25,836
Depreciation and amortization	23,561	13,507	45,651	27,252
Total operating costs and expenses	1,114,805	1,343,621	1,777,404	2,413,968
Gain on involuntary conversion of assets	—	96,588	—	96,588
Gain (loss) on disposition of assets	(1,600)	42,935	(1,600)	45,246
Operating income (loss)	(10,007)	40,573	49,574	(6,700)
Interest expense	(21,023)	(10,736)	(49,279)	(21,392)
Equity earnings of investees	8,376	1,292	8,373	1,608
Other income, net	191	373	448	1,118
Income (loss) before income tax expense (benefit), non-controlling interest in income (loss) of subsidiaries and accumulated dividends on preferred stock of subsidiary	(22,463)	31,502	9,116	(25,366)
Income tax expense (benefit)	(7,549)	11,860	3,446	(9,233)
Income (loss) before non-controlling interest in income (loss) of subsidiaries and accumulated dividends on preferred stock of subsidiary	(14,914)	19,642	5,670	(16,133)
Non-controlling interest in income (loss) of subsidiaries	(1,724)	1,415	(641)	(782)
Accumulated dividends on preferred stock of subsidiary	2,150	—	4,300	—
Net income (loss) available to common stockholders	$ (15,340)	$ 18,227	$ 2,011	$ (15,351)
Earnings (loss) per share, basic	$ (0.33)	$ 0.39	$ 0.04	$ (0.33)
Weighted average shares outstanding, basic (in thousands)	46,809	46,782	46,807	46,782
Earnings (loss) per share, diluted	$ (0.33)	$ 0.38	$ 0.04	$ (0.33)
Weighted average shares outstanding, diluted (in thousands)	46,809	46,802	46,810	46,782
Cash dividends per share	$ 0.04	$ 0.04	$ 0.08	$ 0.08

(1) Includes excise taxes on sales by the retail segment of $11,770 and $9,319 for the three months and $22,814 and $18,973 for the six months ended June 30, 2009 and 2008, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

ALON USA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, dollars in thousands)

	For the Six Months Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	$ 2,011	$ (15,351)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation and amortization	45,651	27,252
Stock compensation	381	222
Deferred income tax expense	(35,977)	30,605
Non-controlling interest in income (loss) of subsidiaries	(641)	(782)
Equity earnings of investees (net of dividends)	(6,879)	(239)
Accumulated dividends on preferred stock of subsidiary	4,300	—
Gain on involuntary conversion of assets	—	(96,588)
(Gain) loss on disposition of assets	1,600	(45,246)
Changes in operating assets and liabilities:		
Accounts and other receivables, net	(24,001)	(74,244)
Income tax receivable	112,952	—
Inventories	(85,269)	9,791
Heating oil crack spread hedge	117,485	—
Prepaid expenses and other current assets	(410)	(920)
Other assets	8,318	549
Accounts payable	172,558	136,282
Accrued liabilities	(10,123)	(9,337)
Other non-current liabilities	(4,992)	(4,070)
Net cash provided by (used in) operating activities	296,964	(42,076)
Cash flows from investing activities:		
Capital expenditures	(29,244)	(19,524)
Capital expenditures to rebuild the Big Spring refinery	(39,281)	(160,341)
Capital expenditures for turnarounds and catalysts	(10,314)	(2,069)
Proceeds from insurance to rebuild Big Spring refinery	34,125	121,918
Escrow deposit and costs relating to the Krotz Springs refinery acquisition	—	(18,283)
Sale of short-term investments, net	—	27,296
Net cash used in investing activities	(44,714)	(51,003)
Cash flows from financing activities:		
Dividends paid to stockholders	(3,746)	(3,745)
Dividends paid to non-controlling interest stockholders	(288)	(242)
Deferred debt issuance costs	(3,979)	—
Revolving credit facilities, net	(126,506)	51,000
Payments on long-term debt	(92,708)	(8,653)
Net cash (used in) provided by financing activities	(227,227)	38,360
Net increase (decrease) in cash and cash equivalents	25,023	(54,719)
Cash and cash equivalents, beginning of period	18,454	68,615
Cash and cash equivalents, end of period	$ 43,477	$ 13,896
Supplemental cash flow information:		
Cash paid for interest	$ 48,477	$ 19,674
Cash paid (net of refunds received) for income tax	$ (106,511)	$ 22,229
Non-cash activities:		
Financing activity — payments on long-term debt from deposit held to secure heating oil crack spread hedge	$ (50,000)	$ —

The accompanying notes are an integral part of these consolidated financial statements.

ALON USA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, dollars in thousands except as noted)

(1) Basis of Presentation and Certain Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements include the accounts of Alon USA Energy, Inc. and its subsidiaries (collectively, "Alon"). All significant intercompany balances and transactions have been eliminated. These consolidated financial statements of Alon are unaudited and have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Accordingly, they do not include all of the information and notes required by GAAP for complete consolidated financial statements. In the opinion of Alon's management, the information included in these consolidated financial statements reflects all adjustments, consisting of normal and recurring adjustments, which are necessary for a fair presentation of Alon's consolidated financial position and results of operations for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the operating results that may be obtained for the year ending December 31, 2009.

The consolidated balance sheet as of December 31, 2008 has been derived from the audited financial statements as of that date. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in Alon's Annual Report on Form 10-K for the year ended December 31, 2008.

(b) Revenue Recognition

Revenues from sales of refined products are earned and realized upon transfer of title to the customer based on the contractual terms of delivery (including payment terms and prices). Title primarily transfers at the refinery or terminal when the refined product is loaded into common carrier pipelines, trucks or railcars (free on board origin). In some situations, title transfers at the customer's destination (free on board destination).

In the ordinary course of business, logistical and refinery production schedules necessitate the occasional sale of crude oil to third parties. All purchases and sales of crude oil are recorded net, in cost of sales in the consolidated statements of operations.

(c) New Accounting Standards

In June 2009, the Financial Accounting Standards Board ("FASB") issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162* ("SFAS No. 168"). SFAS No. 168 stipulates the FASB Accounting Standards Codification is the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The implementation of this standard will not have a material impact on our consolidated financial position or results of operations.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* ("SFAS No. 165"). SFAS No. 165 provides guidance on management's assessment of subsequent events and incorporates this guidance into accounting literature. SFAS No. 165 is effective prospectively for interim and annual periods ending after June 15, 2009. There was no effect on Alon's results of operations or financial position, and the required disclosures are included in Note 18.

In December 2008, the FASB issued FASB Staff Position FAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plans* ("FSP FAS 132(R)-1"), which amends FASB Statement 132 (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits*, to provide guidance on employers' disclosures about plan assets of defined benefit pension or other postretirement plans. The disclosures are intended to provide users of financial statements an understanding of the determination of investment allocations, the major categories of plan assets, inputs and valuation techniques used to measure fair value of plan assets, and significant concentrations of credit risk with plan assets. FAS 132(R)-1 is effective for years ending after December 15, 2009.

ALON USA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, dollars in thousands except as noted)

Since FSP FAS 132 (R)-1 only affects disclosure requirements, there will be no effect on Alon's results of operations or financial position.

In November 2008, the FASB ratified its consensus on EITF Issue No. 08-6, *Equity Method Investment Accounting Considerations*. The scope of the Issue applies to all investments accounted for under the equity method. The Issue covers the initial measurement of an equity method investment, recognition of other-than-temporary impairments, and the effects on ownership of the investor due to the issuance of shares by the investee. The Issue is effective for fiscal years beginning on or after December 15, 2008. The adoption did not have any effect on Alon's consolidated financial statements.

In June 2008, the FASB ratified its consensus on EITF Issue No. 08-3, *Accounting by Lessees for Maintenance Deposits*, which applies to the lessee's accounting for maintenance deposits paid by a lessee under an arrangement accounted for as a lease that are refunded only if the lessee performs specified maintenance activities and deposits within the scope of the Issue shall be accounted for as deposit assets. The effect of the change shall be recognized as a change in accounting principle as of the beginning of the fiscal year in which the consensus is initially applied for all arrangements existing at the effective date. This Issue is effective for fiscal years beginning after December 15, 2008. The adoption did not have any effect on Alon's consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position FAS 142-3, *Determination of the Useful Life of Intangible Assets* ("FSP FAS 142-3"). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008 and early adoption is prohibited. The adoption did not have any effect on Alon's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosure about Derivative Instruments and Hedging Activities* ("SFAS No. 161"), which established disclosure requirements for hedging activities. SFAS No. 161 requires that entities disclose the purpose and strategy for using derivative instruments, include discussion regarding the method for accounting for the derivative and the related hedged items under SFAS No. 133 and the derivative and related hedged items' effect on a company's financial statements. SFAS No. 161 also requires quantitative disclosures about the fair values of derivative instruments and their gains or losses in tabular format as well as discussion regarding contingent credit-risk features in derivative agreements and counterparty risk. SFAS No. 161 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after November 15, 2008. There was no effect on Alon's results of operations or financial position, and the required disclosures are included in Note 7.

Effective January 1, 2008, Alon adopted the provisions of SFAS No. 157, *Fair Value Measurements*, which pertain to certain balance sheet items measured at fair value on a recurring basis. SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about such measurements that are permitted or required under other accounting pronouncements. While SFAS No. 157 may change the method of calculating fair value, it does not require any new fair value measurements.

In February 2008, the FASB issued FASB Staff Position FAS 157-2, *Partial Deferral of the Effective Date of Statement 157* ("FSP FAS 157-2"). FSP FAS 157-2 delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008. The adoption did not have any effect on Alon's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements, an Amendment of ARB 51* ("SFAS No. 160"), which requires non-controlling interests (previously referred to as minority interests) to be treated as a separate component of equity. SFAS No. 160 is effective for periods beginning on or after December 15, 2008. Earlier application is prohibited. SFAS No. 160 will be applied prospectively to all non-controlling interests, including any that arose before the effective date except that comparative period information must be recast to classify non-controlling interests in equity, attribute net income and other comprehensive income to non-controlling interests, and provide other disclosures required by SFAS No. 160. The following table presents the effect of the adoption of SFAS No. 160 to the consolidated balance sheet.

ALON USA ENERGY, INC. AND SUBSIDIARIES
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(unaudited, dollars in thousands except as noted)

	December 31, 2008 (as previously reported)	Adjustments	December 31, 2008 (recast)
Total stockholders' equity	$ 431,919	$ 2,732	$ 434,651
Non-controlling interest in subsidiaries (1)	—	17,916	17,916
Preferred stock of subsidiary including accumulated dividends (1)	—	84,300	84,300
Total equity	$ 431,919	$ 104,948	$ 536,867

(1) Previously reported outside of equity.

The adjustments reflect the attribution of unrealized gains or losses historically recorded to accumulated other comprehensive loss to non-controlling interest in subsidiaries and the reclassification of non-controlling interest in subsidiaries and preferred stock of subsidiary including dividends into equity.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, which requires that the purchase method of accounting be used for all business combinations. SFAS No. 141(R) requires most identifiable assets, liabilities, non-controlling interests, and goodwill acquired in a business combination be recorded at "full fair value." SFAS No. 141(R) applies to all business combinations, including combinations by contract alone. SFAS No. 141(R) is effective for periods beginning on or after December 15, 2008 and earlier application is prohibited. SFAS No. 141(R) will be applied to business combinations occurring after the effective date.

d) Reclassifications

Certain reclassifications have been made to the prior period balances to conform to the current presentation.

(2) Big Spring Refinery Fire

On February 18, 2008, a fire at the Big Spring refinery destroyed the propylene recovery unit and damaged equipment in the alkylation and gas concentration units. The re-start of the crude unit in a hydroskimming mode began on April 5, 2008 and the Fluid Catalytic Cracking Unit ("FCCU") resumed operations on September 26, 2008. Substantially all of the repairs to the units damaged in the fire have been completed other than the alkylation unit which is expected to be completed by the end of 2009.

Alon's insurance policies provided a combined single limit of $385,000 for property damage, with a $2,000 deductible, and business interruption coverage with a 45 day waiting period. Alon also had third party liability insurance which provided coverage with a limit of $150,000 and a $5,000 deductible.

For purposes of financial reporting, Alon recorded costs associated with the fire on a pre-tax basis net of anticipated insurance recoveries and reflected this as a separate line item on the consolidated statements of operations. For the three and six months ended June 30, 2008, Alon recorded pre-tax costs of $9,374 and $25,836, respectively, associated with the fire. The components of the net costs as of June 30, 2008 include: $8,374 and $20,046 for the three and six months ended June 30, 2008, respectively, of expenses incurred from pipeline commitment deficiencies, crude sale losses and other incremental costs; $1,000 and $5,000 for the three and six months ended June 30, 2008, respectively, for Alon's insurance deductibles under the insurance policies described above; and $790 of depreciation for the temporarily idled facilities for the six months ended June 30, 2008.

Gross costs, for which insurance recoveries were recognized as of June 30, 2008, were $155,219, which included costs associated with: the demolition of destroyed equipment and clean up of the impacted area; inspections and repairs to damaged facilities and losses of crude oil and product inventory.

Alon received $385,000 of insurance proceeds during 2008 and 2009, of which $150,000 of insurance proceeds were received through June 2008.

With the insurance proceeds received of $150,000 through June 30, 2008, an involuntary gain on conversion of assets of $96,588 was recorded for the proceeds received in excess of the book value of assets impaired of $25,330 and the demolition and repair expenses of $28,082 incurred through June 30, 2008.

ALON USA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, dollars in thousands except as noted)

(3) Acquisitions and Deferred Gain Recognition

Krotz Springs Refinery Acquisition

On July 3, 2008, Alon completed the acquisition of all the capital stock of the refining business located in Krotz Springs, Louisiana, from Valero Energy Corporation ("Valero"). The purchase price was $333,000 in cash plus $141,494 for working capital, including inventories. The completion of the Krotz Springs refinery acquisition increased Alon's crude refining capacity by 50% to approximately 250,000 barrels per day ("bpd") including our refineries located on the West Coast and West Texas.

The Krotz Springs refinery, with a nameplate crude capacity of approximately 83,100 bpd, supplies multiple demand centers in the Southeast and East Coast markets through a pipeline operated by the Colonial Pipeline Company. The 2009 refined product mix from the Krotz Springs refinery consisted of approximately 98% light products, with the following yields: 46% gasoline, 43% distillates and light cycle oils, 9% petrochemicals and 2% of heavy products.

The cash portion of the purchase price and working capital payment were funded in part by borrowings under a $302,000 term loan credit facility and borrowings under a $400,000 revolving credit facility (Note 12).

Additionally, funds for a portion of the purchase price were provided through an $80,000 equity investment by Alon Israel Oil Company, Ltd., the Company's majority stockholder, in preferred stock of a new Alon holding company subsidiary, which may be exchanged for shares of Alon common stock (see Note 16). The shares of the new subsidiary have a par value of $1,000.00 per share and accrue dividends at a rate of 10.75% per annum. The dividends are cumulative and paid upon approval of Alon's board of directors. In addition, Alon Israel Oil Company, Ltd. provided for the issuance of $55,000 in letters of credit to support increased borrowing capacity under the $400,000 revolving credit facility. A committee of independent and disinterested members of Alon's board of directors negotiated and approved these transactions.

The purchase price has been preliminarily allocated based on estimated fair values of the assets and liabilities acquired at the date of acquisition, pending the completion of an independent appraisal and other evaluations. The purchase price has been preliminarily determined as set forth below:

Cash paid	$474,494
Transaction costs	6,517
Total purchase price	$481,011

The purchase price was preliminarily allocated as follows:

Current assets	$145,859
Property, plant and equipment	376,702
Current liabilities	(29,309)
Other non-current liabilities	(12,241)
Total purchase price	$481,011

In connection with the acquisition, Alon entered into an earnout agreement with Valero, dated as of July 3, 2008, that provides for up to three annual payments to Valero based on the average market prices for crude oil, regular unleaded gasoline, and ultra low-sulfur diesel in the preceding twelve month period compared to minimum thresholds. Each of the earnout payments, if applicable, shall be paid on each of the first three anniversaries of the date of the earnout agreement. As a result, $35,000 is reflected as an addition to property, plant and equipment with increases of $24,000 to accrued liabilities and $11,000 to other non-current liabilities on the consolidated balance sheet at June 30, 2009.

Alon and Valero also entered into an offtake agreement that provides for Valero to purchase at market prices, certain specified products and other products as may be mutually agreed upon from time to time. These products include regular and premium unleaded gasoline, ultra low-sulfur diesel, jet fuel, light cycle oil, high sulfur diesel, No. 2 blendstock, butane/butylene, poly C4, normal butane, LPG mix, propane/propylene, high sulfur slurry,

ALON USA ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, dollars in thousands except as noted)

low-sulfur atmospheric tower bottoms and ammonium thiosulfate. The term of the offtake agreement as it applies to the products produced by the refinery is as follows: (i) five years for light cycle oil and straight run diesel; (ii) one year for regular and premium unleaded gasoline; and (iii) three months for the remaining refined products.

Unaudited Pro Forma Financial Information

The consolidated statements of operations include the results of the Krotz Springs refinery acquisition from July 1, 2008. The following unaudited pro forma financial information for Alon assumes:

- The acquisition of the Krotz Springs refining business occurred on January 1, 2008;
- $302,000 of term debt and $141,494 of borrowings under the revolver was incurred on January 1, 2008 to fund the acquisition and buy initial inventories; and
- Depreciation expense was higher beginning January 1, 2008 based upon the revaluation of estimated asset values as of that date.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(unaudited)	(pro forma)	(unaudited)	(pro forma)
Net sales	$1,106,398	$2,152,278	$1,828,578	$3,805,063
Operating income (loss)	(10,007)	8,821	49,574	(63,081)
Net income (loss)	(15,340)	(10,190)	2,011	(67,207)
Earnings (loss) per share, basic and diluted	$ (0.33)	$ (0.22)	$ 0.04	$ (1.44)

Deferred Gain Recognition

A gain on disposition of assets of $42,935 recognized for the three and six months ended June 30, 2008 represented all the remaining deferred gain associated with the contribution of certain pipelines and terminals to Holly Energy Partners, LP ("HEP") in March 2005 and was due to the termination of an indemnification agreement with HEP.

(4) Segment Data

Alon's revenues are derived from three operating segments: (i) refining and unbranded marketing, (ii) asphalt and (iii) retail and branded marketing. The reportable operating segments are strategic business units that offer different products and services. The segments are managed separately as each segment requires unique technology, marketing strategies and distinct operational emphasis. Each operating segment's performance is evaluated primarily based on operating income.

(a) Refining and Unbranded Marketing Segment

Alon's refining and unbranded marketing segment includes sour and heavy crude oil refineries that are located in Big Spring, Texas; Paramount and Long Beach, California (the "California refineries"); and a light sweet crude oil refinery located in Krotz Springs, Louisiana. At these refineries Alon refines crude oil into petroleum products, including gasoline, diesel, jet fuel, petrochemicals, feedstocks, asphalts and other petroleum products, which are marketed primarily in the South Central, Southwestern and Western regions of the United States. Alon also acquires finished products through exchange agreements and third-party suppliers. Finished products and blendstocks are also marketed through sales and exchanges with other major oil companies, state and federal governmental entities, unbranded wholesale distributors and various other third parties.

(b) Asphalt Segment

Alon's asphalt segment includes the Willbridge, Oregon refinery and 12 refinery/terminal locations in Texas (Big Spring), California (Paramount, Long Beach, Elk Grove, Bakersfield and Mojave), Oregon (Willbridge), Washington (Richmond Beach), Arizona (Phoenix, Flagstaff and Fredonia) and Nevada (Fernley) (50% interest) and

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a 50% interest in Wright Asphalt Products Company, LLC ("Wright") which specializes in marketing patented tire rubber modified asphalt products. Alon produces both paving and roofing grades of asphalt and, depending on the terminal, can manufacture performance-graded asphalts, emulsions and cutbacks. The operations in which Alon has a 50% interest (Fernley and Wright), are recorded under the equity method of accounting, and the investments are included as total assets in the asphalt segment data.

(c) Retail and Branded Marketing Segment

Alon's retail and branded marketing segment operates 306 owned and leased convenience stores located primarily in Central and West Texas and New Mexico. These convenience stores typically offer various grades of gasoline, diesel fuel, general merchandise and food and beverage products to the general public primarily under the 7-Eleven and FINA brand names. Alon's branded marketing business primarily markets gasoline and diesel under the FINA brand name in the Southwestern and South Central United States, through a network of approximately 670 locations, including Alon's convenience stores. Additionally, Alon's retail and branded marketing segment licenses the use of the FINA brand name and provides credit card processing services to 317 licensed locations that are not under fuel supply agreements with Alon. Branded distributors that are not part of our integrated supply system, primarily in Central Texas, are supplied with motor fuels obtained from third-party suppliers. In the first quarter of 2009, approximately 92% of Alon's branded marketing operations, including retail operations, were supplied by our Big Spring refinery. As a result of the February 18, 2008 fire, the motor fuels sold by Alon's convenience stores and by branded marketing during the three and six months ended June 30, 2008 were primarily acquired from third-party suppliers.

(d) Corporate

Operations that are not included in any of the three segments are included in the corporate category. These operations consist primarily of corporate headquarter operating and depreciation expenses.

Segment data as of and for the three-month and six-month periods ended June 30, 2009 and 2008 are presented below:

	Refining and Unbranded Marketing	Asphalt	Retail and Branded Marketing	Corporate	Consolidated Total
Three Months ended June 30, 2009					
Net sales to external customers	$ 774,457	$125,480	$206,461	$ —	$1,106,398
Intersegment sales/purchases	123,062	(70,348)	(52,714)	—	—
Depreciation and amortization	19,459	542	3,412	148	23,561
Operating income (loss)	(18,352)	6,284	2,399	(338)	(10,007)
Total assets	1,783,680	276,316	197,556	14,987	2,272,539
Turnaround, chemical catalyst, capital expenditures and capital expenditures to rebuild the Big Spring refinery	27,022	414	894	654	28,984

	Refining and Unbranded Marketing	Asphalt	Retail and Branded Marketing	Corporate	Consolidated Total
Three Months ended June 30, 2008					
Net sales to external customers	$ 690,122	$177,277	$377,272	$ —	$1,244,671
Intersegment sales/purchases	179,437	(99,773)	(79,664)	—	—
Depreciation and amortization	9,210	536	3,538	223	13,507
Operating income (loss)	38,462	2,653	(168)	(374)	40,573
Total assets	1,218,458	267,011	241,353	10,312	1,737,134
Turnaround, chemical catalyst, capital expenditures and capital expenditures to rebuild the Big Spring refinery	170,722	62	40	319	171,143

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	Refining and Unbranded Marketing	Asphalt	Retail and Branded Marketing	Corporate	Consolidated Total
Six Months ended June 30, 2009					
Net sales to external customers	$1,278,407	$ 176,240	$373,931	$ —	$1,828,578
Intersegment sales/purchases	206,040	(114,876)	(91,164)	—	—
Depreciation and amortization	37,496	1,080	6,780	295	45,651
Operating income (loss)	61,847	(15,374)	3,776	(675)	49,574
Total assets	1,783,680	276,316	197,556	14,987	2,272,539
Turnaround, chemical catalyst, capital expenditures and capital expenditures to rebuild the Big Spring refinery	75,918	576	1,113	1,232	78,839

	Refining and Unbranded Marketing	Asphalt	Retail and Branded Marketing	Corporate	Consolidated Total
Six Months ended June 30, 2008					
Net sales to external customers	$1,297,691	$ 281,217	$ 686,526	$ —	$2,265,434
Intersegment sales/purchases	343,907	(201,692)	(142,215)	—	—
Depreciation and amortization	18,840	1,068	6,898	446	27,252
Operating income (loss)	(4,099)	724	(2,577)	(748)	(6,700)
Total assets	1,218,458	267,011	241,353	10,312	1,737,134
Turnaround, chemical catalyst, capital expenditures and capital expenditures to rebuild the Big Spring refinery	180,034	275	1,167	458	181,934

Operating income (loss) for each segment consists of net sales less cost of sales, direct operating expenses, selling, general and administrative expenses, net costs associated with fire, depreciation and amortization, gain on involuntary conversion of assets and gain (loss) on disposition of assets. Intersegment sales are intended to approximate wholesale market prices. Consolidated totals presented are after intersegment eliminations.

Total assets of each segment consist of net property, plant and equipment, inventories, cash, and cash equivalents, accounts and other receivables, insurance receivable, income tax receivables, prepaid and other current assets, equity method investments, goodwill and other assets directly associated with the segment's operations. Corporate assets consist primarily of corporate headquarters information technology and administrative equipment.

(5) Cash and Cash Equivalents

Alon considers all highly liquid instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

(6) Fair Value

The carrying amounts of Alon's cash and cash equivalents, receivables, payables and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities. The reported amount of long-term debt approximates fair value. The fair value of futures and forwards contracts is determined using level 1 inputs. The fair value of commodity and interest rate swaps is measured using level 2 inputs, and are determined by either market prices on an active market for similar assets or by prices quoted by a broker or other market corroborated prices.

In accordance with SFAS No. 157, Alon must determine fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As required, Alon utilizes valuation techniques that maximize the use of observable inputs (levels 1 and 2) and minimize the use of unobservable inputs (level 3) within the fair value hierarchy established by SFAS No. 157. Alon generally applies the "market approach" to determine fair value. This method uses pricing and other information generated by market transactions for identical or comparable assets and liabilities. Assets and liabilities are classified within the fair value hierarchy based on the lowest level (least observable) input that is significant to the measurement in its entirety.

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The following table sets forth the assets and liabilities measured at fair value on a recurring basis, by input level, in the consolidated balance sheet at June 30, 2009 and December 31, 2008, respectively:

	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Consolidated Total
As of June 30, 2009				
Assets:				
Futures and forwards	$ 1,077	$ —	$ —	$ 1,077
Liabilities:				
Commodity swaps	—	15,157	—	15,157
Interest rate swaps	—	20,461	—	20,461
As of December 31, 2008				
Assets:				
Commodity swaps	$ —	$117,485	$ —	$ 117,485
Liabilities:				
Futures and forwards	1,197	—	—	1,197
Commodity swaps	—	25,473	—	25,473
Interest rate swaps	—	26,100	—	26,100

(7) Derivative Financial Instruments

Commodity Derivatives – Mark to Market

Alon selectively utilizes commodity derivatives to manage its exposure to commodity price fluctuations and uses crude oil and refined product commodity derivative contracts to reduce risk associated with potential price changes on committed obligations. Alon does not speculate using derivative instruments. Alon has elected not to designate the following commodity derivatives as cash flow hedges for financial accounting purposes. Therefore, changes in the fair value of the commodity derivatives are included in income in the period of the change. There is not a significant credit risk on Alon’s derivative instruments which are transacted through counterparties meeting established collateral and credit criteria. Crude oil and refined product forward contracts are used to manage price exposure associated with transactions to supply crude oil to the refineries and to the sale of refined products.

At June 30, 2009, Alon held net forward contracts for purchases of 180,000 barrels of crude and sales of 250,000 barrels of refined products at an average price of $69.07 per barrel. At June 30, 2008, Alon held net forward contracts for purchases of 10,000 barrels of diesel and purchases and sales of 25,000 barrels of gasoline at an average price of $154.09 per barrel. These forward contracts were not designated as hedges for accounting purposes. Accordingly, the contracts are recorded at their fair market values and an unrealized gain of $1,220 and an unrealized loss of $58 have been included in cost of sales in the consolidated statements of operations for the three months ended June 30, 2009 and 2008, respectively.

At June 30, 2009, Alon also held net futures contracts for sales of 72,000 barrels of refined products and sales of 176,000 barrels of crude at an average price of $69.40 per barrel. Additionally, at June 30, 2009, Alon had calls at an average purchase price of $5.04 per barrel for the purchase of 99,000 barrels of crude at an average strike price of $60.00 per barrel. At June 30, 2008, Alon held net futures contracts for sales of 285,000 barrels of crude oil and purchases and sales of 16,000 barrels of heating oil at an average price of $130.71 per barrel. These futures contracts were not designated as hedges for accounting purposes. Accordingly, the contracts are recorded at their fair market values and an unrealized loss of $143 and $2,649 has been included in cost of sales in the consolidated statements of operations for the three months ended June 30, 2009 and 2008, respectively.

At June 30, 2009, Alon held futures contracts for 434,000 barrels of crude swaps at an average spread of $74.80 per barrel. These futures contracts were not designated as hedges for accounting purposes. Accordingly, the

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contracts are recorded at their fair market values and an unrealized loss of $15,157 has been included in cost of sales in the consolidated statements of operations for the three months ended June 30, 2009.

Cash Flow Hedges

To designate a derivative as a cash flow hedge, Alon documents at the inception of the hedge the assessment that the derivative will be highly effective in offsetting expected changes in cash flows from the item hedged. This assessment, which is updated at least quarterly, is generally based on the most recent relevant historical correlation between the derivative and the item hedged. If, during the term of the derivative, the hedge is determined to be no longer highly effective, hedge accounting is prospectively discontinued and any remaining unrealized gains or losses, based on the effective portion of the derivative at that date, are reclassified to earnings when the underlying transaction occurs.

Interest Rate Derivatives. Alon selectively utilizes interest rate related derivative instruments to manage its exposure to floating-rate debt instruments. Alon periodically uses interest rate swap agreements to manage its floating to fixed rate position by converting certain floating-rate debt to fixed-rate debt. As of June 30, 2009, Alon had interest rate swap agreements with a notional amount of $350,000 for remaining periods of 1.25 to 3.5 years and fixed interest rates ranging from 4.25% to 4.75%. All of these swaps were accounted for as cash flow hedges.

For cash flow hedges, gains and losses reported in accumulated other comprehensive income in stockholders' equity are reclassified into interest expense when the forecasted transactions affect income. During the six months ended June 30, 2009 and 2008, Alon recognized in accumulated other comprehensive income an unrealized after-tax gain of $3,665 and after-tax loss of $2,072, respectively, for the fair value measurement of the interest rate swap agreements. There were no amounts reclassified from accumulated other comprehensive income into interest expense as a result of the discontinuance of cash flow hedge accounting.

For the three and six months ended June 30, 2009 and 2008, there was no hedge ineffectiveness recognized in income. No component of the derivative instruments' gains or losses was excluded from the assessment of hedge effectiveness.

Commodity Derivatives. In May 2008, as part of financing the acquisition of the Krotz Springs refinery (Note 3), Alon entered into futures contracts for the forward purchase of crude oil and the forward sale of distillates of 14,849,750 barrels. These futures contracts were designated as cash flow hedges for accounting purposes. Gains and losses for the futures contracts designated as cash flow hedges reported in accumulated other comprehensive income in the balance sheet are reclassified into cost of sales when the forecasted transactions affect income. In the fourth quarter of 2008, Alon determined during its retrospective assessment of hedge effectiveness that the hedge was no longer highly effective. Cash flow hedge accounting was discontinued in the fourth quarter of 2008 and all changes in value subsequent to the discontinuance were recognized into earnings. In April 2009, Alon completed an unwind of these futures contracts for $139,290.

Gains of $3,068 and $4,014 have been reclassified from accumulated other comprehensive income to earnings in the three and six months ending June 30, 2009, respectively. All remaining adjustments from accumulated comprehensive income to cost of sales will occur either over the 16 month period beginning July 1, 2009 or earlier if it is determined that the forecasted transactions are not likely to occur. No component of the derivative instruments' gains or losses was excluded from the assessment of hedge effectiveness.

The table below summarizes our derivative balances by counterparty credit quality (negative amounts represent our net obligations to pay the counterparty).

Counterparty Credit Quality (1)	June 30, 2009
AAA	$ (9,094)
AA	(26,926)
A	1,479
Lower than A	—
Total	$(34,541)

(1) As determined by nationally recognized statistical ratings organizations.

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The following table presents the effect of derivative instruments on the consolidated statements of financial position.

	As of June 30, 2009			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments under FAS 133:				
Commodity contracts (futures, forwards and SPR swaps)	Accounts receivable	$ (143)	Accrued liabilities	$13,937
Total derivatives not designated as hedging instruments under FAS 133		$ (143)		$13,937
Derivatives designated as hedging instruments under FAS 133:				
Interest rate swaps		$ —	Other non-current liabilities	$20,461
Total derivatives designated as hedging instruments under FAS 133		—		20,461
Total derivatives		$ (143)		$34,398

The following tables present the effect of derivative instruments on Alon's consolidated statements of operations and accumulated other comprehensive income.

Cash Flow Hedging Relationships	Gain (Loss) Recognized in OCI	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
		Location	Amount	Location	Amount
For the Three Months Ended June 30, 2009					
Commodity swaps (heating oil swaps)	$ —	Cost of sales	$ 3,068		$ —
Interest rate swaps	4,602	Interest expense	(3,557)		—
Total derivatives	$ 4,602		$ (489)		$ —
For the Six Months Ended June 30, 2009					
Commodity swaps (heating oil swaps)	$ —	Cost of sales	$ 4,014		$ —
Interest rate swaps	5,639	Interest expense	(7,003)		—
Total derivatives	$ 5,639		$ (2,989)		$ —

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	Gain (Loss) Recognized in Income	
	Location	Amount
Derivatives not designated as hedging instruments under FAS 133:		
For the Three Months Ended June 30, 2009		
Commodity contracts (futures & forwards)	Cost of sales	$ (14,006)
Commodity contracts (heating oil swaps)	Cost of sales	471
Commodity contracts (SPR swaps)	Cost of sales	1,973
Total derivatives		$ (11,562)
For the Six Months Ended June 30, 2009		
Commodity contracts (futures & forwards)	Cost of sales	$ (14,490)
Commodity contracts (heating oil swaps)	Cost of sales	41,182
Commodity contracts (SPR swaps)	Cost of sales	1,074
Total derivatives		$ 27,766

(8) Inventories

Alon's inventories are stated at the lower of cost or market. Cost is determined under the last-in, first-out (LIFO) method for crude oil, refined products, asphalt and blendstock inventories. Materials and supplies are stated at average cost. Cost for convenience store merchandise inventories is determined under the retail inventory method and cost for convenience store fuel inventories is determined under the first-in, first-out (FIFO) method.

Carrying value of inventories consisted of the following:

	June 30, 2009	December 31, 2008
Crude oil, refined products, asphalt and blendstocks	$275,717	$ 192,997
Materials and supplies	17,783	16,456
Store merchandise	19,175	19,875
Store fuel	4,914	2,992
Total inventories	$317,589	$ 232,320

Crude oil, refined products, asphalt and blendstock inventories totaled 5,142,000 barrels and 4,003,000 barrels as of June 30, 2009 and December 31, 2008, respectively.

Market values of crude oil, refined products, asphalt and blendstock inventories exceeded LIFO costs by $71,132 and $4,022 at June 30, 2009 and December 31, 2008, respectively.

(9) Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

	June 30, 2009	December 31, 2008
Refining facilities	$1,495,169	$ 1,430,896
Pipelines and terminals	39,181	39,161
Retail	135,441	134,263
Other	14,276	13,052
Property, plant and equipment, gross	1,684,067	1,617,372
Less accumulated depreciation	(209,308)	(168,413)
Property, plant and equipment, net	$1,474,759	$ 1,448,959

(10) Additional Financial Information

The tables that follow provide additional financial information related to the consolidated financial statements.

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(a) Other Assets

	June 30, 2009	December 31, 2008
Deferred turnaround and chemical catalyst cost	$18,082	$ 11,684
Environmental receivables	3,048	8,524
Deferred debt issuance costs	36,060	35,648
Intangible assets	6,703	7,055
Deposit for hedge related activities for Krotz Springs refinery acquisition	—	50,000
Other	11,282	12,207
Total other assets	$75,175	$ 125,118

(b) Accrued Liabilities and Other Non-Current Liabilities

	June 30, 2009	December 31, 2008
Accrued Liabilities:		
Taxes other than income taxes, primarily excise taxes	$ 20,868	$ 27,789
Employee costs	5,922	4,884
Commodity swaps	8,886	26,670
Contingent liability	24,000	—
Other	78,261	51,974
Total accrued liabilities	$137,937	$ 111,317
Other Non-Current Liabilities:		
Pension and other postemployment benefit liabilities, net (Note 11)	$ 37,030	$ 35,989
Environmental accrual	28,956	33,181
Interest rate swap valuations	20,461	26,100
Contingent liability	11,000	—
Other	9,085	8,920
Total other non-current liabilities	$106,532	$ 104,190

(c) Comprehensive Income

The following table displays the computation of total comprehensive income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Income (loss) before non-controlling interest in income (loss) of subsidiaries and accumulated dividends on preferred stock of subsidiary	$(14,914)	$ 19,642	$ 5,670	$(16,133)
Other comprehensive gain (loss), net of tax:				
Unrealized gain (loss) on cash flow hedges, net of tax	1,408	(26,242)	1,136	(36,577)
Total other comprehensive income (loss), net of tax	1,408	(26,242)	1,136	(36,577)
Comprehensive income (loss)	(13,506)	(6,600)	6,806	(52,710)
Comprehensive income attributable to non-controlling interest (including accumulated dividends on preferred shares of subsidiary)	527	(175)	3,740	3,214
Comprehensive income attributable to common stockholders	$(14,033)	$ (6,425)	$ 3,066	$(55,924)

The following table displays the components of accumulated other comprehensive loss, net of tax.

	June 30, 2009	December 31, 2008
Unrealized losses on cash flow hedges, net of tax	$(16,948)	$ (18,005)
Pension and post-employment benefits, net of tax	(19,349)	(19,349)
Accumulated other comprehensive loss, net of tax	$(36,297)	$ (37,354)

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(11) Employee and Postretirement Benefits

Alon has three defined benefit pension plans covering substantially all of its refining and unbranded marketing segment employees, excluding West Coast employees. Alon's funding policy is to contribute annually not less than the minimum required or more than the maximum amount that can be deducted for federal income tax purposes. Alon's estimated contributions during 2009 to its pension plans has not changed significantly from amounts previously disclosed in Alon's consolidated financial statements for the year ended December 31, 2008. For the six months ended June 30, 2009 and 2008, Alon contributed $1,395 and $1,735, respectively, to its qualified pension plans.

The components of net periodic benefit cost related to Alon's benefit plans were as follows for the three and six months ended June 30, 2009 and 2008:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
Components of net periodic benefit cost:				
Service cost	$ 836	$ 457	$ 1,673	$ 914
Interest cost	840	748	1,681	1,496
Expected return on plan assets	(839)	(822)	(1,679)	(1,644)
Amortization of net loss	263	(147)	526	(94)
Net periodic benefit cost	$ 1,100	$ 236	$ 2,201	$ 672

(12) Long-Term Debt

A summary of Alon's long-term debt follows:

	June 30, 2009	December 31, 2008
Term loan credit facilities	$600,319	$ 739,810
Revolving credit facilities	150,312	276,818
Retail credit facilities	83,724	86,941
Total debt	834,355	1,103,569
Less current portion	(15,089)	(28,397)
Total long-term debt	$819,266	$ 1,075,172

(a) Alon USA Energy, Inc. Credit Facilities

Term Loan Credit Facility. The loans under the credit agreement with Credit Suisse ("the Credit Suisse Credit Facility"), with an original principal of $450,000, will mature on August 2, 2013. Principal payments of $4,500 per annum are to be paid in quarterly installments subject to reduction from mandatory principal repayment events. At June 30, 2009 and December 31, 2008, the outstanding balance was $436,500 and $437,810, respectively.

The borrowings under the Credit Suisse Credit Facility bear interest at a rate based on a margin over the Eurodollar rate from between 1.75% to 2.50% per annum based upon the ratings of the loans by Standard & Poor's Rating Service and Moody's Investors Service, Inc. Currently, the margin is 2.25% over the Eurodollar rate. The Credit Suisse Credit Facility is jointly and severally guaranteed by all of Alon's subsidiaries except for Alon's retail subsidiaries and those subsidiaries established in conjunction with the Krotz Springs refinery acquisition (Note 3). The Credit Suisse Credit Facility is secured by a second lien on cash, accounts receivable and inventory and a first lien on most of the remaining assets of Alon excluding those of Alon's retail subsidiaries and those subsidiaries established in conjunction with the Krotz Springs refinery acquisition.

The Credit Suisse Credit Facility contains restrictive covenants, such as restrictions on liens, mergers, consolidations, sales of assets, additional indebtedness, different businesses, certain lease obligations, and certain restricted payments. This facility does not contain any maintenance financial covenants.

Letters of Credit Facility. On July 30, 2008, Alon entered into an unsecured revolving credit facility with Israel Discount Bank of New York, as Administrative Agent and Co-Arranger, and Bank Leumi USA, as Co-Arranger, for the issuance of letters of credit in an amount

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not to exceed $60,000. Letters of credit under this facility are to be used by Alon to support the purchase of crude oil for the Big Spring refinery. This facility was scheduled to terminate on January 1, 2010 or on April 15, 2009 if a certain percent of lenders notify Alon; however, Alon notified the lenders on May 7, 2009 that it was terminating this facility. The facility was no longer necessary due to the decline in crude oil prices, receipt of all insurance proceeds related to the Big Spring refinery fire and the receipt of approximately $113,000 in proceeds for income tax receivables. At December 31, 2008, Alon had $51,283 of outstanding letters of credit under this credit facility.

(b) Alon USA, LP Credit Facilities

Revolving Credit Facility. Alon entered into an amended and restated revolving credit facility (the "IDB Credit Facility") with Israel Discount Bank of New York ("Israel Discount Bank") on February 15, 2006, which was further amended and restated thereafter. Israel Discount Bank acts as administrative agent, co-arranger, collateral agent and lender, and Bank Leumi USA acts as co-arranger and lender under the revolving credit facility. The IDB Credit Facility can be used both for borrowings and the issuance of letters of credit subject to a limit of the lesser of the facility or the amount of the borrowing base under the facility. The size of the facility as of June 30, 2009 is $240,000.

The IDB Credit Facility will mature on January 1, 2010. Borrowings under the IDB Credit Facility bear interest at the Eurodollar rate plus 1.50% per annum or at IDB's prime rate. The IDB Credit Facility contains certain restrictive covenants including financial covenants. The IDB Credit Facility is secured by (i) a first lien on Alon's cash, accounts receivables, inventories and related assets, excluding those of Alon Paramount Holdings, Inc. ("Alon Holdings"), a subsidiary of Alon, and its subsidiaries other than Alon Pipeline Logistics, LLC ("Alon Logistics"), those subsidiaries established in conjunction with the Krotz Springs refinery acquisition and those of Alon's retail subsidiaries and (ii) a second lien on Alon's fixed assets excluding assets held by Alon Holdings, those subsidiaries established in conjunction with the Krotz Springs refinery acquisition and Alon's retail subsidiaries.

Borrowings of $39,500 and $118,000 were outstanding under the IDB Credit Facility at June 30, 2009 and December 31, 2008, respectively. As of June 30, 2009 and December 31, 2008, outstanding letters of credit under the IDB Credit Facility were $135,508 and $30,561, respectively.

On July 31, 2009, Alon entered into an amendment to the IDB Credit Facility, which was effective on August 3, 2009. This amendment extended the maturity date of the facility to January 1, 2013 and fixed the size of the IDB Credit Facility at $240,000. Additionally, the amendment increased the borrowing rate to the Eurodollar rate plus 3.00% or the IDB prime rate plus 1.00%. Both rates are subject to an overall floor of 4.00%.

(c) Paramount Petroleum Corporation Credit Facility

Revolving Credit Facility. On February 28, 2007, Paramount Petroleum Corporation entered into an amended and restated credit agreement (the "Paramount Credit Facility") with Bank of America, N.A. ("BOA") as agent, sole lead arranger and book manager, primarily secured by the assets of Alon Holdings (excluding Alon Logistics). The Paramount Credit Facility is a $300,000 revolving credit facility which can be used both for borrowings and the issuance of letters of credit subject to a limit of the lesser of the facility or the amount of the borrowing base under the facility. Amounts borrowed under the Paramount Credit Facility accrue interest at LIBOR plus a margin based on excess availability. Based on the excess availability June 30, 2009, the margin was 1.75%. The Paramount Credit Facility expires on February 28, 2012. Paramount Petroleum Corporation is required to comply with certain restrictive covenants related to working capital, operations and other matters under the Paramount Credit Facility.

Borrowings of $110,812 and $11,713 were outstanding under the Paramount Credit Facility at June 30, 2009 and December 31, 2008, respectively. As of June 30, 2009 and December 31, 2008, outstanding letters of credit under the Paramount Credit Facility were $82,378 and $12,212, respectively.

(d) Alon Refining Krotz Springs, Inc. Credit Facilities

Term Loan Credit Facility. On July 3, 2008, Alon Refining Krotz Springs, Inc. ("ARKS") entered into a $302,000 Term Loan Agreement (the "Krotz Term Loan") with Credit Suisse, as Administrative and Collateral

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Agent, and a group of financial institutions. On February 16, 2009, Credit Suisse was replaced as agent by Wells Fargo Bank, N.A.

On April 9, 2009, ARKS and Alon Refining Louisiana, Inc. ("ARL") entered into a first amendment agreement to the Krotz Term Loan. As part of the first amendment, the parties agreed to liquidate the heating oil crack spread hedge of which $133,581 of proceeds were used to reduce the Krotz Term Loan principal balance. Also as part of the first amendment, less restrictions were placed on the maintenance financial covenants through 2010. The amended Krotz Term Loan currently bears interest at LIBOR plus a blended average spread of 9.8% per annum and a minimum LIBOR floor of 3.25% per annum.

The Krotz Term Loan matures in July 2014, with the next quarterly principal payments beginning on March 31, 2010. At June 30, 2009 and December 31, 2008, the outstanding balance was $163,819 and $302,000, respectively.

The Krotz Term Loan is secured by a first lien on substantially all of the assets of ARKS, except for cash, accounts receivable and inventory, and a second lien on cash, accounts receivable and inventory. The Krotz Term Loan also contains restrictive covenants such as restrictions on liens, mergers, consolidations, sales of assets, additional indebtedness, certain investments and restricted payments. Under the Krotz Term Loan, ARKS is required to comply with a debt service ratio, a leverage ratio, and a capital expenditure limitation.

ARKS may prepay all or a portion of the outstanding loan balance under the Krotz Term Loan at any time without prepayment penalty.

Revolving Credit Facility. On July 3, 2008, ARKS entered into a Loan and Security Agreement (the "ARKS Facility") with BOA as Agent. This facility is guaranteed by ARL and is secured by a first lien on cash, accounts receivable, and inventory of ARKS and ARL and a second lien on the remaining assets. The ARKS Facility was established as a $400,000 revolving credit facility which can be used both for borrowings and the issuance of letters of credit, subject to a facility limit of the lesser of $400,000 or the amount of the borrowing base under the facility. The ARKS Facility terminates on July 3, 2013. The ARKS Facility also contains a feature which will allow for an increase in the facility by $100,000 subject to approval by both parties.

On December 18, 2008, ARKS entered into an amendment to the ARKS Facility with BOA. This amendment increased the Applicable Margin, amended certain elements of the Borrowing Base calculation and the timing of submissions under certain circumstances, and reduced the commitment from $400,000 to $300,000. Under these circumstances, the facility limit will be the lesser of $300,000 or the amount of the borrowing base, although the amendment contains a feature that will allow for an increase in the facility size to $400,000 subject to approval by both parties.

On April 9, 2009, the ARKS Facility was further amended to include among other things, a reduction to the commitment from $300,000 to $250,000 with the ability to increase the facility size to $275,000 upon request by ARKS and under certain circumstances up to $400,000. This amendment also increased the applicable margin, amended certain elements of the borrowing base calculation and required a monthly fixed charge coverage ratio.

At June 30, 2009, the ARKS Facility size was $250,000.

Borrowings under the ARKS Facility bear interest at a rate based on a margin over LIBOR which currently is 4.0%.

At June 30, 2009, the ARKS Facility had no outstanding loan balance and outstanding letters of credit of $150,366. At December 31, 2008, the ARKS Facility had an outstanding loan balance of $147,105 and outstanding letters of credit of $68,273.

The ARKS Facility also contains customary restrictive covenants, such as restrictions on liens, mergers, consolidation, sales of assets, capital expenditures, additional indebtedness, investments, hedging transactions and certain restricted payments.

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(d) Retail Credit Facilities

On June 29, 2007, Southwest Convenience Stores, LLC ("SCS"), a subsidiary of Alon, entered into an amended and restated credit agreement (the "Amended Wachovia Credit Facility"), by and among SCS, as borrower, the lender party thereto and Wachovia Bank, N. A. ("Wachovia"), as Administrative Agent now known as Wells Fargo Bank, N.A.

Borrowings under the Amended Wachovia Credit Facility bear interest at a Eurodollar rate plus 1.50% per annum. Principal payments under the Amended Wachovia Credit Facility began August 1, 2007 with monthly installments based on a 15-year amortization term. At June 30, 2009 and December 31, 2008, the outstanding balance was $82,861 and $86,028, respectively, and there were no further amounts available for borrowing.

Obligations under the Amended Wachovia Credit Facility are jointly and severally guaranteed by Alon, Alon Brands, Inc., Skinny's, LLC and all of the subsidiaries of SCS. The obligations under the Amended Wachovia Credit Facility are secured by a pledge on substantially all of the assets of SCS and Skinny's, LLC and each of their subsidiaries, including cash, accounts receivable and inventory.

The Amended Wachovia Credit Facility also contains customary restrictive covenants on the activities, such as restrictions on liens, mergers, consolidations, sales of assets, additional indebtedness, investments, certain lease obligations and certain restricted payments. The Amended Wachovia Credit Facility also includes one annual financial covenant.

(e) Other Retail Related Credit Facilities

In 2003, Alon obtained $1,545 in mortgage loans to finance the acquisition of new retail locations. The interest rates on these loans ranged between 5.5% and 9.7%, with 5 to 15 year payment terms. At June 30, 2009 and December 31, 2008, the outstanding balance was $863 and $913, respectively.

On October 8, 2008, certain of these loans matured and the unpaid balance of $237 was refinanced with another mortgage loan maturing in October 2013.

(13) Stock-Based Compensation

Alon has two employee incentive compensation plans, (i) the 2005 Incentive Compensation Plan and (ii) the 2000 Incentive Stock Compensation Plan.

(a) 2005 Incentive Compensation Plan (share value in dollars)

The 2005 Incentive Compensation Plan was approved by the stockholders in November 2005, and is a component of Alon's overall executive incentive compensation program. The 2005 Incentive Compensation Plan permits the granting of awards in the form of options to purchase common stock, SARs, restricted shares of common stock, restricted common stock units, performance shares, performance units and senior executive plan bonuses to Alon's directors, officers and key employees. Other than the restricted share grants and SARs discussed below, there have been no stock-based awards granted under the 2005 Incentive Compensation Plan.

Restricted Stock. In August 2005, Alon granted awards of 10,791 shares of restricted stock and in November 2005 Alon granted an award of 12,500 shares of restricted stock, in each case to certain directors, officers and key employees in connection with Alon's IPO in July 2005. The participants were allowed to acquire shares at a discounted price of $12.00 per share with a grant date fair value of $16.00 per share for the August 2005 awards and $20.42 per share for the November 2005 award. In November 2005, Alon granted awards of 52,672 shares of restricted stock to certain officers and key employees with a grant date fair value of $20.42 per share. Non-employee directors are awarded an annual grant of shares of restricted stock valued at $25. All restricted shares granted under the 2005 Incentive Compensation Plan vest over a period of three years, assuming continued service at vesting.

Compensation expense for the restricted stock grants amounted to $20 and $34 for the three months ended June 30, 2009 and 2008, respectively, and $31 and $62 for the six months ended June 30, 2009 and 2008, respectively, and is included in selling, general and administrative expenses in the consolidated statements of

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operations. There is no material difference between intrinsic value under Opinion 25 and fair value under SFAS No. 123R for pro forma disclosure purposes.

The following table summarizes the restricted share activity from January 1, 2008:

Nonvested Shares	Shares	Weighted Average Grant Date Fair Values
Nonvested at January 1, 2008	26,918	$ 21.74
Granted	5,577	13.45
Vested	(24,833)	20.54
Forfeited	—	—
Nonvested at December 31, 2008	7,662	$ 19.58
Granted	5,841	12.84
Vested	(3,277)	22.89
Forfeited	—	—
Nonvested at June 30, 2009	10,226	$ 14.67

As of June 30, 2009, there was $107 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the 2005 Incentive Compensation Plan. That cost is expected to be recognized over a weighted-average period of 2.34 years. The fair value of shares vested-to-date in 2009 was $42.

Stock Appreciation Rights. In March 2007, Alon granted awards of 361,665 Stock Appreciation Rights (“SARs”) to certain officers and key employees. The SARs have a grant price equal to $28.46, the closing price of Alon’s common stock on the date of grant. Additionally, in July 2008, an award of 12,000 SARs was granted to certain employees at the close of the Krotz Springs refinery acquisition at a grant price equal to $14.23. An award of 10,000 SARs was also granted in December 2008 at a grant price equal to $14.23. SARs vest and become exercisable over a four-year vesting period as follows: 50% on the second anniversary of the date of grant, 25% on the third anniversary of the date of grant and 25% on the fourth anniversary of the date of grant. When exercised, SARs are convertible into shares of Alon common stock, the number of which will be determined at the time of exercise by calculating the difference between the closing price of Alon common stock on the exercise date and the grant price of the SARs (the “Spread”), multiplying the Spread by the number of SARs being exercised and then dividing the product by the closing price of Alon common stock on the exercise date.

On March 7, 2009, 180,833 SARs vested. These SARs remain unexercised due to the grant price exceeding the stock price.

Compensation expense for the SARs grants amounted to ($60) and $273 for the three months ended June 30, 2009 and 2008, respectively, and $240 and $545 for the six months ended June 30, 2009 and 2008, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

(b) 2000 Incentive Stock Compensation Plan

On August 1, 2000, Alon Assets, Inc. (“Alon Assets”) and Alon USA Operating, Inc. (“Alon Operating”), majority owned, fully consolidated subsidiaries of Alon, adopted the 2000 Incentive Stock Compensation Plan pursuant to which Alon’s board of directors may grant stock options to certain officers and members of executive management. The 2000 Incentive Stock Compensation Plan authorized grants of options to purchase up to 16,154 shares of common stock of Alon Assets and 6,066 shares of common stock of Alon Operating. All authorized options were granted in 2000 and there have been no additional options granted under this plan. All stock options have ten-year terms. The options are subject to accelerated vesting and become fully exercisable if Alon achieves certain financial performance and debt service criteria. Upon exercise, Alon will reimburse the option holder for the exercise price of the shares and under certain circumstances the related federal and state taxes payable as a result of such exercises (gross-up liability). This plan was closed to new participants subsequent to August 1, 2000, the initial grant date. Total compensation expense recognized under this plan was $0 and ($590) for the three months ended June 30, 2009 and 2008, respectively, and $110 and ($385) for the six months ended June 30, 2009 and 2008, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

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The following table summarizes the stock option activity for Alon Assets and Alon Operating for the six months ended June 30, 2009 and for the year ended December 31, 2008:

	Alon Assets		Alon Operating	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Outstanding at January 1, 2008	5,216	$ 100	1,959	$ 100
Granted	—	—	—	—
Exercised	(2,423)	100	(910)	100
Forfeited and expired	—	—	—	—
Outstanding at December 31, 2008	2,793	$ 100	1,049	$ 100
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited and expired	—	—	—	—
Outstanding at June 30, 2009	2,793	$ 100	1,049	$ 100

The aggregate intrinsic value of options exercised in the six months ended June 30, 2009 was $0.

(14) Stockholders' Equity (per share in dollars)

Common Stock Dividends

On June 15, 2009, Alon paid a regular quarterly cash dividend of $0.04 per share on Alon's common stock.

(15) Earnings Per Share (per share in dollars)

Basic earnings (loss) per share are calculated as net income (loss) available to common stockholders divided by the average number of shares of common stock outstanding. Diluted earnings per share include the dilutive effect of restricted shares and SARs using the treasury stock method and the dilutive effect of convertible preferred shares using the if-converted method.

The calculation of earnings (loss) per share, basic and diluted, for the three and six months ended June 30, 2009 and 2008 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net income (loss)	$(15,340)	$ 18,227	$ 2,011	$(15,351)
Average number of shares of common stock outstanding	46,809	46,782	46,807	46,782
Dilutive restricted shares, SARs and conversion of preferred shares	—	20	3	—
Average number of shares of common stock outstanding assuming dilution	46,809	46,802	46,810	46,782
Earnings (loss) per share – basic	$ (0.33)	$ 0.39	$ 0.04	$ (0.33)
Earnings (loss) per share – diluted *	$ (0.33)	$ 0.38	$ 0.04	$ (0.33)

* For the purpose of adjusting net income (loss) in the calculation of diluted earnings (loss) per share issued by Alon's subsidiaries, the effect for the three months ended June 30, 2009 was anti-dilutive and therefore excluded from the calculation, but for the three months ended June 30, 2008 the adjustment was $675. The income adjustment effect for the six months ended June 30, 2009 and 2008 is anti-dilutive and therefore excluded from the calculation. Additionally, net income for the three and six months ended June 30, 2009 was not adjusted for preferred stock dividends that would no longer be paid if the preferred stock was converted to shares of common stock because their effects were anti-dilutive.

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(16) Related Party Transactions

Sale of Preferred Shares

On July 3, 2008, the Company completed the acquisition from Valero of all of the capital stock of Valero Refining Company-Louisiana, a corporation that owned Valero's refining business and related assets located in Krotz Springs, Louisiana, through ARKS. The purchase price was $333,000 in cash plus approximately $141,494 for working capital, including inventories. The cash portion of the purchase price and working capital payment were funded in part by proceeds from the sale to Alon Israel Oil Company, Ltd., the majority stockholder of the Company, ("Alon Israel") of 80,000 shares of Series A Preferred Stock, par value $1,000.00 per share (the "Original Preferred Shares"), of ARL, for an aggregate purchase price of $80,000. The sale of the Original Preferred Shares was completed pursuant to the Series A Preferred Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of July 3, 2008, by and between ARL and Alon Israel. Pursuant to the terms of the Stock Purchase Agreement, Alon Israel was also required to cause letters of credit in the amount of $55,000 (the "Original L/Cs") to be issued for the benefit of Bank of America, N.A. in order to support the borrowing base of ARKS.

In connection with the Stock Purchase Agreement, the Company, ARL, Alon Israel and Alon Louisiana Holdings, Inc. ("Alon Louisiana Holdings"), a subsidiary of the Company and the holder of all of the outstanding shares of common stock of ARL, entered into a Stockholders Agreement (the "Original Stockholders Agreement"), dated as of July 3, 2008. On March 31, 2009, the Company, ARL, Alon Israel and Alon Louisiana Holdings entered into an Amended and Restated Stockholders Agreement (the "Stockholders Agreement") pursuant to which Alon Israel agreed to cause additional letters of credit in an aggregate amount up to $25,000 to be issued for the benefit of ARKS (the "Additional L/Cs" and, together with the Original L/Cs, the "L/Cs"), and Alon Israel was granted an option (the "L/C Option"), exercisable at any time the L/Cs are outstanding (but subject to the terms of the credit facilities and other binding obligations of ARL), to withdraw all or part of the L/Cs and acquire shares of Series A Preferred Stock of ARL at their par value of $1,000.00 per share, in an amount equal to such withdrawn L/Cs (the "L/C Preferred Shares," and, together with the Original Preferred Shares, the "Preferred Shares").

Under the terms of the Stockholders Agreement, (i) with respect to the Original Preferred Shares, during the 18-month period beginning on July 3, 2008, and (ii) with respect to the L/C Preferred Shares, during the period beginning on the date of issuance of any Preferred Shares in connection with the exercise of the L/C Option and ending on December 31, 2010, each of Alon Louisiana Holdings and the Company have the option to purchase from Alon Israel all or a portion of the then-outstanding Preferred Shares at a price per share equal to the par value plus accrued but unpaid dividends (the "Call Option"), subject to the prior release of all of the L/Cs and conditioned upon approval of the purchase by the Company's Audit Committee.

If the Call Option is not exercised by Alon Louisiana Holdings or the Company, the Preferred Shares are exchangeable for shares of Company common stock in accordance with the terms of the Stockholders Agreement. Specifically, (1) the Preferred Shares may be exchanged at the election of either the Company or Alon Israel, for shares of Company common stock upon a change of control of either ARL or the Company; (2) in the event that the Call Option is not exercised, Alon Israel will have the option to exchange Preferred Shares it then holds for Company common stock during a 5-business day period beginning on the first day on which the Company's securities trading window is open after each of January 3, 2010, July 1, 2010 and January 1, 2011; and (3) if not so exchanged, all of the Preferred Shares will be mandatorily exchanged for shares of Company common stock on July 3, 2011.

Pursuant to the Stockholders Agreement, in the event that any L/C is drawn upon by beneficiaries of an L/C, a promissory note will be issued by Alon Louisiana Holdings in favor of Alon Israel for the amount of any such drawn L/Cs. This promissory note will provide that the Company may exchange the promissory note for shares of Company common stock.

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(17) Commitments and Contingencies

(a) Commitments

In the normal course of business, Alon has long-term commitments to purchase services such as natural gas, electricity and water for use by its refineries, terminals, pipelines and retail locations. Alon is also party to various refined product and crude oil supply and exchange agreements. These agreements are short-term in nature or provide terms for cancellation.

Offtake Agreement with Valero

In connection with the Krotz Springs refinery acquisition (Note 3), Alon and Valero also entered into an offtake agreement that provides for Valero to purchase, at market prices, certain specified products and other products as may be mutually agreed upon from time to time. These products include regular and premium unleaded gasoline, ultra low-sulfur diesel, jet fuel, light cycle oil, high sulfur No. 2 blendstock, butane/butylene, poly C4, normal butane, LPG mix, propane/propylene, high sulfur slurry, low-sulfur atmospheric tower bottoms and ammonium thiosulfate. The term of the offtake agreement as it applies to the products produced by the refinery is as follows: (i) five years for light cycle oil and straight run diesel; (ii) one year for regular and premium unleaded gasoline; and (iii) three months for the remaining refined products.

(b) Contingencies

Alon is involved in various claims and legal actions arising in the ordinary course of business. Alon believes the ultimate disposition of these matters will not have a material adverse effect on Alon’s financial position, results of operations or liquidity.

SemGroup, LP Bankruptcy

On July 22, 2008, SemMaterials, a customer of Alon, filed a petition under Chapter 11 of the United States Bankruptcy Code. As of June 30, 2009, SemMaterials owed approximately $32,000 to Alon of which approximately $11,000 is part of an administrative claim. Alon believes that the administrative claim will be paid after a reorganization plan is approved by the United States Bankruptcy Court in Delaware.

Alon believes that the remainder of its claim is an unsecured claim. Alon reserved $20,000 of the outstanding balance in net costs associated with fire in the consolidated statements of operations during the third and fourth quarters of 2008.

(c) Environmental

Alon is subject to loss contingencies pursuant to federal, state, and local environmental laws and regulations. These rules regulate the discharge of materials into the environment and may require Alon to incur future obligations to investigate the effects of the release or disposal of certain petroleum, chemical, and mineral substances at various sites; to remediate or restore these sites; to compensate others for damage to property and natural resources and for remediation and restoration costs. These possible obligations relate to sites owned by Alon and associated with past or present operations. Alon is currently participating in environmental investigations, assessments and cleanups under these regulations at service stations, pipelines and terminals. Alon may in the future be involved in additional environmental investigations, assessments and cleanups. The magnitude of future costs will depend on factors such as the unknown nature and contamination at many sites, the unknown timing, extent and method of the remedial actions which may be required, and the determination of Alon’s liability in proportion to other responsible parties.

Environmental expenditures are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefit are expensed. Liabilities for expenditures of a non-capital nature are recorded when environmental assessment and/or remediation is probable, and the costs can be reasonably estimated. Substantially all amounts accrued are

expected to be paid out over the next 15 years. The level of future expenditures for environmental remediation obligations beyond the next 15 years is impossible to determine with any degree of reliability.

Alon has accrued environmental remediation obligations of $31,757 ($2,801 current payable and $28,956 non-current liability) at June 30, 2009 and $35,833 ($2,652 current payable and $33,181 non-current liability) at December 31, 2008.

Paramount Petroleum Corporation has indemnification agreements with a prior owner for part of the remediation expenses at its refineries and offsite tank farm and, as a result, has recorded a current receivable of $1,948 and non-current receivable of $3,048 at June 30, 2009.

In connection with the acquisition of the Big Spring refinery, pipeline and terminal assets from Atofina Petrochemicals, Inc. ("Atofina") in August 2000, Atofina agreed to indemnify Alon for the costs of environmental investigations, assessments and clean-ups of known conditions that existed at the acquisition date, and as a result, has recorded a current receivable of $1,006 at June 30, 2009.

(18) Subsequent Event

The Company has evaluated subsequent events through August 6, 2009, the date of issuance of our consolidated balance sheet and consolidated statement of operations.

Dividend Declared

On August 5, 2009, Alon declared its regular quarterly cash dividend of $0.04 per share on Alon's common stock, payable on September 15, 2009 to stockholders of record at the close of business on August 31, 2009.

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

The following discussion of our financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008. In this document, the words "Alon," "the Company," "we" and "our" refer to Alon USA Energy, Inc. and its subsidiaries.

Forward-Looking Statements

Certain statements contained in this report and other materials we file with the SEC, or in other written or oral statements made by us, other than statements of historical fact, are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words "anticipate," "assume," "believe," "budget," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "will," "future" and similar terms and phrases to identify forward-looking statements.

Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realized or otherwise materially affect our financial condition, results of operations and cash flows.

Actual events, results and outcomes may differ materially from our expectations due to a variety of factors. Although it is not possible to identify all of these factors, they include, among others, the following:

- changes in general economic conditions and capital markets;
- changes in the underlying demand for our products;
- the availability, costs and price volatility of crude oil, other refinery feedstocks and refined products;
- changes in the sweet/sour spread;
- changes in the light/heavy spread;
- the effects of transactions involving forward contracts and derivative instruments;
- actions of customers and competitors;
- changes in fuel and utility costs incurred by our facilities;
- disruptions due to equipment interruption, pipeline disruptions or failure at our or third-party facilities;
- the execution of planned capital projects;
- adverse changes in the credit ratings assigned to our trade credit and debt instruments;
- the effects of and cost of compliance with current and future state and federal environmental, economic, safety and other laws, policies and regulations;
- operating hazards, natural disasters, casualty losses and other matters beyond our control;
- our planned project of the design and construction of a hydrocracker unit at our California refineries may not be completed within the expected time frame or within the budgeted costs for such project due to factors outside of our control;

- the global financial crisis' impact on our business and financial condition in ways that we currently cannot predict. We may face significant challenges if conditions in the financial markets do not improve or continue to worsen, such as adversely impacting our ability to refinance existing credit facilities or extend their terms; and
- the other factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2008 under the caption "Risk Factors."

Any one of these factors or a combination of these factors could materially affect our future results of operations and could influence whether any forward-looking statements ultimately prove to be accurate. Our forward-looking statements are not guarantees of future performance, and actual results and future performance may differ materially from those suggested in any forward-looking statements. We do not intend to update these statements unless we are required by the securities laws to do so.

Company Overview

We are an independent refiner and marketer of petroleum products operating primarily in the South Central, Southwestern and Western regions of the United States. Our crude oil refineries are located in Texas, California, Oregon and Louisiana and have a combined throughput capacity of approximately 250,000 barrels per day ("bpd"). Our refineries produce petroleum products including various grades of gasoline, diesel fuel, jet fuel, petrochemicals, petrochemical feedstocks, asphalt, and other petroleum-based products.

Refining and Unbranded Marketing Segment. Our refining and unbranded marketing segment includes sour and heavy crude oil refineries that are located in Big Spring, Texas; Paramount and Long Beach, California; and a light sweet crude oil refinery located in Krotz Springs, Louisiana. Because we operate the Long Beach refinery as an extension of the Paramount refinery and due to their physical proximity to one another, we refer to the Long Beach and Paramount refineries together as our "California refineries." The refineries in our refining and unbranded marketing segment have a combined throughput capacity of approximately 240,000 bpd. At these refineries we refine crude oil into petroleum products, including gasoline, diesel fuel, jet fuel, petrochemicals, feedstocks and asphalts, which are marketed primarily in the South Central, Southwestern, and Western United States.

We market transportation fuels produced at our Big Spring refinery in West and Central Texas, Oklahoma, New Mexico and Arizona. We refer to our operations in these regions as our "physically integrated system" because we supply our retail and branded marketing segment convenience stores and unbranded distributors in this region with motor fuels produced at our Big Spring refinery and distributed through a network of pipelines and terminals which we either own or have access to through leases or long-term throughput agreements.

We market refined products produced at our Paramount refinery to wholesale distributors, other refiners and third parties primarily on the West Coast. Our Long Beach refinery produces asphalt products. Unfinished fuel products and intermediates produced at our Long Beach refinery are transferred to our Paramount refinery via pipeline and truck for further processing or sold to third parties.

Approximately 98% of the production at the Krotz Springs refinery is light products, including gasoline, diesel, and other distillates. We market refined products from Krotz Springs to wholesale distributors, other refiners, and third parties. The refinery uses its direct access to the Colonial Pipeline to transport products to markets in the Southeastern and Northeastern United States. The refinery's location also provides access to upriver markets on the Mississippi River and its docking facilities along the Atchafalaya River allow barge access.

Asphalt Segment. Our asphalt segment markets asphalt produced at our Texas and California refineries included in the refining and unbranded marketing segment and at our Willbridge, Oregon refinery. Asphalt produced by the refineries in our refining and unbranded marketing segment is transferred to the asphalt segment at prices substantially determined by reference to the cost of crude oil, which is intended to approximate wholesale market prices. Our asphalt segment markets asphalt through 12 refinery/terminal locations in Texas (Big Spring), California (Paramount, Long Beach, Elk Grove, Bakersfield and Mojave), Oregon (Willbridge), Washington (Richmond Beach), Arizona (Phoenix, Flagstaff and Fredonia) and Nevada (Fernley) (50% interest) as well as a 50% interest in Wright Asphalt Products Company, LLC ("Wright"). We produce both paving and roofing grades of asphalt, including performance-graded asphalts, emulsions and cutbacks.

Retail and Branded Marketing Segment. Our retail and branded marketing segment operates 306 convenience stores primarily in Central and West Texas and New Mexico. These convenience stores typically offer various grades

of gasoline, diesel fuel, general merchandise and food and beverage products to the general public, primarily under the 7-Eleven and FINA brand names. In the first six months of 2009, approximately 92% of the motor fuel requirements of Alon's branded marketing operations, including retail operations, were supplied by our Big Spring refinery. As a result of the February 18, 2008 fire at our Big Spring refinery, branded marketing primarily acquired motor fuel from third-party suppliers during the three and six months ended June 30, 2008.

We market gasoline and diesel under the FINA brand name through a network of approximately 670 locations, including our convenience stores. Other than in 2008 due to the February 18, 2008 fire, approximately 50% of the gasoline and 10% of the diesel motor fuel produced at our Big Spring refinery was transferred to our retail and branded marketing segment at prices substantially determined by reference to Platts. Additionally, our retail and branded marketing segment licenses the use of the FINA brand name and provides credit card processing services to 317 licensed locations that are not under fuel supply agreements with us. Branded distributors that are not part of our integrated supply system, primarily in Central Texas, are supplied with motor fuels we obtain from third-party suppliers.

Second Quarter Operational and Financial Highlights

Second quarter of 2009 operating loss was ($10.0) million, compared to operating income of $40.6 million in the same period last year. Operating income in 2009 was lower compared with 2008 principally due to the recognition of net gains from the involuntary conversion of assets and the gain on disposition of assets in the second quarter of 2008. These 2008 gains were partially offset by an increase in production volumes in 2009 as a result of the rebuild of the Big Spring refinery and the assets acquired in the Krotz Springs refinery acquisition. Other operational and financial highlights for the second quarter of 2009 include the following:

- The combined refineries throughput for the second quarter of 2009 averaged 159,856 barrels per day ("bpd"), consisting of an average of 61,573 bpd at the Big Spring refinery, an average of 39,825 bpd at the California refineries and an average of 58,458 bpd at the Krotz Springs refinery compared to a combined average of 70,244 bpd in the second quarter of 2008, consisting of an average of 32,390 bpd at the Big Spring refinery and an average of 37,854 bpd at the California refineries.
- Our average refinery operating margin for the Big Spring refinery increased $13.34 per barrel to $5.37 per barrel for the three months ended June 30, 2009, compared to ($7.97) per barrel for the three months ended June 30, 2008. This increase was attributable mainly to the 2008 fire at the Big Spring refinery.
- Our California refineries operating margin for the three months ended June 30, 2009 increased $8.70 per barrel to $2.47 per barrel, compared to ($6.23) per barrel for the three months ended June 30, 2008. This increase was primarily from a 52% decrease in WTI prices from an average of $124.00 per barrel in the second quarter of 2008 to an average of $59.54 per barrel in the second quarter of 2009.
- The average operating margin for the Krotz Springs refinery for the three months ended June 30, 2009 was $5.85 per barrel.
- The second quarter of 2009 saw the continued contraction of sweet/sour and light/heavy crude oil differentials. The average sweet/sour spread for the three months ended June 30, 2009 was $1.39 per barrel compared to $4.62 per barrel for the three months ended June 30, 2008. The average light/heavy spread for the three months ended June 30, 2009 was $5.65 per barrel compared to $20.92 per barrel for the three months ended June 30, 2008.
- The average 3/2/1 Gulf Coast crack spread for the three months ended June 30, 2009 was $8.30 per barrel compared to $12.95 per barrel for the three months ended June 30, 2008. The average 2/1/1 Gulf Coast high sulphur diesel crack spread for the three months ended June 30, 2009 was $6.63 per barrel compared to $14.06 per barrel for the three months ended June 30, 2008. Additionally, the average 3/2/1 West Coast crack spread for the three months ended June 30, 2009 was $14.48 per barrel compared to $23.28 per barrel for the three months ended June 30, 2008.
- Asphalt margins in the second quarter of 2009 were $50.97 per ton compared to $35.76 per ton in the second quarter of 2008. The average blended asphalt sales price decreased 14.5% from $464.74 per ton in the second quarter of 2008 to $397.35 per ton in the second quarter of 2009 and the average non-blended asphalt

sales price decreased 27.8% from $200.88 per ton in the second quarter of 2008 to $145.04 per ton in the second quarter of 2009. The percentage decrease in asphalt sales price for both blended and non-blended asphalt was less than the 52% decrease in WTI prices for the same periods.

- On June 15, 2009, we paid a regular quarterly cash dividend of $0.04 per share on our common stock to stockholders of record at the close of business on May 29, 2009.

Major Influences on Results of Operations

Refining and Unbranded Marketing

Our earnings and cash flow from our refining and unbranded marketing segment are primarily affected by the difference between refined product prices and the prices for crude oil and other feedstocks. The cost to acquire crude oil and other feedstocks and the price of the refined products we ultimately sell depend on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined 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. While our sales and operating revenues fluctuate significantly with movements in crude oil and refined product prices, it is the spread between crude oil and refined product prices, and not necessarily fluctuations in those prices that affect our earnings.

In order to measure our operating performance, we compare our per barrel refinery operating margins to certain industry benchmarks. We compare our Big Spring refinery's per barrel operating margin to the Gulf Coast and Group III, or mid-continent, 3/2/1 crack spreads. A 3/2/1 crack spread in a given region is calculated assuming that three barrels of a benchmark crude oil are converted, or cracked, into two barrels of gasoline and one barrel of diesel. We calculate the Gulf Coast 3/2/1 crack spread using the market values of Gulf Coast conventional gasoline and ultra low-sulfur diesel and the market value of West Texas Intermediate, or WTI, a light, sweet crude oil. We calculate the Group III 3/2/1 crack spread using the market values of Group III conventional gasoline and ultra low-sulfur diesel and the market value of WTI crude oil. We calculate the per barrel operating margin for our Big Spring refinery by dividing the Big Spring refinery's gross margin by its throughput volumes. Gross margin is the difference between net sales and cost of sales (exclusive of unrealized hedging gains and losses).

We compare our California refineries' per barrel operating margin to the West Coast 6/1/2/3 crack spread. A 6/1/2/3 crack spread is calculated assuming that six barrels of a benchmark crude oil are converted, or cracked, into one barrel of gasoline, two barrels of diesel and three barrels of fuel oil. We calculate the West Coast 6/1/2/3 crack spread using the market values of West Coast LA CARB pipeline gasoline, LA ultra low-sulfur pipeline diesel, LA 380 pipeline CST (fuel oil) and the market value of WTI crude oil. The per barrel operating margin of the California refineries is calculated by dividing the California refinery's gross margin by their throughput volumes. Another comparison to other West Coast refineries that we use is the West Coast 3/2/1 crack spread. This is calculated using the market values of West Coast LA CARB pipeline gasoline, LA ultra low-sulfur pipeline diesel and the market value of WTI crude oil.

We compare our Krotz Springs refinery's per barrel margin to the Gulf Coast 2/1/1 crack spread. A 2/1/1 crack spread is calculated assuming that two barrels of a benchmark crude oil are converted, or cracked, into one barrel of gasoline and one barrel of diesel. We calculate the Gulf Coast 2/1/1 crack spread using the market values of Gulf Coast conventional gasoline and No. 2 diesel and the market value of WTI crude oil. The per barrel operating margin of the Krotz Springs refinery is calculated by dividing the Krotz Springs refinery's gross margin by its throughput volumes.

Our Big Spring refinery and California refineries are capable of processing substantial volumes of sour crude oil, which has historically cost less than intermediate and sweet crude oils. We measure the cost advantage of refining sour crude oil at our refineries by calculating the difference between the value of WTI crude oil less the value of West Texas Sour, or WTS, a medium, sour crude oil. We refer to this differential as the sweet/sour spread. A widening of the sweet/sour spread can favorably influence the operating margin for our Big Spring and California refineries. In addition, our California refineries are capable of processing significant volumes of heavy crude oils which historically have cost less than light crude oils. We measure the cost advantage of refining heavy crude oils by calculating the difference between the value of WTI crude oil less the value of MAYA crude, which we refer to as the light/heavy spread. A widening of the light/heavy spread can favorably influence the refinery operating margins for our California refineries.

The results of operations from our refining and unbranded marketing segment are also significantly affected by our refineries' operating costs, particularly the cost of natural gas used for fuel and the cost of electricity. Natural gas prices have historically been volatile. For example, natural gas prices ranged between $5.29 and $13.58 per million British thermal units, or MMBTU, in 2008. Typically, electricity prices fluctuate with natural gas prices.

Demand for gasoline products is generally higher during summer months than during winter months due to seasonal increases in highway traffic. As a result, the operating results for our refining and unbranded marketing segment for the first and fourth calendar quarters are generally lower than those for the second and third calendar quarters. The effects of seasonal demand for gasoline are partially offset by seasonality in demand for diesel, which in our region is generally higher in winter months as east-west trucking traffic moves south to avoid winter conditions on northern routes.

Safety, reliability and the environmental performance of our refineries are critical to our financial performance. The financial impact of planned downtime, such as a turnaround or major maintenance project, is mitigated through a diligent planning process that considers product availability, margin environment and the availability of resources to perform the required maintenance.

The nature of our business requires us to maintain substantial quantities of crude oil and refined product inventories. Crude oil and refined products are essentially commodities, and we have no control over the changing market value of these inventories. Because our inventory is valued at the lower of cost or market value under the LIFO inventory valuation methodology, price fluctuations generally have little effect on our financial results.

Asphalt

Our earnings from our asphalt segment depend primarily upon the margin between the price at which we sell our asphalt and the transfer prices for asphalt produced at our refineries in the refining and unbranded marketing segment. Asphalt is transferred to our asphalt segment at prices substantially determined by reference to the cost of crude oil, which is intended to approximate wholesale market prices. The asphalt segment also conducts operations at and markets asphalt produced by our refinery located in Willbridge, Oregon. In addition to producing asphalt at our refineries, at times when refining margins are unfavorable we opportunistically purchase asphalt from other producers for resale. A portion of our asphalt sales are made using fixed price contracts for delivery of asphalt products at future dates. Because these contracts are priced at the market prices for asphalt at the time of the contract, a change in the cost of crude oil between the time we enter into the contract and the time we produce the asphalt can positively or negatively influence the earnings of our asphalt segment. Demand for paving asphalt products is higher during warmer months than during colder months due to seasonal increases in road construction work. As a result, the revenues for our asphalt segment for the first and fourth calendar quarters are expected to be lower than those for the second and third calendar quarters.

Retail and Branded Marketing

Our earnings and cash flows from our retail and branded marketing segment are primarily affected by merchandise and motor fuel sales and margins at our convenience stores and the motor fuel sales volumes and margins from sales to our FINA-branded distributors. Retail merchandise gross margin is equal to retail merchandise sales less the delivered cost of the retail merchandise, net of vendor discounts and rebates, measured as a percentage of total retail merchandise sales. Retail merchandise sales are driven by convenience, branding and competitive pricing. Motor fuel margin is equal to motor fuel sales less the delivered cost of fuel and motor fuel taxes, measured on a cents per gallon ("cpg") basis. Our motor fuel margins are driven by local supply, demand and competitor pricing. Our convenience store sales are seasonal and we experience increased demand for our products in the second and third quarters of the year, while the first and fourth quarters usually experience lower overall demand.

Factors Affecting Comparability

Our financial condition and operating results over the three and six months ended June 30, 2009 and 2008 have been influenced by the following factors which are fundamental to understanding comparisons of our period-to-period financial performance.

On July 3, 2008, Alon completed the acquisition of all the capital stock of the refining business located in Krotz Springs, Louisiana, from Valero Energy Corporation ("Valero"). The purchase price was $333,000 in cash plus $141,494 for working capital, including inventories. The completion of the Krotz Springs refinery acquisition increased Alon's crude refining capacity by 50% to approximately 250,000 barrels per day ("bpd") including our

refineries located on the West Coast and West Texas. The results from our Krotz Springs refinery are included in our results of operations for the three and six months ending June 30, 2009.

On February 18, 2008, a fire at the Big Spring refinery destroyed the propylene recovery unit and damaged equipment in the alkylation and gas concentration units. The re-start of the crude unit in a hydroskimming mode began on April 5, 2008 and the Fluid Catalytic Cracking Unit ("FCCU") resumed operations on September 26, 2008. Consequently, our results of operations for the three and six months ended June 30, 2008 reflect the impacts of this event.

The California refineries operated at reduced throughput rates during the first six months of 2009 due to a planned turnaround and completion of the construction of the naphtha hydrotreater. The California refineries operated at reduced throughput rates during the first six months of 2008 to optimize our refining and asphalt economics.

In the second quarter of 2008, an involuntary gain on conversion of assets was recorded of $96.6 million for the insurance proceeds received of $150.0 million in excess of the book value of the assets impaired of $25.3 million and demolition and repair expenses of $28.1 million incurred through June 30, 2008.

A gain on disposition of assets of $42.9 million in the second quarter of 2008 represented the recognition of all the remaining deferred gain associated with the contribution of certain pipelines and terminals to Holly Energy Partners, LP ("HEP"), in March 2005 and was due to the termination of an indemnification agreement with HEP.

Results of Operations

Net Sales. Net sales consist primarily of sales of refined petroleum products through our refining and unbranded marketing segment and asphalt segment and sales of merchandise, including food products, and motor fuels, through our retail and branded marketing segment.

For the refining and unbranded marketing segment, net sales consist of gross sales, net of customer rebates, discounts and excise taxes and include inter-segment sales to our asphalt and retail and branded marketing segments, which are eliminated through consolidation of our financial statements. Asphalt sales consist of gross sales, net of any discounts and applicable taxes. Retail net sales consist of gross merchandise sales, less rebates, commissions and discounts, and gross fuel sales, including motor fuel taxes. For our petroleum and asphalt products, net sales are mainly affected by crude oil and refined product prices and volume changes caused by operations. Our retail merchandise sales are affected primarily by competition and seasonal influences.

Cost of Sales. Refining and unbranded marketing cost of sales includes crude oil and other raw materials, inclusive of transportation costs. Asphalt cost of sales includes costs of purchased asphalt, blending materials and transportation costs. Retail cost of sales includes cost of sales for motor fuels and for merchandise. Motor fuel cost of sales represents the net cost of purchased fuel, including transportation costs and associated motor fuel taxes. Merchandise cost of sales includes the delivered cost of merchandise purchases, net of merchandise rebates and commissions. Cost of sales excludes depreciation and amortization expense.

Direct Operating Expenses. Direct operating expenses, which relate to our refining and unbranded marketing and asphalt segments, include costs associated with the actual operations of our refineries and asphalt terminals, such as energy and utility costs, routine maintenance, labor, insurance and environmental compliance costs. Environmental compliance costs, including monitoring and routine maintenance, are expensed as incurred. All operating costs associated with our crude oil and product pipelines are considered to be transportation costs and are reflected as cost of sales.

Selling, General and Administrative Expenses. Selling, general and administrative, or SG&A, expenses consist primarily of costs relating to the operations of our convenience stores, including labor, utilities, maintenance and retail corporate overhead costs. Refining and marketing and asphalt segment corporate overhead and marketing expenses are also included in SG&A expenses.

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ALON USA ENERGY, INC. AND SUBSIDIARIES CONSOLIDATED

Summary Financial Tables. The following tables provide summary financial data and selected key operating statistics for Alon and our three operating segments for the three and six months ended June 30, 2009 and 2008. The summary financial data for our three operating segments does not include certain SG&A expenses and depreciation and amortization related to our corporate headquarters. The following data should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q. All information in "Management's Discussion and Analysis of Financial Condition and Results of Operations" except for Balance Sheet data as of December 31, 2008 is unaudited.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
	(dollars in thousands, except per share data)		(dollars in thousands, except per share data)	
STATEMENT OF OPERATIONS DATA:				
Net sales (1)	$ 1,106,398	$ 1,244,671	$ 1,828,578	$ 2,265,434
Operating costs and expenses:				
Cost of sales	988,318	1,252,392	1,528,048	2,221,389
Direct operating expenses	71,345	40,546	140,209	82,835
Selling, general and administrative expenses (2)	31,581	27,802	63,496	56,656
Net costs associated with fire (3)	—	9,374	—	25,836
Depreciation and amortization (4)	23,561	13,507	45,651	27,252
Total operating costs and expenses	1,114,805	1,343,621	1,777,404	2,413,968
Gain on involuntary conversion of assets (5)	—	96,588	—	96,588
Gain on disposition of assets (6)	(1,600)	42,935	(1,600)	45,246
Operating income (loss)	(10,007)	40,573	49,574	(6,700)
Interest expense (7)	(21,023)	(10,736)	(49,279)	(21,392)
Equity earnings of investees	8,376	1,292	8,373	1,608
Other income, net	191	373	448	1,118
Income (loss) before income tax expense (benefit), non-controlling interest in income (loss) of subsidiaries and accumulated dividends on preferred stock of subsidiary	(22,463)	31,502	9,116	(25,366)
Income tax expense (benefit)	(7,549)	11,860	3,446	(9,233)
Income (loss) before non-controlling interest in income (loss) of subsidiaries and accumulated dividends on preferred stock of subsidiary	(14,914)	19,642	5,670	(16,133)
Non-controlling interest in income (loss) of subsidiaries	(1,724)	1,415	(641)	(782)
Accumulated dividends on preferred stock of subsidiary	2,150	—	4,300	—
Net income (loss)	$ (15,340)	$ 18,227	$ 2,011	$ (15,351)
Earnings (loss) per share, basic	$ (0.33)	$ 0.39	$ 0.04	$ (0.33)
Weighted average shares outstanding, basic (in thousands)	46,809	46,782	46,807	46,782
Earnings (loss) per share, diluted	$ (0.33)	$ 0.38	$ 0.04	$ (0.33)
Weighted average shares outstanding, diluted (in thousands)	46,809	46,802	46,810	46,782
Cash dividends per share	$ 0.04	$ 0.04	$ 0.08	$ 0.08
CASH FLOW DATA:				
Net cash provided by (used in):				
Operating activities	$ 177,437	$ 7,548	$ 296,964	$ (42,076)
Investing activities	(29,705)	(67,871)	(44,714)	(51,003)
Financing activities	(122,548)	43,084	(227,227)	38,360

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
	(dollars in thousands, except per share data)		(dollars in thousands, except per share data)	
OTHER DATA:				
Adjusted EBITDA (8)	$ 23,721	$ 12,810	$ 105,646	$ (21,968)
Capital expenditures (9)	18,887	10,342	29,244	19,524
Capital expenditures to rebuild the Big Spring refinery	7,146	160,341	39,281	160,341
Capital expenditures for turnaround and chemical catalyst	2,951	460	10,314	2,069

	June 30, 2009	December 31, 2008
BALANCE SHEET DATA (end of period):		
Cash and cash equivalents	$ 43,477	$ 18,454
Working capital	52,815	250,384
Total assets	2,272,539	2,413,433
Total debt	834,355	1,103,569
Total equity	540,022	536,867

(1) Includes excise taxes on sales by the retail and branded marketing segment of $11,770 and $9,319 for the three months ended June 30, 2009 and 2008, respectively, and $22,814 and $18,973 for the six months ended June 30, 2009 and 2008, respectively.

(2) Includes corporate headquarters selling, general and administrative expenses of $190 and $151 for the three months ended June 30, 2009 and 2008, respectively, and $380 and $302 for the six months ended June 30, 2009 and 2008, respectively, which are not allocated to our three operating segments.

(3) Net costs associated with fire for the three and six months ended June 30, 2008, respectively, includes $8,374 and $20,046 of expenses incurred from pipeline commitment deficiencies, crude sale losses and other incremental costs; $1,000 and $5,000 for the three and six months ended June 30, 2008, respectively, for our third party liability insurance deductible under the insurance policy; and depreciation for the temporarily idled facilities of $790 for the six months ended June 30, 2008.

(4) Includes corporate depreciation and amortization of $148 and $223 for the three months ended June 30, 2009 and 2008, respectively, and $295 and $446 for the six months ended June 30, 2009 and 2008, respectively, which are not allocated to our three operating segments. Also included for the three and six months ended June 30, 2009 is additional depreciation attributable to the depreciation on the assets acquired in the Krotz Springs refinery acquisition in July 2008 and capital expenditures placed in service in September 2008 from the rebuild of the Big Spring refinery.

(5) Based upon the receipt of insurance proceeds of $150,000 through June 30, 2008, an involuntary gain on conversion of assets was recorded of $96,588 for the proceeds received in excess of the book value of the assets impaired of $25,330 and demolition and repair expenses of $28,082 incurred through June 30, 2008.

(6) Gain on disposition of assets reported in the three and six months ended June 30, 2008 includes the recognition of deferred gain recorded primarily in connection with the contribution of certain product pipelines and terminals to Holly Energy Partners, LP,("HEP"), in March 2005 ("HEP transaction"). A gain of $42,935 in the second quarter of 2008 represented all the recognition of the remaining deferred gain associated with the HEP transaction and was due to the termination of an indemnification agreement with HEP.

(7) Interest expense of $49,279 for the six months ended June 30, 2009 includes $5,715 related to the liquidation of the heating oil hedge. The remaining increase compared to interest expense for the six months ended June 30, 2008 of $21,392 is primarily due to interest on borrowings and letter of credit fees related to the Krotz Springs refinery acquisition.

(8) Adjusted EBITDA represents earnings before non-controlling interest in income of subsidiaries, income tax expense, interest expense, depreciation and amortization and gain on disposition of assets. Adjusted EBITDA is not a recognized measurement under GAAP; however, the amounts included in Adjusted EBITDA are derived

from amounts included in our consolidated financial statements. Our management believes that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. In addition, our management believes that Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of Adjusted EBITDA generally eliminates the effects of non-controlling interest in income of subsidiaries, income tax expense, interest expense, gain on disposition of assets and the accounting effects of capital expenditures and acquisitions, items that may vary for different companies for reasons unrelated to overall operating performance.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect the prior claim that non-controlling interest have on the income generated by non-wholly-owned subsidiaries;
- Adjusted EBITDA does not reflect changes in or cash requirements for our working capital needs; and
- Our calculation of Adjusted EBITDA may differ from EBITDA calculations of other companies in our industry, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

The following table reconciles net income (loss) to Adjusted EBITDA for the three and six months ended June 30, 2009 and 2008, respectively:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
	(dollars in thousands)			
Net income (loss)	$ (15,340)	$ 18,227	$ 2,011	$ (15,351)
Non-controlling interest in income of subsidiaries (including accumulated dividends on preferred stock of subsidiary)	426	1,415	3,659	(782)
Income tax expense (benefit)	(7,549)	11,860	3,446	(9,233)
Interest expense	21,023	10,736	49,279	21,392
Depreciation and amortization	23,561	13,507	45,651	27,252
(Gain) loss on disposition of assets	1,600	(42,935)	1,600	(45,246)
Adjusted EBITDA	$ 23,721	$ 12,810	$ 105,646	$ (21,968)

Adjusted EBITDA for the three and six months ended June 30, 2008 includes a gain on the involuntary conversion of assets of $96,588 representing the insurance proceeds received with respect to property damage resulting from the Big Spring refinery fire in excess of the net book value of assets impaired of $25,330 and the demolition and repair expenses of $28,082 incurred through June 30, 2008. Adjusted EBITDA also includes net costs associated with fire at the Big Spring refinery of $9,374 and $25,836 for the three and six months ended June 30, 2008, respectively.

(9) Includes corporate capital expenditures of $654 and $319 for the three months ended June 30, 2009 and 2008, respectively, and $1,232 and $458 for the six months ended June 30, 2009 and 2008, respectively, which are not allocated to our three operating segments.

REFINING AND UNBRANDED MARKETING SEGMENT

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
	(dollars in thousands, except per barrel data and pricing statistics)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 897,519	$ 869,559	$ 1,484,447	$ 1,641,598
Operating costs and expenses:				
Cost of sales	825,935	917,689	1,248,929	1,673,646
Direct operating expenses	61,638	30,668	120,009	61,141
Selling, general and administrative expenses	7,239	3,679	14,566	8,068
Net costs associated with fire (2)	—	9,374	—	25,836
Depreciation and amortization (3)	19,459	9,210	37,496	18,840
Total operating costs and expenses	914,271	970,620	1,421,000	1,787,531
Gain on involuntary conversion of assets (4)	—	96,588	—	96,588
Gain (loss) on disposition of assets (5)	(1,600)	42,935	(1,600)	45,246
Operating income (loss)	$ (18,352)	$ 38,462	$ 61,847	$ (4,099)
KEY OPERATING STATISTICS:				
Total sales volume (bpd)	132,286	55,727	127,400	59,717
Per barrel of throughput:				
Refinery operating margin — Big Spring (6)	$ 5.37	$ (7.97)	$ 8.83	$ (1.08)
Refinery operating margin — CA Refineries (6)	2.47	(6.23)	3.99	(4.03)
Refinery operating margin — Krotz Springs (6)	5.85	N/A	8.91	N/A
Refinery direct operating expense — Big Spring (7)	4.70	3.98	4.14	4.91
Refinery direct operating expense — CA Refineries (7)	3.80	5.50	4.65	4.91
Refinery direct operating expense — Krotz Springs (7)	4.04	N/A	4.32	N/A
Capital expenditures	16,925	9,921	26,323	17,624
Capital expenditures to rebuild the Big Spring refinery	7,146	160,341	39,281	160,341
Capital expenditures for turnaround and chemical catalyst	2,951	460	10,314	2,069
PRICING STATISTICS:				
WTI crude oil (per barrel)	$ 59.54	$ 124.00	$ 51.36	$ 111.00
WTS crude oil (per barrel)	58.15	119.38	50.20	106.35
MAYA crude oil (per barrel)	53.89	103.08	46.28	92.11
Crack spreads (3/2/1) (per barrel):				
Gulf Coast	$ 8.30	$ 12.95	$ 8.97	$ 11.19
Group III	9.34	13.80	9.53	11.95
West Coast	14.48	23.28	16.19	19.91
Crack spreads (6/1/2/3) (per barrel):				
West Coast	$ 2.59	$ (1.69)	$ 4.39	$ (1.28)
Crack spreads (2/1/1) (per barrel):				
Gulf Coast high sulfur diesel	$ 6.63	$ 14.06	$ 8.04	$ 11.79
Crude oil differentials (per barrel):				
WTI less WTS	$ 1.39	$ 4.62	$ 1.16	$ 4.65
WTI less MAYA	5.65	20.92	5.08	18.89
Product price (dollars per gallon):				
Gulf Coast unleaded gasoline	$ 1.638	$ 3.067	$ 1.429	$ 2.749
Gulf Coast ultra low-sulfur diesel	1.569	3.648	1.451	3.229
Group III unleaded gasoline	1.674	3.100	1.454	2.774
Group III ultra low-sulfur diesel	1.571	3.644	1.441	3.233
West Coast LA CARBOB (unleaded gasoline)	1.841	3.427	1.674	3.059
West Coast LA ultra low-sulfur diesel	1.606	3.665	1.478	3.232
Natural gas (per MMBTU)	3.81	11.47	4.13	10.14

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THROUGHPUT AND YIELD DATA: BIG SPRING

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2009		2008		2009		2008	
	bpd	%	bpd	%	bpd	%	bpd	%
Refinery throughput:								
Sour crude	50,771	82.5	27,126	83.7	53,099	84.3	26,080	84.6
Sweet crude	7,768	12.6	4,427	13.7	7,815	12.4	3,402	11.0
Blendstocks	3,034	4.9	837	2.6	2,073	3.3	1,348	4.4
Total refinery throughput (8)	61,573	100.0	32,390	100.0	62,987	100.0	30,830	100.0
Refinery production:								
Gasoline	26,333	43.0	8,981	28.5	27,294	43.4	11,478	37.8
Diesel/jet	19,571	32.0	7,876	24.9	20,648	32.8	7,758	25.6
Asphalt	6,444	10.5	5,976	18.9	5,840	9.3	4,537	14.9
Petrochemicals	3,281	5.4	344	1.1	3,154	5.0	873	2.9
Other	5,595	9.1	8,394	26.6	5,946	9.5	5,720	18.8
Total refinery production (9)	61,224	100.0	31,571	100.0	62,882	100.0	30,366	100.0
Refinery utilization (10)		83.6%		45.1%		87.0%		43.0%

THROUGHPUT AND YIELD DATA: CALIFORNIA REFINERIES

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2009		2008		2009		2008	
	bpd	%	bpd	%	bpd	%	bpd	%
Refinery throughput:								
Medium sour crude	20,150	50.6	11,837	31.3	16,209	47.2	11,269	29.9
Heavy crude	19,315	48.5	25,540	67.4	17,914	52.2	25,545	67.9
Blendstocks	360	0.9	477	1.3	202	0.6	818	2.2
Total refinery throughput (8)	39,825	100.0	37,854	100.0	34,325	100.0	37,632	100.0
Refinery production:								
Gasoline	6,587	17.0	5,088	13.9	4,936	14.7	5,296	14.6
Diesel/jet	9,086	23.4	8,793	23.9	7,658	22.8	8,708	23.9
Asphalt	11,450	29.5	9,534	26.0	10,100	30.1	9,966	27.4
Light unfinished	99	0.3	—	0.0	999	3.0	—	0.0
Heavy unfinished	10,868	28.0	13,050	35.5	9,340	27.8	12,166	33.5
Other	697	1.8	271	0.7	534	1.6	234	0.6
Total refinery production (9)	38,787	100.0	36,736	100.0	33,567	100.0	36,370	100.0
Refinery utilization (10)		54.4%		51.6%		56.1%		50.8%

THROUGHPUT AND YIELD DATA: KROTZ SPRINGS

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009		2009	
	bpd	%	bpd	%
Refinery throughput:				
Light sweet crude	28,065	48.0	27,746	49.5
Heavy sweet crude	26,362	45.1	23,240	41.4
Blendstocks	4,031	6.9	5,113	9.1
Total refinery throughput (8)	58,458	100.0	56,099	100.0
Refinery production:				
Gasoline	27,962	47.1	26,215	46.0
Diesel/jet	24,514	41.3	24,491	42.9
Heavy oils	1,358	2.3	1,124	2.0
Other	5,521	9.3	5,205	9.1
Total refinery production (9)	59,355	100.0	57,035	100.0
Refinery utilization (10)		65.5%		61.4%

(1) Net sales include intersegment sales to our asphalt and retail and branded marketing segments at prices which approximate wholesale market prices. These intersegment sales are eliminated through consolidation of our financial statements.

(2) Net costs associated with fire for the three and six months ended June 30, 2008, respectively, includes $8,374 and $20,046 of expenses incurred from pipeline commitment deficiencies, crude sale losses and other incremental costs; $1,000 and $5,000 for the three and six months ended June 30, 2008, respectively, for our third party liability insurance deductible under the insurance policy; and depreciation for the temporarily idled facilities of $790 for the six months ended June 30, 2008.

(3) Higher 2009 depreciation amounts attributable to the depreciation on the assets acquired in the Krotz Springs refinery acquisition in July 2008 and capital expenditures placed in service in September 2008 from the rebuild of the Big Spring refinery.

(4) Based upon the receipt of insurance proceeds of $150,000 through June 30, 2008, an involuntary gain on conversion of assets was recorded of $96,588 for the proceeds received in excess of the book value of the assets impaired of $25,330 and demolition and repair expenses of $28,082 incurred through June 30, 2008.

(5) Gain on disposition of assets reported in the three and six months ended June 30, 2008 includes the recognition of deferred gain recorded primarily in connection with the HEP transaction. A gain of $42,935 in the second quarter of 2008 represented all the recognition of the remaining deferred gain associated with the HEP transaction and was due to the termination of an indemnification agreement with HEP.

(6) Refinery operating margin is a per barrel measurement calculated by dividing the margin between net sales and cost of sales (exclusive of unrealized hedging gains and losses and inventories adjustments related to acquisitions) attributable to each refinery by the refinery's throughput volumes. Industry-wide refining results are driven and measured by the margins between refined product prices and the prices for crude oil, which are referred to as crack spreads. We compare our refinery operating margins to these crack spreads to assess our operating performance relative to other participants in our industry. There were unrealized hedging losses of ($868) for the Big Spring refinery for the three and six months ended June 30, 2009. There were unrealized hedging losses of ($75) and gains of $58 for the California refineries for the three and six months ended June 30, 2009, respectively, and unrealized hedging losses of ($3,186) and gains of $1,602 for the California refineries for the three and six months ended June 30, 2008, respectively. There were unrealized hedging gains of $2,373 and $20,399 for the Krotz Springs refinery for the three and six months ended June 30, 2009. Additionally, realized gains related to the unwind of the heating oil crack spread hedge of $133,581 were excluded from the Krotz Springs refinery margin for the three and six months ended June 30, 2009.

(7) Refinery direct operating expense is a per barrel measurement calculated by dividing direct operating expenses at our Big Spring, California, and Krotz Springs refineries, exclusive of depreciation and amortization, by the applicable refinery's total throughput volumes.

(8) Total refinery throughput represents the total barrels per day of crude oil and blendstock inputs in the refinery production process.

(9) Total refinery production represents the barrels per day of various products produced from processing crude and other refinery feedstocks through the crude units and other conversion units at the refinery. Light product yields decreased at the Big Spring refinery for the three and six months ended June 30, 2008 due to the fire on February 18, 2008 and the re-start of the crude unit in a hydroskimming mode on April 5, 2008.

(10) Refinery utilization represents average daily crude oil throughput divided by crude oil capacity, excluding planned periods of downtime for maintenance and turnarounds. The decrease in refinery utilization at our Big Spring refinery for the three and six months ended June 30, 2008 is due to the fire on February 18, 2008 and the re-start of the crude unit in a hydroskimming mode on April 5, 2008.

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ASPHALT SEGMENT

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
	(dollars in thousands, except per ton data)			
STATEMENTS OF OPERATIONS DATA:				
Net sales	$ 125,480	$ 177,277	$ 176,240	$ 281,217
Operating costs and expenses:				
Cost of sales (1)	107,897	163,474	168,130	255,609
Direct operating expenses	9,707	9,878	20,200	21,694
Selling, general and administrative expenses	1,050	736	2,204	2,122
Depreciation and amortization	542	536	1,080	1,068
Total operating costs and expenses	119,196	174,624	191,614	280,493
Gain (loss) on disposition of assets	—	—	—	—
Operating income (loss)	$ 6,284	$ 2,653	$ (15,374)	$ 724
KEY OPERATING STATISTICS:				
Blended asphalt sales volume (tons in thousands) (2)	299	378	446	627
Non-blended asphalt sales volume (tons in thousands) (3)	46	8	83	38
Blended asphalt sales price per ton (2)	$ 397.35	$ 464.74	$ 369.93	$ 437.47
Non-blended asphalt sales price per ton (3)	145.04	200.88	135.54	182.26
Asphalt margin per ton (4)	50.97	35.76	15.33	38.51
Capital expenditures	$ 414	$ 62	$ 576	$ 275

(1) Cost of sales includes intersegment purchases of asphalt blends from our refining and unbranded marketing segment at prices which approximate wholesale market prices. These intersegment purchases are eliminated through consolidation of our financial statements.

(2) Blended asphalt represents base asphalt that has been blended with other materials necessary to sell the asphalt as a finished product.

(3) Non-blended asphalt represents base material asphalt and other components that require additional blending before being sold as a finished product.

(4) Asphalt margin is a per ton measurement calculated by dividing the margin between net sales and cost of sales by the total sales volume. Asphalt margins are used in the asphalt industry to measure operating results related to asphalt sales.

RETAIL AND BRANDED MARKETING SEGMENT

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
	(dollars in thousands, except per gallon data)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 206,461	$ 377,272	$ 373,931	$ 686,526
Operating costs and expenses:				
Cost of sales (2)	177,548	350,666	317,029	636,041
Selling, general and administrative expenses	23,102	23,236	46,346	46,164
Depreciation and amortization	3,412	3,538	6,780	6,898
Total operating costs and expenses	204,062	377,440	370,155	689,103
Gain (loss) on disposition of assets	—	—	—	—
Operating income (loss)	$ 2,399	$ (168)	$ 3,776	$ (2,577)
KEY OPERATING STATISTICS:				
Integrated branded fuel sales (thousands of gallons) (3)	66,617	54,931	130,263	109,089
Integrated branded fuel margin (cents per gallon) (3)	5.4	2.0	5.6	1.9
Non-Integrated branded fuel sales (thousands of gallons) (3)	3,241	37,182	6,387	75,451
Non-Integrated branded fuel margin (cents per gallon) (3)	2.2	(2.1)	4.7	(1.1)
Number of stores (end of period)	306	306	306	306
Retail fuel sales (thousands of gallons)	30,198	24,414	58,381	49,285
Retail fuel sales (thousands of gallons per site per month)	33	27	32	27
Retail fuel margin (cents per gallon) (4)	12.5	19.2	14.1	18.8
Retail fuel sales price (dollars per gallon) (5)	$ 2.26	$ 3.77	$ 2.08	$ 3.43
Merchandise sales	$ 70,650	$ 68,314	$ 133,262	$ 128,552
Merchandise sales (per site per month)	76	74	73	70
Merchandise margin (6)	30.2%	31.5%	30.7%	31.5%
Capital expenditures	$ 894	$ 40	$ 1,113	$ 1,167

(1) Includes excise taxes on sales by the retail and branded marketing segment of $11,770 and $9,319 for the three months ended June 30, 2009 and 2008, respectively, and $22,814 and $18,973 for the six months ended June 30, 2009 and 2008, respectively. Net sales also includes royalty and related net credit card fees of $262 and $51 for the three months ended June 30, 2009 and 2008, respectively, and $351 and $127 for the six months ended June 30, 2009 and 2008, respectively.

(2) Cost of sales includes intersegment purchases of motor fuels from our refining and unbranded marketing segment at prices which approximate wholesale market prices. These intersegment purchases are eliminated through consolidation of our financial statements.

(3) Marketing sales volume represents branded fuel sales to our wholesale marketing customers located in both our integrated and non-integrated regions. The branded fuels we sell in our integrated region are primarily supplied by the Big Spring refinery. Due to the fire on February 18, 2008 at the Big Spring refinery, more fuel was obtained from third-party suppliers during the three and six months ended June 30, 2008. The branded fuels we sell in the non-integrated region are obtained from third-party suppliers. The marketing margin represents the margin between the net sales and cost of sales attributable to our branded fuel sales volume, expressed on a cents-per-gallon basis.

(4) Retail fuel margin represents the difference between motor fuel sales revenue and the net cost of purchased motor fuel, including transportation costs and associated motor fuel taxes, expressed on a cents-per-gallon basis. Motor fuel margins are frequently used in the retail industry to measure operating results related to motor fuel sales.

(5) Retail fuel sales price per gallon represents the average sales price for motor fuels sold through our retail convenience stores.

(6) Merchandise margin represents the difference between merchandise sales revenues and the delivered cost of merchandise purchases, net of rebates and commissions, expressed as a percentage of merchandise sales revenues. Merchandise margins, also referred to as in-store margins, are commonly used in the retail convenience store industry to measure in-store, or non-fuel, operating results.

Three Months Ended June 30, 2009 Compared to the Three Months Ended June 30, 2008

Net Sales

Consolidated. Net sales for the three months ended June 30, 2009 were $1,106.4 million, compared to $1,244.7 million for the three months ended June 30, 2008, a decrease of $138.3 million or 11.1%. This decrease was primarily due to decreased refined product prices in all segments caused by lower crude oil costs.

Refining and Unbranded Marketing Segment. Net sales for our refining and unbranded marketing segment were $897.5 million for the three months ended June 30, 2009, compared to $869.6 million for the three months ended June 30, 2008, an increase of $27.9 million or 3.2%. The increase in net sales was primarily due to the inclusion of three months of sales from the Krotz Springs refinery acquired in July 2008 and lower 2008 throughput volumes as a result of the February 18, 2008 Big Spring refinery fire partially offset by lower 2009 refined product prices. Following the February 2008 fire, production ceased at the Big Spring refinery until the re-start of the crude unit in a hydroskimming mode on April 5, 2008. Total refinery throughput for the three months ended June 30, 2009 averaged 159,856 bpd consisting of: 61,573 bpd at the Big Spring refinery; 39,825 bpd at the California refineries and 58,458 bpd at our Krotz Springs refinery compared to total refinery throughput for the three months ended June 30, 2008 of 70,244 bpd, consisting of: 32,390 bpd at the Big Spring refinery and 37,854 bpd at the California refineries, an increase in total refinery throughput of 44.4%, excluding the addition of Krotz Springs refinery throughput. The decrease in refined product prices that our Big Spring refinery experienced was similar to the price decreases experienced in the Gulf Coast markets. The decrease in refined product prices that our California refineries experienced was similar to the price decreases experienced in the West Coast markets. The average price of Gulf Coast gasoline in 2009 decreased 142.9 cpg, or 46.6%, to 163.8 cpg, compared to 306.7 cpg in 2008. The average Gulf Coast diesel price in 2009 decreased 207.9 cpg, or 57.0%, to 156.9 cpg compared to 364.8 cpg in 2008. The average price of West Coast LA CARBOB gasoline in 2009 decreased 158.7 cpg, or 46.3%, to 184.1 cpg, compared to 342.7 cpg in 2008. The average West Coast LA diesel price in 2009 decreased 205.9 cpg, or 56.2%, to 160.6 cpg compared to 366.5 cpg in 2008.

Asphalt Segment. Net sales for our asphalt segment were $125.5 million for the three months ended June 30, 2009, compared to $177.3 million for the three months ended June 30, 2008, a decrease of $51.8 million or 29.2%. The decrease was due primarily to a decrease in the average asphalt sales price. The average blended asphalt sales price decreased 14.5% from $464.74 per ton for the three months ended June 30, 2008 to $397.35 per ton in the three months ended June 30, 2009 and the average non-blended asphalt sales price decreased 27.8% from $200.88 per ton in the three months ended June 30, 2008 to $145.04 per ton for the three months ended June 30, 2009. The percentage decrease in asphalt sales price for both blended and non-blended asphalt was less than the 52% decrease in WTI prices for the same periods.

Retail and Branded Marketing Segment. Net sales for our retail and branded marketing segment were $206.5 million for the three months ended June 30, 2009 compared to $377.3 million for the three months ended June 30, 2008, a decrease of $170.8 million or 45.3%. This decrease was primarily attributable to decreased motor fuel prices.

Cost of Sales

Consolidated. Cost of sales was $988.3 million for the three months ended June 30, 2009, compared to $1,252.4 million for the three months ended June 30, 2008, a decrease of $264.1 million or 21.1%. This decrease was primarily due to decreased costs in all segments due to lower crude oil costs.

Refining and Unbranded Marketing Segment. Cost of sales for our refining and unbranded marketing segment was $825.9 million for the three months ended June 30, 2009, compared to $917.7 million for the three months ended June 30, 2008, a decrease of $91.8 million or 10.0%. This decrease was primarily due to lower crude oil costs, partially offset by the inclusion of three months of cost of sales from the Krotz Springs refinery acquired in July 2008 and lower 2008 throughput volumes at the Big Spring refinery from the February 2008 fire. The average price per barrel of WTI for the three months ended June 30, 2009 decreased $64.46 per barrel to an average of $59.54 per barrel, compared to an average of $124.00 per barrel for 2008, a decrease of 52.0%.

Asphalt Segment. Cost of sales for our asphalt segment was $107.9 million for the three months ended June 30, 2009, compared to $163.5 million for the three months ended June 30, 2008, a decrease of $55.6 million or 34.0%. The decrease was primarily due to the decreased cost of crude oil.

Retail and Branded Marketing Segment. Cost of sales for our retail and branded marketing segment was $177.5 million for the three months ended June 30, 2009, compared to $350.7 million for the three months ended June 30, 2008, a decrease of $173.2 million or 49.4%. This decrease was primarily attributable to decreased motor fuel prices.

Direct Operating Expenses

Consolidated. Direct operating expenses were $71.3 million for the three months ended June 30, 2009, compared to $40.5 million for the three months ended June 30, 2008, an increase of $30.8 million or 76.0%. This increase was primarily due to the direct operating expenses associated with the Krotz Springs refinery acquired in July 2008 and higher throughput volumes at the Big Spring refinery for the three months ended June 30, 2009 compared to the same period in 2008.

Refining and Unbranded Marketing Segment. Direct operating expenses for our refining and unbranded marketing segment for the three months ended June 30, 2009 were $61.6 million, compared to $30.7 million for the three months ended June 30, 2008, an increase of $30.9 million or 100.7%. This increase was primarily due to the inclusion of three months of direct operating expenses associated with the Krotz Springs refinery acquired in July 2008 and higher throughput volumes at the Big Spring refinery for the three months ended June 30, 2009 compared to the same period in 2008.

Asphalt Segment. Direct operating expenses for our asphalt segment for the three months ended June 30, 2009 were $9.7 million, compared to $9.9 million for the three months ended June 30, 2008, a decrease of $0.2 million or 2.0%. This decrease was primarily due to lower utility costs.

Selling, General and Administrative Expenses

Consolidated. SG&A expenses for the three months ended June 30, 2009 were $31.6 million, compared to $27.8 million for the three months ended June 30, 2008, an increase of $3.8 million or 13.7%. The increase is primarily due to the inclusion of SG&A costs in the second quarter of 2009 from the Krotz Springs refinery acquired in July 2008.

Refining and Unbranded Marketing Segment. SG&A expenses for our refining and unbranded marketing segment for the three months ended June 30, 2009 were $7.2 million, compared to $3.7 million for the three months ended June 30, 2008, an increase of $3.5 million or 94.6%. The increase is primarily due to the inclusion of SG&A costs from the Krotz Springs refinery in the second quarter of 2009.

Asphalt Segment. SG&A expenses for our asphalt segment for the three months ended June 30, 2009 were $1.1 million, compared to $0.7 million for the three months ended June 30, 2008, an increase of $0.4 million or 57.1%.

Retail and Branded Marketing Segment. SG&A expenses for our retail and branded marketing segment for the three months ended June 30, 2009 were $23.1 million, compared to $23.2 million for the three months ended June 30, 2008, a decrease of $0.1 million or 0.4%.

Depreciation and Amortization

Depreciation and amortization for the three months ended June 30, 2009 was $23.6 million, compared to $13.5 million for the three months ended June 30, 2008, an increase of $10.1 million or 74.8%. This increase was primarily attributable to the depreciation on the assets acquired in the Krotz Springs refinery acquisition in July 2008 and capital expenditures placed in service in September 2008 from the rebuild of the Big Spring refinery.

Operating Income

Consolidated. Operating income for the three months ended June 30, 2009 was ($10.0) million, compared to $40.6 million for the three months ended June 30, 2008, a decrease of $50.6 million. This decrease was primarily due to gains recorded in 2008 for the involuntary conversion of assets relating to our Big Spring refinery and the HEP transaction, partially offset by improved operating margins for our Big Spring and California refineries for the three months ended June 30, 2009.

Refining and Unbranded Marketing Segment. Operating income for our refining and unbranded marketing segment was ($18.4) million for the three months ended June 30, 2009, compared to $38.5 million for the three months ended June 30, 2008, a decrease of $56.9 million. This decrease was primarily attributable to the 2008 gain on involuntary conversion of assets relating to our Big Spring refinery of $96.6 million and the gain recognized from the HEP transaction of $42.9 million. The operating margin for our Big Spring refinery for 2009 increased $13.34 per barrel to $5.37 per barrel in 2009 from ($7.97) per barrel in 2008. The Big Spring refinery operated in a hydroskimming mode in the second quarter due to the fire, which resulted in lower refinery light product yields. Light product yields were approximately 54% for the second quarter of 2008 and 80% for the second quarter of 2009. Our operating margin for our California refineries increased $8.70 per barrel to $2.47 per barrel for the three months ended June 30, 2009 from ($6.23) per barrel for the same period in 2008. This increase was primarily from a 52.0% decrease in WTI prices from an average of $124.00 per barrel in the second quarter of 2008 to an average of $59.54 per barrel in the second quarter of 2009. The margin at our Krotz Springs refinery for the three months ended June 30, 2009 was $5.85 per barrel. Refining and unbranded marketing segment operating income was also affected by a 69.9% decrease in the sweet/sour spread and a 73.0% decrease in light/heavy spread for the three months ended June 30, 2009 compared to the same period in 2008.

Asphalt Segment. Operating income for our asphalt segment was $6.3 million for the three months ended June 30, 2009, compared to operating income of $2.7 million the three months ended June 30, 2008, an increase of $3.6 million. The increase was primarily due to lower crude oil costs during the second quarter of 2009 compared to the same period in 2008. Impacting the asphalt margin in the second quarter of 2009 was a charge to cost of goods sold of $14.46 per ton primarily due to the sale of winter fill inventories.

Retail and Branded Marketing Segment. Operating income for our retail and branded marketing segment was $2.4 million for the three months ended June 30, 2009, compared to ($0.2) million for the three months ended June 30, 2008, an increase of $2.6 million. This increase was primarily due to higher branded motor fuel sales margins.

Interest Expense

Interest expense was $21.0 million for the three months ended June 30, 2009, compared to $10.7 million for the three months ended June 30, 2008, an increase of $10.3 million. This increase was primarily due to interest on borrowings and letter of credit fees related to the Krotz Springs refinery acquisition in July 2008.

Income Tax Expense (Benefit)

Income tax expense was ($7.5) million for the three months ended June 30, 2009, compared to $11.9 million for the three months ended June 30, 2008. This decrease resulted from our pre-tax loss in the second quarter of 2009 compared to pre-tax income in the second quarter of 2008. Our effective tax rate was 33.6% for the three months ended June 30, 2009, compared to an effective tax rate of 37.7% for the three months ended June 30, 2008.

Non-Controlling Interest In Income (Loss) Of Subsidiaries

Non-controlling interest in income (loss) of subsidiaries represents the proportional share of net income (loss) related to non-voting common stock owned by non-controlling interests in two of our subsidiaries, Alon Assets, Inc. and Alon USA Operating, Inc. Non-controlling interest in income (loss) of subsidiaries was ($1.7) million for the three months ended June 30, 2009, compared to $1.4 million for the three months ended June 30, 2008, a decrease of $3.1 million.

Net Income (Loss)

Net income was ($15.3) million for the three months ended June 30, 2009, compared to $18.2 million for the three months ended June 30, 2008, a decrease of $33.5 million. This decrease was attributable to the factors discussed above.

Six Months Ended June 30, 2009 Compared to the Six Months Ended June 30, 2008

Net Sales

Consolidated. Net sales for the six months ended June 30, 2009 were $1,828.6 million, compared to $2,265.4 million for the six months ended June 30, 2008, a decrease of $436.8 million or 19.3%. This decrease was primarily due to decreased refined product prices in all segments caused by lower crude oil costs.

Refining and Unbranded Marketing Segment. Net sales for our refining and unbranded marketing segment were $1,484.4 million for the six months ended June 30, 2009, compared to $1,641.6 million for the six months ended June 30, 2008, a decrease of $157.2 million or 9.6%. The decrease in net sales was primarily due to significantly lower refined product prices partially offset by the inclusion of six months of sales from the Krotz Springs refinery acquired in July 2008 and lower 2008 throughput volumes as a result of the February 18, 2008 Big Spring refinery fire. Total refinery throughput for the six months ended June 30, 2009 averaged 153,411 bpd consisting of: 62,987 bpd at the Big Spring refinery; 34,325 bpd at the California refineries and 56,099 bpd at our Krotz Springs refinery compared to total refinery throughput for the six months ended June 30, 2008 of 68,462 bpd, consisting of: 30,830 bpd at the Big Spring refinery and 37,632 bpd at the California refineries, an increase in total refinery throughput of 42.1%, excluding the addition of Krotz Springs refinery throughput. The California refineries operated at reduced rates due to a planned turnaround and completion of the naphtha hydrotreater unit. The decrease in refined product prices that our Big Spring refinery experienced was similar to the price decreases experienced in the Gulf Coast markets. The decrease in refined product prices that our California refineries experienced was similar to the price decreases experienced in the West Coast markets. The average price of Gulf Coast gasoline for the six months ended June 30, 2009 decreased 132.0 cpg, or 48.0%, to 142.9 cpg, compared to 274.9 cpg for the six months ended June 30, 2008. The average Gulf Coast diesel price for the six months ended June 30, 2009 decreased 177.8 cpg, or 55.1%, to 145.1 cpg compared to 322.9 cpg for the six months ended June 30, 2008. The average price of West Coast LA CARBOB gasoline for the six months ended June 30, 2009 decreased 138.5 cpg, or 45.3%, to 167.4 cpg, compared to 305.9 cpg for the six months ended June 30, 2008. The average West Coast LA diesel price for the six months ended June 30, 2009 decreased 175.4 cpg, or 54.3%, to 147.8 cpg compared to 323.2 cpg for the six months ended June 30, 2008.

Asphalt Segment. Net sales for our asphalt segment were $176.2 million for the six months ended June 30, 2009, compared to $281.2 million for the six months ended June 30, 2008, a decrease of $105.0 million or 37.3%. The decrease was due primarily to a decrease in the average asphalt sales price and lower asphalt sales volumes in the six months ended June 30, 2009. For the six months ended June 30, 2009, 529 tons of asphalt was sold compared to 665 tons of asphalt sold in the six months ended June 30, 2008, a decrease of 136 tons of asphalt or 20.5%. Also, the average blended asphalt sales price decreased 15.4% from $437.47 per ton in the first half of 2008 to $369.93 per ton in the first half of 2009 and the average non-blended asphalt sales price decreased 25.6% from $182.26 per ton in the first half of 2008 to $135.54 per ton in the first half of 2009. The percentage decrease in asphalt sales price for both blended and non-blended asphalt was less than the 53.7% decrease in WTI prices for the same periods.

Retail and Branded Marketing Segment. Net sales for our retail and branded marketing segment were $373.9 million for the six months ended June 30, 2009 compared to $686.5 million for the six months ended June 30, 2008, a decrease of $312.6 million or 45.5%. This decrease was primarily attributable to decreased motor fuel prices.

Cost of Sales

Consolidated. Cost of sales was $1,528.0 million for the six months ended June 30, 2009, compared to $2,221.4 million for the six months ended June 30, 2008, a decrease of $693.4 million or 31.2%. This decrease was primarily due to decreased costs in all segments due to lower crude oil prices.

Refining and Unbranded Marketing Segment. Cost of sales for our refining and unbranded marketing segment was $1,248.9 million for the six months ended June 30, 2009, compared to $1,673.6 million for the six months ended June 30, 2008, a decrease of $424.7 million or 25.4%. This decrease was primarily due to lower crude oil costs, partially offset by the inclusion of the six months of cost of sales from the Krotz Springs refinery acquired in July 2008 and lower 2008 throughput volumes at the Big Spring refinery from the February 2008 fire. The average price per barrel of WTI for 2009 decreased $59.64 per barrel to an average of $51.36 per barrel, compared to an average of $111.00 per barrel for 2008, a decrease of 53.7%.

Asphalt Segment. Cost of sales for our asphalt segment were $168.1 million for the six months ended June 30, 2009, compared to $255.6 million for the six months ended June 30, 2008, a decrease of $87.5 million or 34.2%. The decrease was due to the decreased cost of crude oil and lower asphalt sales volumes in 2009.

Retail and Branded Marketing Segment. Cost of sales for our retail and branded marketing segment was $317.0 million for the six months ended June 30, 2009, compared to $636.0 million for the six months ended June 30, 2008, a decrease of $319.0 million or 50.2%. This decrease was primarily attributable to decreased motor fuel prices.

Direct Operating Expenses

Consolidated. Direct operating expenses were $140.2 million for the six months ended June 30, 2009, compared to $82.8 million for the six months ended June 30, 2008, an increase of $57.4 million or 69.3%. This increase was primarily due to the direct operating expenses associated with the Krotz Springs refinery acquired in July 2008 and higher throughput volumes at the Big Spring refinery for the six months ended June 30, 2009 compared to the same period in 2008.

Refining and Unbranded Marketing Segment. Direct operating expenses for our refining and unbranded marketing segment for the six months ended June 30, 2009 were $120.0 million, compared to $61.1 million for the six months ended June 30, 2008, an increase of $58.9 million or 96.4%. This increase was primarily due to the inclusion of six months of direct operating expenses associated with the Krotz Springs refinery acquired in July 2008 and higher throughput volumes at the Big Spring refinery for the six months ended June 30, 2009 compared to the same period in 2008.

Asphalt Segment. Direct operating expenses for our asphalt segment for the six months ended June 30, 2009 were $20.2 million, compared to $21.7 million for the six months ended June 30, 2008, a decrease of $1.5 million or 6.9%. This decrease was primarily due to a decrease in sales volumes.

Selling, General and Administrative Expenses

Consolidated. SG&A expenses for the six months ended June 30, 2009 were $63.5 million, compared to $56.7 million for the six months ended June 30, 2008, an increase of $6.8 million or 12.0%. The increase is primarily due to the inclusion of SG&A costs from the Krotz Springs refinery in the first six months of 2009 and an increase of $2.0 million in allowance for doubtful accounts.

Refining and Unbranded Marketing Segment. SG&A expenses for our refining and unbranded marketing segment for the six months ended June 30, 2009 were $14.6 million, compared to $8.1 million for the six months ended June 30, 2008, an increase of $6.5 million or 80.2%. The increase is primarily due to the inclusion of SG&A costs from the Krotz Springs refinery in the first six months of 2009 and an increase of $2.0 million in allowance for doubtful accounts.

Asphalt Segment. SG&A expenses for our asphalt segment for the six months ended June 30, 2009 were $2.2 million, compared to $2.1 million for the six months ended June 30, 2008, an increase of $0.1 million or 4.8%.

Retail and Branded Marketing Segment. SG&A expenses for our retail and branded marketing segment for the six months ended June 30, 2009 were $46.3 million, compared to $46.2 million for the six months ended June 30, 2008, an increase of $0.1 million or 0.2%.

Depreciation and Amortization

Depreciation and amortization for the six months ended June 30, 2009 was $45.7 million, compared to $27.3 million for the six months ended June 30, 2008, an increase of $18.4 million or 67.4%. This increase was primarily attributable to the depreciation on the assets acquired in the Krotz Springs refinery acquisition in July 2008 and capital expenditures placed in service in September 2008 from the rebuild of the Big Spring refinery.

Operating Income

Consolidated. Operating income for the six months ended June 30, 2009 was $49.6 million, compared to ($6.7) million for the six months ended June 30, 2008, an increase of $56.3 million. This increase was primarily due to improved refining margins at both our Big Spring refinery and California refineries plus the additional margin obtained from our Krotz Springs refinery acquired in July 2008. Partially offsetting this increase are the gains recorded in 2008 for the involuntary conversion of assets and the HEP transaction.

Refining and Unbranded Marketing Segment. Operating income for our refining and unbranded marketing segment was $61.8 million for the six months ended June 30, 2009, compared to ($4.1) million for the six months ended June 30, 2008, an increase of $65.9 million. This increase was primarily attributable to the increase in our refinery operating margins at the Big Spring and California refineries and the margin realized at the Krotz Springs refinery, partially offset by the 2008 gain on involuntary conversion of assets relating to our Big Spring refinery and the gain recognized from the HEP transaction. The operating margin for our Big Spring refinery for 2009 increased $9.91 per barrel to $8.83 per barrel in 2009 from ($1.08) per barrel in 2008. The Big Spring refinery shut down operations from February 18, 2008 until April 5, 2008. The Big Spring refinery operated in a hydroskimming mode in the second quarter of 2008 due to the fire, which resulted in lower refinery light product yields. Light product yields were approximately 66% for the six months ended June 30, 2008 and 81% for the six months ended June 30, 2009. Our operating margin for our California refineries increased $8.02 per barrel to $3.99 per barrel for the six months ended June 30, 2009 from ($4.03) per barrel in same period in 2008. This increase was primarily from a 53.7% decrease in WTI prices from an average of $111.00 per barrel in the first half of 2008 to an average of $51.36 per barrel in the first half of 2009. Our operating margin for the Krotz Springs refinery acquired in July 2008 was $8.91 per barrel in the first half of 2009. Refining and unbranded marketing segment operating income was also affected by a 75.1% decrease in the sweet/sour spread and a 73.1% decrease in the light/heavy spread for the six months ended June 30, 2009.

Asphalt Segment. Operating income for our asphalt segment was ($15.4) million for the six months ended June 30, 2009, compared to income of $0.7 million for the six months ended June 30, 2008, a decrease of $16.1 million. The decrease was primarily due to the lower sales prices and sales volumes in 2009 and a charge to cost of goods sold of $65.11 per ton for the six months ended June 30, 2009 due to remaining winter fill inventories that will be sold during the upcoming third quarter.

Retail and Branded Marketing Segment. Operating income for our retail and branded marketing segment was $3.8 million for the six months ended June 30, 2009, compared to ($2.6) million for the six months ended June 30, 2008, an increase of $6.4 million. This increase was primarily due to higher branded motor fuel sales margins.

Interest Expense

Interest expense was $49.3 million for the six months ended June 30, 2009, compared to $21.4 million for the six months ended June 30, 2008, an increase of $27.9 million. This increase was primarily due to interest on

borrowings and letter of credit fees related to the Krotz Springs refinery acquisition in July 2008. Also included in interest expense was $5.7 million recorded in 2009 related to liquidation of our heating oil hedge.

Income Tax Expense (Benefit)

Income tax expense was $3.4 million for the six months ended June 30, 2009, compared to ($9.2) million for the six months ended June 30, 2008. This increase resulted from our pre-tax income in the six months ended June 30, 2009 compared to pre-tax loss in the six months ended June 30, 2008. Our effective tax rate was 37.8% for the first half of 2009, compared to an effective tax rate of 36.4% for the first half of 2008.

Non-Controlling Interest In Income (Loss) Of Subsidiaries

Non-controlling interest in income (loss) of subsidiaries was ($0.6) million for the six months ended June 30, 2009, compared to ($0.8) million for the six months ended June 30, 2008, an increase of $0.2 million.

Net Income (Loss)

Net income was $2.0 million for the six months ended June 30, 2009, compared to ($15.4) million for the six months ended June 30, 2008, an increase of $17.4 million. This increase was attributable to the factors discussed above.

Liquidity and Capital Resources

Our primary sources of liquidity are cash on hand, cash generated from our operating activities and borrowings under our revolving credit facilities. We believe that the aforementioned sources of funds and other sources of capital available to us will be sufficient to satisfy the anticipated cash requirements associated with our business during the next 12 months.

Our ability to generate sufficient cash from our operating activities depends on our future performance, which is subject to general economic, political, financial, competitive and other factors beyond our control. In addition, our future capital expenditures and other cash requirements could be higher than we currently expect as a result of various factors, including the costs of such future capital expenditures related to the expansion of our business.

Depending upon conditions in the capital markets and other factors, we will from time to time consider the issuance of debt or equity securities, or other possible capital markets transactions, the proceeds of which could be used to refinance current indebtedness, extend or replace existing revolving credit facilities or for other corporate purposes. Pursuant to our growth strategy, we will also consider from time to time acquisitions of, and investments in, assets or businesses that complement our existing assets and businesses. Acquisition transactions, if any, are expected to be financed through cash on hand and from operations, bank borrowings, the issuance of debt or equity securities or a combination of two or more of those.

Cash Flows

The following table sets forth our consolidated cash flows for the six months ended June 30, 2009 and 2008:

	For the Six Months Ended June 30,	
	2009	2008
	(dollars in thousands)	
Cash provided by (used in):		
Operating activities	$ 296,964	$ (42,076)
Investing activities	(44,714)	(51,003)
Financing activities	(227,227)	38,360
Net increase (decrease) in cash and cash equivalents	$ 25,023	$ (54,719)

Cash Flows Provided by (Used In) Operating Activities

Net cash provided by operating activities during the six months ended June 30, 2009 was $297.0 million, compared to $42.1 million used in operating activities during the six months ended June 30, 2008. The total change of $339.1 million in net cash provided by operating activities was attributable to receipt of proceeds from the liquidation of our heating oil crack spread hedge in 2009 for $133.6 million, receipt of income tax receivables of $113.0 million and the change in net income for the six months ended June 30, 2009 over the same period in 2008, adjusted for non-cash reconciling items such as; deferred income tax expense, gain on involuntary conversion of assets, gain on the disposition of assets and depreciation.

Cash Flows Used In Investing Activities

Net cash used in investing activities during the six months ended June 30, 2009 was $44.7 million, compared to $51.0 million used during the six months ended June 30, 2008. The change in net cash used in investing activities of $6.3 million was primarily attributable to lower 2009 capital expenditures, net of proceeds to rebuild the Big Spring refinery, of $15.3 million. Cash used in investing activities during the six months ended June 30, 2008 included amounts held in escrow of $18.3 million for the Krotz Springs refinery acquisition, partially offset by sale of short-term investments of $27.3 million.

Cash Flows Provided By (Used In) Financing Activities

Net cash used in financing activities for the six months ended June 30, 2009 was $227.2 million compared to net cash provided by financing activities of $38.4 million during the six months ended June 30, 2008. The change in net cash used in financing activities of $265.6 million was primarily attributable to repayments of borrowings under the Krotz Term Loan and revolving credit facilities from proceeds associated with the receipt of income tax receivables and from the liquidation of the heating oil crack spread hedge, offset by 2008 borrowings under the revolving credit facilities of $51.0 million.

Cash Position and Indebtedness

We consider all highly liquid instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates market value, and are invested in highly-rated instruments issued by financial institutions or government entities with strong credit standings. As of June 30, 2009, our total cash and cash equivalents were $43.5 million and we had total debt of $834.3 million.

Summary of Indebtedness. The following table sets forth summary information related to our term loan credit facilities, revolving credit facilities and retail credit facilities as of June 30, 2009:

	As of June 30, 2009 (dollars in thousands)		
	Amount Outstanding	**Total Facility**	**Total Availability (1)**
Debt, including current portion:			
Term loan credit facilities	$ 600,319	$ 600,319	$ —
Revolving credit facilities	150,312	790,000	136,533
Retail credit facilities	83,724	83,724	—
Totals	$ 834,355	$ 1,474,043	$ 136,533

(1) Total availability was calculated as the lesser of (a) the total size of the facilities less outstanding borrowings and letters of credit as of June 30, 2009 which was $271.4 million, or (b) total borrowing base less outstanding borrowings and letters of credit, if applicable, as of June 30, 2009 which was $136.5 million.

Alon USA Energy, Inc. Credit Facilities

Term Loan Credit Facility. The loans under the credit agreement with Credit Suisse (the "Credit Suisse Credit Facility"), with an original principal amount of $450.0 million, will mature on August 2, 2013. Principal payments of $4.5 million per annum are to be paid in quarterly installments subject to reduction from mandatory principal repayment events. At June 30, 2009 and December 31, 2008, the outstanding balance was $436.5 million and $437.8 million, respectively.

The borrowings under the Credit Suisse Credit Facility bear interest at a rate based on a margin over the Eurodollar rate from between 1.75% to 2.50% per annum based upon the ratings of the loans by Standard & Poor's Rating Service and Moody's Investors Service, Inc. Currently, the margin is 2.25% over the Eurodollar rate. The Credit Suisse Credit Facility is jointly and severally guaranteed by all of Alon's subsidiaries except for Alon's retail subsidiaries and those subsidiaries established in conjunction with the Krotz Springs refinery acquisition. The Credit Suisse Credit Facility is secured by a second lien on cash, accounts receivable and inventory and a first lien on most of the remaining assets of Alon excluding those of Alon's retail subsidiaries and those subsidiaries established in conjunction with the Krotz Springs refinery acquisition.

The Credit Suisse Credit Facility contains restrictive covenants, such as restrictions on liens, mergers, consolidations, sales of assets, additional indebtedness, different businesses, certain lease obligations, and certain restricted payments. This facility does not contain any maintenance financial covenants.

Letters of Credit Facility. On July 30, 2008, Alon entered into an unsecured revolving credit facility with Israel Discount Bank of New York, as Administrative Agent and Co-Arranger, and Bank Leumi USA, as Co-Arranger, for the issuance of letters of credit in an amount not to exceed $60.0 million. Letters of credit under this facility are to be used by Alon to support the purchase of crude oil for the Big Spring refinery. This facility was scheduled to terminate on January 1, 2010 or on April 15, 2009 if a certain percent of lenders notify Alon; however, Alon notified the lenders on May 7, 2009 that it was terminating this facility. The facility was no longer necessary due to the decline in crude oil prices, receipt of all insurance proceeds related to the Big Spring refinery fire and the receipt of approximately $113.0 million in proceeds for income tax receivables. At December 31, 2008, we had $51.3 million of outstanding letters of credit under this credit facility.

Alon USA, LP Credit Facilities

Revolving Credit Facility. Alon entered into an amended and restated revolving credit facility (the "IDB Credit Facility") with Israel Discount Bank of New York ("Israel Discount Bank") on February 15, 2006, which was further amended and restated thereafter. Israel Discount Bank acts as administrative agent, co-arranger, collateral agent and lender, and Bank Leumi USA acts as co-arranger and lender under the revolving credit facility. The IDB Credit Facility can be used both for borrowings and the issuance of letters of credit subject to a limit of the lesser of the facility or the amount of the borrowing base under the facility. The size of the facility as of June 30, 2009 is $240.0 million.

The IDB Credit Facility will mature on January 1, 2010. Borrowings under the IDB Credit Facility bear interest at the Eurodollar rate plus 1.50% per annum or at IDB's prime rate. The IDB Credit Facility contains certain restrictive covenants including financial covenants. The IDB Credit Facility is secured by (i) a first lien on Alon's cash, accounts receivables, inventories and related assets, excluding those of Alon Paramount Holdings, Inc. ("Alon Holdings"), a subsidiary of Alon, and its subsidiaries other than Alon Pipeline Logistics, LLC ("Alon Logistics"), those subsidiaries established in conjunction with the Krotz Springs refinery acquisition and those of Alon's retail subsidiaries and (ii) a second lien on Alon's fixed assets excluding assets held by Alon Holdings, those subsidiaries established in conjunction with the Krotz Springs refinery acquisition and Alon's retail subsidiaries.

Borrowings of $39.5 million and $118.0 million were outstanding under the IDB Credit Facility at June 30, 2009 and December 31, 2008, respectively. As of June 30, 2009 and December 31, 2008, outstanding letters of credit under the IDB Credit Facility were $135.5 million and $30.6 million, respectively.

On July 31, 2009, we entered into an amendment to the IDB Credit Facility, which was effective on August 3, 2009. This amendment extended the maturity date of the facility to January 1, 2013 and fixed the size of the IDB Credit Facility at $240.0 million. Additionally, the amendment increased the borrowing rate to the Eurodollar rate plus 3.00% or the IDB prime rate plus 1.00%. Both rates are subject to an overall floor of 4.00%.

Paramount Petroleum Corporation Credit Facility

Revolving Credit Facility. On February 28, 2007, Paramount Petroleum Corporation entered into an amended and restated credit agreement (the "Paramount Credit Facility") with Bank of America, N.A. ("BOA") as agent, sole lead arranger and book manager, primarily secured by the assets of Alon Holdings (excluding Alon Logistics). The Paramount Credit Facility is a $300.0 million revolving credit facility which can be used both for borrowings and the issuance of letters of credit subject to a limit of the lesser of the facility or the amount of the borrowing base under the facility. Amounts borrowed under the Paramount Credit Facility accrue interest at LIBOR plus a margin based on excess availability. Based on the excess availability at June 30, 2009, the margin was 1.75%. The Paramount Credit Facility expires on February 28, 2012. Paramount Petroleum Corporation is required to comply with certain restrictive covenants related to working capital, operations and other matters under the Paramount Credit Facility.

Borrowings of $110.8 million and $11.7 million were outstanding under the Paramount Credit Facility at June 30, 2009 and December 31, 2008, respectively. As of June 30, 2009 and December 31, 2008, outstanding letters of credit under the Paramount Credit Facility were $82.4 million and $12.2 million, respectively.

Alon Refining Krotz Springs, Inc. Credit Facilities

Term Loan Credit Facility. On July 3, 2008, Alon Refining Krotz Springs, Inc. ("ARKS") entered into a $302.0 million Term Loan Agreement (the "Krotz Term Loan") with Credit Suisse, as Administrative and Collateral Agent, and a group of financial institutions. On February 16, 2009, Credit Suisse was replaced as agent by Wells Fargo Bank, N.A.

On April 9, 2009, ARKS and Alon Refining Louisiana, Inc. ("ARL") entered into a first amendment agreement to the Krotz Term Loan. As part of the first amendment, the parties agreed to liquidate the heating oil crack spread hedge of which $133.6 million of proceeds were used to reduce the Krotz Term Loan principal balance. Also as part of the first amendment, less restrictions were placed on the maintenance financial covenants through 2010. The amended Krotz Term Loan currently bears interest at LIBOR plus a blended average spread of 9.8% per annum and a minimum LIBOR floor of 3.25% per annum.

The Krotz Term Loan matures in July 2014, with the next quarterly principal payments beginning on March 31, 2010. At June 30, 2009 and December 31, 2008, the outstanding balance was $163.8 million and $302.0 million, respectively.

The Krotz Term Loan is secured by a first lien on substantially all of the assets of ARKS, except for cash, accounts receivable and inventory, and a second lien on cash, accounts receivable and inventory. The Krotz Term Loan also contains restrictive covenants such as restrictions on liens, mergers, consolidations, sales of assets, additional indebtedness, certain investments and restricted payments. Under the Krotz Term Loan, ARKS is required to comply with a debt service ratio, a leverage ratio, and a capital expenditure limitation.

ARKS may prepay all or a portion of the outstanding loan balance under the Krotz Term Loan at any time without prepayment penalty.

Revolving Credit Facility. On July 3, 2008, ARKS entered into a Loan and Security Agreement (the "ARKS Facility") with BOA as Agent. This facility is guaranteed by ARL and is secured by a first lien on cash, accounts receivable, and inventory of ARKS and ARL and a second lien on the remaining assets. The ARKS Facility was established as a $400.0 million revolving credit facility which can be used both for borrowings and the issuance of letters of credit, subject to a facility limit of the lesser of $400.0 million or the amount of the borrowing base under the facility. The ARKS Facility terminates on July 3, 2013. The ARKS Facility also contains a feature which will allow for an increase in the facility by $100.0 million subject to approval by both parties.

On December 18, 2008, ARKS entered into an amendment to the ARKS Facility with BOA. This amendment increased the Applicable Margin, amended certain elements of the Borrowing Base calculation and the timing of submissions under certain circumstances, and reduced the commitment from $400.0 million to $300.0 million. Under these circumstances, the facility limit will be the lesser of $300.0 million or the amount of the borrowing base, although the amendment contains a feature that will allow for an increase in the facility size to $400.0 million subject to approval by both parties.

On April 9, 2009, the ARKS Facility was further amended to include among other things, a reduction to the commitment from $300.0 million to $250.0 million with the ability to increase the facility size to $275.0 million upon request by ARKS and under certain circumstances up to $400.0 million. This amendment also increased the applicable margin, amended certain elements of the borrowing base calculation and required a monthly fixed charge coverage ratio.

At June 30, 2009, the ARKS Facility size was $250.0 million.

Borrowings under the ARKS Facility bear interest at a rate based on a margin over LIBOR which currently is 4.0%.

At June 30, 2009, the ARKS Facility had no outstanding loan balance and outstanding letters of credit of $150.4 million. At December 31, 2008, the ARKS Facility had an outstanding loan balance of $147.1 million and outstanding letters of credit of $68.3 million.

The ARKS Facility also contains customary restrictive covenants, such as restrictions on liens, mergers, consolidation, sales of assets, capital expenditures, additional indebtedness, investments, hedging transactions and certain restricted payments.

Retail Credit Facilities

On June 29, 2007, Southwest Convenience Stores, LLC ("SCS"), a subsidiary of Alon, entered into an amended and restated credit agreement (the "Amended Wachovia Credit Facility"), by and among SCS, as borrower, the lender party thereto and Wachovia Bank, N. A. ("Wachovia"), as Administrative Agent now known as Wells Fargo Bank, N.A.

Borrowings under the Amended Wachovia Credit Facility bear interest at a Eurodollar rate plus 1.50% per annum. Principal payments under the Amended Wachovia Credit Facility began August 1, 2007 with monthly installments based on a 15-year amortization term. At June 30, 2009 and December 31, 2008, the outstanding balance was $82.9 million and $86.0 million, respectively, and there were no further amounts available for borrowing.

Obligations under the Amended Wachovia Credit Facility are jointly and severally guaranteed by Alon, Alon Brands, Inc., Skinny's, LLC and all of the subsidiaries of SCS. The obligations under the Amended Wachovia Credit Facility are secured by a pledge on substantially all of the assets of SCS and Skinny's, LLC and each of their subsidiaries, including cash, accounts receivable and inventory.

The Amended Wachovia Credit Facility also contains customary restrictive covenants on the activities, such as restrictions on liens, mergers, consolidations, sales of assets, additional indebtedness, investments, certain

lease obligations and certain restricted payments. The Amended Wachovia Credit Facility also includes one annual financial covenant.

Other Retail Related Credit Facilities

In 2003, Alon obtained $1.5 million in mortgage loans to finance the acquisition of new retail locations. The interest rates on these loans ranged between 5.5% and 9.7%, with 5 to 15 year payment terms. At June 30, 2009 and December 31, 2008, the outstanding balance was $0.8 million and $0.9 million, respectively.

On October 8, 2008, certain of these loans matured and the unpaid balance of $0.2 million was refinanced with another mortgage loan maturing in October 2013.

Capital Spending

Each year our Board of Directors approves capital projects, including regulatory and planned turnaround projects that our management is authorized to undertake in our annual capital budget. Additionally, at times when conditions warrant or as new opportunities arise, other projects or the expansion of existing projects may be approved. Our total capital expenditure and turnaround/chemical catalyst budget for 2009 is $80.8 million, excluding capital expenditures to rebuild the Big Spring refinery, of which $47.8 million is related to regulatory and compliance projects, $15.4 million is related to turnaround and chemical catalyst, and $17.6 million is related to various improvement and sustaining projects. Approximately $39.6 million has been spent as of June 30, 2009.

Clean Air Capital Expenditures. We expect to spend approximately $15.6 million in the aggregate in 2009 to comply with the Federal Clean Air Act regulations requiring a reduction in sulfur content in gasoline.

Turnaround and Chemical Catalyst Costs. We expect to spend approximately $15.4 million during 2009 relating to turnaround and chemical catalyst. Approximately $10.3 million has been spent as of June 30, 2009 compared to $2.0 million for the same period in 2008.

Contractual Obligations and Commercial Commitments

There have been no material changes outside the ordinary course of business from our contractual obligations and commercial commitments detailed in our Annual Report on Form 10-K for the year ended December 31, 2008.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with GAAP. In order to apply these principles, we must make judgments, assumptions and estimates based on the best available information at the time. Actual results may differ based on the accuracy of the information utilized and subsequent events, some of which we may have little or no control over.

Our critical accounting policies are described under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies” in our Annual Report on Form 10-K for the year ended December 31, 2008. Certain critical accounting policies that materially affect the amounts recorded in our consolidated financial statements are the use of the LIFO method for valuing certain inventories and the deferral and subsequent amortization of costs associated with major turnarounds and chemical catalysts replacements. No significant changes to these accounting policies have occurred subsequent to December 31, 2008.

New Accounting Standards and Disclosures

New accounting standards are disclosed in Note 1(c) Basis of Presentation and Certain Significant Accounting Policies—New Accounting Standards included in the consolidated financial statements included in Item 1 of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Changes in commodity prices, purchased fuel prices and interest rates are our primary sources of market risk. Our risk management committee oversees all activities associated with the identification, assessment and management of our market risk exposure.

Commodity Price Risk

We are exposed to market risks related to the volatility of crude oil and refined product prices, as well as volatility in the price of natural gas used in our refinery operations. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including demand for crude oil, gasoline and other refined products, changes in the economy, worldwide production levels, worldwide inventory levels and governmental regulatory initiatives. Our risk management strategy identifies circumstances in which we may utilize the commodity futures market to manage risk associated with these price fluctuations.

In order to manage the uncertainty relating to inventory price volatility, we have consistently applied a policy of maintaining inventories at or below a targeted operating level. In the past, circumstances have occurred, such as timing of crude oil cargo deliveries, turnaround schedules or shifts in market demand that have resulted in variances between our actual inventory level and our desired target level. Upon the review and approval of our risk management committee, we may utilize the commodity futures market to manage these anticipated inventory variances.

We maintain inventories of crude oil, refined products, asphalt and blendstocks, the values of which are subject to wide fluctuations in market prices driven by world economic conditions, regional and global inventory levels and seasonal conditions. As of June 30, 2009, we held approximately 5.1 million barrels of crude oil, refined product and asphalt inventories valued under the LIFO valuation method with an average cost of $53.62 per barrel. Market value exceeded carrying value of LIFO costs by $71.1 million. We refer to this excess as our LIFO reserve. If the market value of these inventories had been $1.00 per barrel lower, our LIFO reserve would have been reduced by $5.1 million.

In accordance with SFAS No. 133, all commodity futures contracts are recorded at fair value and any changes in fair value between periods is recorded in the profit and loss section of our consolidated financial statements. “Forwards” represent physical trades for which pricing and quantities have been set, but the physical product delivery has not occurred by the end of the reporting period. “Futures” represent trades which have been executed on the New York Mercantile Exchange which have not been closed or settled at the end of the reporting period. A “long” represents an obligation to purchase product and a “short” represents an obligation to sell product.

The following table provides information about our derivative commodity instruments as of June 30, 2009:

Description of Activity	Contract Volume	Wtd Avg Purchase Price/BBL	Wtd Avg Sales Price/BBL	Contract Value	Market Value	Gain (Loss)
				(in thousands)		
Forwards-long (Crude)	180,000	$ 60.00	$ —	$ 10,800	$ 12,263	$1,463
Forwards-short (Gasoline)	(200,000)	—	75.48	(15,096)	(15,369)	(273)
Forwards-short (Diesel)	(50,000)	—	76.07	(3,804)	(3,774)	30
Futures-long (Crude Calls — Asphalt)	99,000	5.04	—	499	1,196	697
Futures-short (Crude)	(176,000)	—	65.31	(11,494)	(12,362)	(868)
Futures-short (Heating Oil)	(59,000)	—	79.46	(4,688)	(4,713)	(25)
Futures-short (RBOB)	(13,000)	—	79.17	(1,029)	(976)	53

Description of Activity	Contract Volume	Wtd Avg Contract Spread	Wtd Avg Market Spread	Contract Value	Market Value	Gain (Loss)
				(in thousands)		
Futures-long (SPR Swaps)	434,000	$96.36	$74.80	$ 41,821	$ 32,462	$(9,359)
Futures-short (SPR Swaps)	(434,000)	61.44	74.80	(26,664)	(32,462)	(5,798)

Interest Rate Risk

As of June 30, 2009, $834.4 million of our outstanding debt was at floating interest rates. Outstanding borrowings under the Credit Suisse Credit Facility and the Amended Wachovia Credit Facility bear interest at Eurodollar plus 2.25% and 1.5% per annum, respectively. As of June 30, 2009, we had interest rate swap agreements with a notional amount of $350.0 million and fixed interest rates ranging from 4.25% to 4.75%. An increase of 1% in the Eurodollar rate would result in an increase in our interest expense of approximately $4.8 million per annum.

ITEM 4. CONTROLS AND PROCEDURES

(1) Evaluation of disclosure controls and procedures.

Our management has evaluated, with the participation of our principal executive and principal financial officers, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms including, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

(2) Changes in internal control over financial reporting.

There has been no change in our internal control over financial reporting (as described in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

In connection with an $80.0 million investment by Alon Israel Oil Company, Ltd. (“Alon Israel”) in Alon Refining Louisiana, Inc. (“ARL”), a subsidiary formed in connection with the acquisition of the Krotz Springs, Louisiana refinery, ARL issued 80,000 shares of Series A Preferred Stock, par value $1,000 per share (the “Preferred Shares”), to Alon Israel. Dividends on the Preferred Shares accrue and are payable quarterly at a rate of 10.75% per annum. To date ARL has not made any such dividend payments. As of June 30, 2009, dividends in arrears in respect of the Preferred Shares were $8.6 million in the aggregate.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Annual Meeting of our stockholders was held on May 28, 2009. Our stockholders voted on the following items at the Annual Meeting:

(a) The stockholders approved the election of ten (10) directors for a one-year term expiring at the 2010 Annual Meeting of our stockholders. The votes cast in these elections were as follows:

Director	For	Withheld
Itzhak Bader	43,457,580	1,971,003
Boaz Biran	43,291,256	2,137,327
Ron Fainaro	43,292,831	2,135,752
Avinadav Grinshpon	43,291,313	2,137,270
Ron W. Haddock	45,250,942	177,641
Jeff D. Morris	43,124,719	2,303,864
Yeshayahu Pery	43,454,908	1,973,675
Zalman Segal	45,251,424	177,159
Avraham Shochat	45,251,491	177,089
David Wiessman	43,161,724	2,266,859

(b) The stockholders ratified the employment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009. The votes for ratification were 45,277,655, the votes against ratification were 138,688 and the votes abstained were 12,240. There were no broker non-votes.

(c) The stockholders approved the issuance of shares of our common stock upon (i) exchange of shares of Series A Preferred Stock of Alon Refining Louisiana, Inc. and (ii) exercise by us of an option to satisfy the obligations under certain promissory notes of one of our subsidiaries with such shares. The votes for the approval were 40,091,321, the votes against were 42,428, and the votes abstained were 22,076. There were no broker non-votes.

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ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of Alon USA Energy, Inc. (incorporated by reference to Exhibit 3.1 to Form S-1, filed by the Company on July 7, 2005, SEC File No. 333-124797).
3.2	Amended and Restated Bylaws of Alon USA Energy, Inc. (incorporated by reference to Exhibit 3.2 to Form S-1, filed by the Company on July 14, 2005, SEC File No. 333-124797).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Form S-1, filed by the Company on June 17, 2005, SEC File No. 333-124797).
10.1	First Amendment Agreement dated as of April 9, 2009 by and among Alon Refining Louisiana, Inc., Alon Krotz Springs, Inc., the lenders party thereto and Wells Fargo Bank, National Association, as successor to Credit Suisse, Cayman Islands Branch, as agent.
10.2	Second Amendment to Loan and Security Agreement dated as of April 9, 2009 by and among Alon Refining Louisiana, Inc., Alon Krotz Springs, Inc., the lenders party thereto and Bank of America, N.A., as agent (incorporated by reference to Exhibit 10.2 to Form 8-K, filed by the Company on April 27, 2009. SEC File No. 001-32567).
10.3	Fifth Amendment to Amended Revolving Credit Agreement, dated as of July 31, 2009, by and among Alon USA, LP, Israel Discount Bank of New York, Bank Leumi USA and certain other guarantor companies and financial institutions from time to time named therein.
31.1	Certifications of Chief Executive Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of Chief Financial Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.

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.

Alon USA Energy, Inc.

Date: August 6, 2009	By: /s/ David Wiessman David Wiessman Executive Chairman
Date: August 6, 2009	By: /s/ Jeff D. Morris Jeff D. Morris Chief Executive Officer
Date: August 6, 2009	By: /s/ Shai Even Shai Even Chief Financial Officer

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Exhibit 10.1

ALON REFINING LOUISIANA, INC.

ALON REFINING KROTZ SPRINGS, INC.

First Amendment Agreement

Dated as of April 9, 2009

First Amendment Agreement

This First Amendment Agreement, dated as of April 9, 2009 (this "**Agreement**"), is by and among ALON REFINING LOUISIANA, INC., a corporation organized and existing under the laws of the State of Delaware ("**Holdings**"), ALON REFINING KROTZ SPRINGS, INC., a corporation organized and existing under the laws of the State of Delaware (the "**Borrower**"), each of the Lenders (as defined below) which is a signatory to this Agreement and identified as a "Lender" on the signature pages hereto and WELLS FARGO BANK, NATIONAL ASSOCIATION, as successor to Credit Suisse, Cayman Islands Branch, in its capacity as administrative agent and collateral agent (together with its successors and assigns in such capacities, the "**Agent**") for the Lenders. Capitalized terms used herein that are not defined herein shall have the respective meanings ascribed thereto in the Term Loan Agreement (as amended hereby), as defined in Recital A below. All references to "Sections" and "Articles" are references to Sections and Articles of the Term Loan Agreement.

Recitals:

A. Holdings and the Borrower have previously entered into a Term Loan Agreement, dated as of July 3, 2008 (the "**Term Loan Agreement**"), by and among Holdings, the Borrower, the Agent and each of the lending institutions from time to time party thereto (collectively, the "**Lenders**"), pursuant to which the Lenders extended credit to the Borrower in the aggregate principal amount of $302,000,000 (the "**Loans**").

B. Holdings and the Borrower have also previously entered into that certain Loan and Security Agreement, dated as of July 3, 2008 (as amended, restated or otherwise modified from time to time, the "**Revolving Credit Agreement**"), by and among Holdings, the Borrower, certain Subsidiaries from time to time party thereto, Bank of America, N.A., as administrative agent (together with its successors and assigns in such capacity, the "**ABL Agent**") and the other lending institutions from time to time party thereto (the "**ABL Lenders**").

C. The Borrower has requested that the Agent and the Lenders waive the Waived Defaults (as defined below) and amend certain terms of the Term Loan Agreement and the Guarantee and Collateral Agreement, and the Agent and the Lenders are agreeable to such request, solely on the terms and conditions set forth herein, including, without limitation, the conditions to effectiveness described in section 4 hereof.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this Agreement a valid, legal, and binding instrument according to its terms for the purposes herein expressed have been done or performed.

Now, Therefore, upon the full and complete satisfaction of the conditions precedent to the effectiveness of this Agreement set forth in section 4 hereof, and in consideration of good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Holdings, the Borrower, the Agent and the undersigned Lenders do hereby agree as follows:

SECTION 1. CONSENT AND AUTHORIZATION.

The Agent and the Lenders hereby consent to the Second Amendment to the Loan and Security Agreement dated as of April 9, 2009 by and among the Borrower, Holdings, the ABL Agent and the ABL Lenders party thereto in the form attached hereto as Exhibit F (the "**Permitted ABL Facility Amendment**"). The foregoing consent is a one-time consent only and is limited to the matter expressly set forth above. Notwithstanding anything to the contrary set forth in the Term Loan Agreement or any Loan Document, Borrower and Holdings hereby authorize (a) at such time as no Default or Event of Default has occurred and is continuing, the Steering Committee (as defined in the Term Loan Agreement, as amended hereby) to communicate directly with each of the ABL Agent and the Crack Spread Hedging Counterparty, subject only to satisfaction of the following conditions: (i) the Steering Committee shall provide written notice (which may be by electronic mail) to the Borrower of its desire to communicate with any such person; (ii) the Borrower shall arrange for a mutually acceptable time (and the Borrower hereby agrees to take reasonable steps to make such arrangements) and, if necessary, place for any such communications, such date to be not greater than one Business Day following any such written notice to the Borrower under clause (i) above, or, if the ABL Agent or the Crack Spread Hedging Counterparty, as applicable, are not available until some time following one Business Day, on the first date on which such person(s), the Borrower and the Steering Committee are available; *provided*, that if the Borrower fails to arrange any such meeting within the time periods set forth above, the Steering Committee may contact the ABL Agent and/or the Crack Spread Hedging Counterparty, as applicable, directly and without the participation of the Borrower or its representatives, and (iii) a representative of the Borrower shall participate or accompany the Steering Committee in connection with any such communications; *provided*, that if the Borrower fails to comply with clause (ii) above or a representative of the Borrower is given the opportunity to participate in any such communications being held at reasonable times and fails to take reasonable steps to do so, the Steering Committee may communicate with the ABL Agent or the Crack Spread Hedging Counterparty, as the case may be, so long as the requirements of clauses (i) and (ii) have been satisfied; and (b) if a Default or Event of Default has occurred and is continuing (whether or not so declared), the Administrative Agent and the Lenders to communicate directly with each of the ABL Agent, the ABL Lenders and the Crack Spread Hedging Counterparty. Holdings and the Borrower hereby acknowledge that they have directed each of the ABL Agent, the ABL Lenders and the Crack Spread Hedging Counterparty to provide the Administrative Agent and the Lenders with access in accordance with the foregoing and authorized each of the ABL Agent, the ABL Lenders and the Crack Spread Hedging Counterparty to disclose to the Steering Committee, the Administrative Agent and the other Lenders, in accordance with the terms hereof, any and all information relating to the finances and affairs of Holdings, the Borrower and their respective subsidiaries, including, without limitation, any and all matters concerning the Permitted ABL Facility and the Crack Spread Hedging Agreement (including, without limitation, the status and results of the proposed unwinding thereof and the distribution of any proceeds therefrom), in each case without any further consent of the Borrower or Holdings. Nothing herein shall limit the right of the Administrative Agent to discuss with the ABL Agent any issues concerning or directly related to the Intercreditor Agreement.

SECTION 2. AMENDMENTS.

Section 2.1 Amendments to Term Loan Agreement. Subject to the terms and conditions of this Agreement, the Term Loan Agreement is hereby amended as set forth in Exhibit A hereto.

Section 2.2 Amendments to Guarantee and Collateral Agreement. Subject to the terms and conditions of this Agreement, the Guarantee and Collateral Agreement is hereby amended as set forth in Exhibit B hereto.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF HOLDINGS AND THE BORROWER.

To induce the Agent and the Lenders to execute and deliver this Agreement (which representations and warranties shall survive the execution and delivery of this Agreement and the occurrence of the First Amendment Effective Date), Holdings and the Borrower represent and warrant to the Agent and the Lenders that:

(a) each of this Agreement, the L/C Reimbursement Subordination Agreement (as defined below) and the Unwind Letter of Direction (as defined below) have been duly authorized, executed and delivered by Holdings and the Borrower and constitutes the legal, valid and binding obligation, contract and agreement of the Borrower and Holdings enforceable against the Borrower and Holdings in accordance with the terms hereof, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally;

(b) the Term Loan Agreement, as modified by this Agreement, and the other Loan Documents, in each case constitute the legal, valid, and binding obligations, contracts, and agreements of each Loan Party that is party thereto, enforceable against such Loan Party in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors' rights generally;

(c) the execution and delivery by each Loan Party of this Agreement, the L/C Reimbursement Subordination Agreement and the Unwind Letter of Direction, and the performance by such Loan Party of this Agreement, the L/C Reimbursement Subordination Agreement and the Unwind Letter of Direction (i) has been duly authorized by all requisite corporate or limited liability company action and, if required, shareholder or other equity interest holder action, (ii) does not require the consent or approval of any Governmental Authority, and (iii) does not and will not (A) violate (1) any provision of law, statute, rule or regulation or its certificate of incorporation, bylaws or other constitutive or governing document, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, (B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in subclause (iii)(A)(3) of this section 3(c) or cause any payment to be required to be made thereunder or (C) result in the creation of any Lien;

(d) as of the date hereof and after giving effect to this Agreement,

(i) no Default or Event of Default has occurred which is continuing under the Term Loan Agreement,

(ii) no default, event of default or similar event has occurred and is continuing under the Revolving Credit Agreement and no default, event of default, termination event or similar event has occurred under the Crack Spread Hedging Agreement, and

(iii) no Subsidiary (other than the Borrower) is liable to any person under the Other Primary Loan Documents (as defined below);

(e) all of the representations and warranties made by Holdings and the Borrower in the Term Loan Agreement are true and correct on the date hereof in all material respects as if made on and as of the date hereof and are so repeated herein as if expressly set forth herein or therein, except (i) to the extent that any of such representations and warranties expressly relate by their terms to a prior date or period of time, (ii) that the references in Section 3.05 to the financial statements of the Borrower and its subsidiaries shall be deemed to refer to the unaudited financial statements previously furnished pursuant to Section 5.04(b) with respect to the fiscal quarters of the Borrower ending after the Closing Date, provided that the representations and warranties in Section 3.05 with respect to such unaudited financial statements shall be deemed qualified to reflect that such unaudited financial statements are subject to normal year-end audit adjustments and do not contain certain footnotes, (iii) that all events referenced on Schedule 3(e) hereto shall be excluded from the determination of whether an event, condition or development referred to in Section 3.06 has occurred on or before the First Amendment Effective Date, (iv) for Section 3.10(b), which shall be true and correct on the date hereof after giving effect to this Agreement, and (v) that Section 3.08 shall be true and correct as of the date hereof;

(f) none of Holdings, the Borrower or any of their respective Affiliates has paid or agreed to pay any fees or other consideration, or given any additional security or collateral, or shortened the maturity or average life of any Indebtedness or permanently reduced any borrowing capacity, in each case, in favor of or for the benefit for any creditor of any Loan Party or any person providing investment banking or financial advisory services to any Loan Party, in connection with the obtaining of any consents or approvals in connection with the transactions contemplated hereby (including, without limitation, under the Revolving Credit Agreement or the Crack Spread Hedging Agreement), other than, (i) with respect to the Loans, an amendment and waiver fee equal to 1.00% of the aggregate outstanding principal amount of the Loans paid pro rata to the Lenders, (ii) a fee in the amount of $3,000,000 payable to Credit Suisse Securities (USA), LLC, in its capacity as financial advisor for the Company; and (iii) the reductions in borrowing capacity contemplated by the Permitted ABL Facility Amendment;

(g) the projections of the consolidated operating budgets of the Borrower and its subsidiaries delivered to the Agent and the Lenders on or about March 31, 2009 (i) disclose all material assumptions made with respect to general economic, financial and market conditions used in formulating such projections, (ii) are based upon reasonable estimates and assumptions,

and (iii) were prepared based on the assumptions stated therein and reflect the reasonable estimates by the Borrower of the results of operations and other information projected therein, it being recognized by the Agent and the Lenders that such projections and other information regarding future events are not to be viewed as facts and that actual results or developments during the period or periods covered may differ from the delivered projections and other prospective information; *provided*, *however* that, to the knowledge of the Borrower, no facts exist that (individually or in the aggregate) would result in any material change in any of such projections, except as set forth and described in Schedule 3(g) hereto;

(h) except as set forth and described in Schedule 3(h) hereto, no Loan Party has entered into any amendment or waiver or entered into any agreement having the effect of an amendment or waiver with respect to any provision of the Revolving Credit Agreement, the Crack Spread Hedging Agreement or any of the other agreements, documents and instruments entered into in connection therewith or pursuant thereto (all such agreements, documents and instruments, together with the Revolving Credit Agreement and the Crack Spread Hedging Agreement, collectively, the "**Other Primary Loan Documents**"); and

(i) a true, correct and complete description of all Hedging Agreements to which the Borrower is a party as of the date hereof (including the counterparty to each such Hedging Agreement, the type of Hedging Agreement, the material terms of such Hedging Agreement and the marked-to-market hedge position for such Hedging Agreement as of the date immediately preceding the date hereof) is set forth on Exhibit E hereto.

SECTION 4. CONDITIONS TO EFFECTIVENESS.

The waiver described in section 6(c) and the amendments described in section 2 hereof shall not become effective until, and shall only become effective when and on the date that, each and every one of the following conditions shall have been satisfied (the date of such satisfaction herein referred to as the "**First Amendment Effective Date**", except that the amendments to Section 6.13 (Debt Service Coverage Ratio) and Section 6.14 (Leverage Ratio) of the Term Loan Agreement set forth in sections 24 and 25, respectively, on Exhibit A hereto, shall, upon satisfaction of the conditions set forth in this section 4, be deemed to be effective for all purposes as of the Effective Date):

(a) The Agent's and Lenders' receipt of the following, each of which shall be originals, telecopies or email copies in PDF format unless otherwise specified, shall, as applicable, be properly executed by a Responsible Officer of the signing Loan Party, shall be dated the date hereof (or, in the case of certificates of Governmental Authorities, a recent date before the date hereof) and shall be in form and substance satisfactory to the Required Lenders:

(i) this Agreement, executed by the Borrower, Holdings, the Agent and the Required Lenders;

(ii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Agent or the Required Lenders may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in

connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to be a party;

(iii) a certificate of the Secretary or an Assistant Secretary of each Loan Party, certifying as to (A) no changes to certified charter documents, certificates of formation or other organizational documents previously delivered to the Lenders and (B) no changes to bylaws or operating agreements previously delivered to the Lenders;

(iv) a certificate signed by a Responsible Officer of the Borrower certifying that the conditions specified in this section 4 have been satisfied;

(v) results of UCC searches and other evidence satisfactory to the Required Lenders demonstrating that there are no Liens existing on the real or personal property of Holdings or its Subsidiaries other than Liens permitted pursuant to Section 6.02; and

(vi) such other assurances, certificates, documents, consents or opinions as the Agent or any Lender may reasonably require;

(b) the Agent and the Lenders shall have received a fully executed copy of the Permitted ABL Facility Amendment in the form attached hereto as Exhibit F, certified by a Responsible Officer of the Borrower as true, correct and complete, and such amendment shall provide for or consent to the application of the Unwind Proceeds (as defined in the Term Loan Agreement, as amended hereby) and Crack Spread Hedging Cash Collateral provided for in this Agreement;

(c) the Agent and the Lenders shall have received a letter from the Borrower dated as of the First Amendment Effective Date, in form and substance satisfactory to the Lenders, setting forth certain representations and warranties of the Borrower regarding the terms and provisions of the amendment to the ABL Fee Letter (as defined in the Term Loan Agreement, as amended hereby) being entered into in connection with the Permitted ABL Facility Amendment;

(d) the Agent and the Lenders shall have received evidence reasonably satisfactory to the Required Lenders that the Borrower has received such consent as the Borrower may be required to obtain from (i) the ABL Lenders and/or ABL Agent and (ii) the Crack Spread Hedging Counterparty, in order for the Borrower not to be prohibited under the terms of the Revolving Credit Agreement or the Crack Spread Hedging Agreement to enter into and perform its obligations and agreements under this Agreement;

(e) the Agent and the Lenders shall have received a fully executed copy of that certain letter agreement by and among the Agent (on behalf of the Lenders), the ABL Agent, the Borrower, Holdings, and the Crack Spread Hedging Counterparty, in substantially the form attached hereto as Exhibit I hereto (the "**Unwind Letter of Direction**");

(f) the Agent and the Lenders shall have received a fully executed copy of that certain Subordination Agreement by and among the Agent (on behalf of the Lenders), the Borrower, Holdings, and one or more Affiliates of the Borrower or Holdings that are obligated to reimburse the issuer or issuers of the Crude Oil Supplier L/C and the Additional Supplier LCs (each as defined in the Term Loan Agreement, as amended hereby) for any drawings under such

letters of credit, in substantially the form attached hereto as Exhibit G hereto (the "**L/C Reimbursement Subordination Agreement**");

(g) the representations and warranties of the Borrower and Holdings set forth in section 3 hereof shall be true and correct on and as of the date hereof and the First Amendment Effective Date;

(h) the Agent and the Lenders shall have received a certificate, dated the date hereof and signed by a Responsible Officer of the Borrower, and such other evidence, if any, as the Required Lenders may reasonably request, confirming (i) receipt by the Borrower in cash on or before the First Amendment Effective Date of $10,000,000 of the Required Equity Contribution (as defined in the Term Loan Agreement as amended hereby), (ii) delivery to the beneficiary thereof of the Crude Oil Supplier L/C (as defined in the Term Loan Agreement as amended hereby), and (iii) delivery to the beneficiary thereof of the Additional Supplier L/Cs (as defined in the Term Loan Agreement as amended hereby);

(i) Holdings and the Borrower shall have delivered a legal opinion from Jones Day with respect to such matters as may be reasonably requested by the Lenders;

(j) Holdings and the Borrower shall have delivered to the Agent and the Lenders (i) the projections and consolidated operating budget of the Borrower and its subsidiaries required to be delivered pursuant to Section 5.04(f) of the Term Loan Agreement for the 2009 fiscal year, and (ii) an operating report prepared by the Borrower in the ordinary course of business for each of January 2009 and February 2009 containing the information set forth on Exhibit H to the Term Loan Agreement, as amended hereby; and

(k) the Borrower shall have paid:

(i) to the Agent, for the benefit of each Lender, in consideration of the agreements of such Lender contained herein, by wire transfer of immediately available funds, an amendment and waiver fee, whether or not such holder has signed this Agreement, in an amount equal to 1.00% of the aggregate outstanding principal amount of the Loans held by such Lender; such fee shall be deemed earned when paid and shall not be subject to recovery or repayment in the event this Agreement is terminated or rescinded for any reason;

(ii) the reasonable and documented fees and disbursements of Bingham McCutchen LLP, incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and the transactions contemplated hereby; the payment of the fees and disbursements pursuant to this section 4(k)(ii) does not preclude the rights of the Agent and the Lenders to indemnification and reimbursement for other costs and expenses as provided in (A) section 5 of this Agreement or Section 9.05 of the Term Loan Agreement, and (B) that certain fee letter dated as of January 5, 2009 by and among Bingham McCutchen LLP, the Borrower and Holdings (the "**Bingham Fee Letter**");

(iii) all fees and expenses of the Agent required to be paid on or prior to the date hereof pursuant to the Schedule of Fees dated January 16, 2009 executed by Holdings and the Borrower;

(iv) the reasonable and documented fees and disbursements of Nixon Peabody LLP, as counsel to the Agent; and

(v) all fees and expenses payable on or before the First Amendment Effective Date to the Lenders' financial advisor, Alvarez & Marsal North America, LLC.

SECTION 5. FEES AND EXPENSES.

The Borrower shall pay the reasonable and documented fees and disbursements of Bingham McCutchen LLP, incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and the transactions contemplated hereby in accordance with the terms of the Bingham Fee Letter. This provision shall be supplementary to, and shall not in any way be deemed to limit, the Agent's or Lenders' rights to indemnification and reimbursement for other costs and expenses as provided in Section 9.05 of the Term Loan Agreement or in the Bingham Fee Letter.

SECTION 6. RELEASES AND WAIVERS.

(a) For and in consideration of the agreements contained in this Agreement and other good and valuable consideration, the Borrower and Holdings hereby absolutely and unconditionally waives, releases, remises and forever discharges the Agent and the Lenders, and any and all of their respective participants, parent corporations, subsidiary corporations, affiliates, insurers, indemnitors, successors and assigns thereof, together with all of the present and former directors, officers, agents, advisors, attorneys and employees of any of the foregoing (each a "**Released Party**"), from any and all claims, suits, investigations, proceedings, demands, obligations, liabilities, damages, losses, costs, expenses, or causes of action (all of the foregoing collectively, "**Claims and Liabilities**") of any kind, nature or description, whether based in law, equity, contract, tort, implied or express warranty, strict liability, criminal or civil statute, common law, or under any state or federal law or otherwise, of any kind or character, known or unknown, past, present or future, liquidated or unliquidated, matured or unmatured, suspected or unsuspected, which such Loan Party has had, now has, hereafter may have, or has made claim to have against any such person or entity for or by reason of any act, omission, matter, cause or thing whatsoever arising at any time on or prior to the date hereof that arise out of or relate to the Term Loan Agreement, this Agreement, the other Loan Documents and/or the transactions arising thereunder or the administration thereof, or related thereto, contemplated thereby or in furtherance thereof. It is the intention of each Loan Party in providing this release that the same shall be effective as a bar to all such Claims and Liabilities. Each Loan Party acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such Claims and Liabilities and agrees that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts.

(b) Each Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Released Party above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any of the Claims and Liabilities released, remised and discharged by such person pursuant to the above release and, for the avoidance of doubt, agrees not to sue any Released Party for (and that no Released Party shall be liable for), any special, indirect or consequential damages. Each Loan Party further agrees that it

shall not dispute the validity or enforceability of the Term Loan Agreement or any of the other Loan Documents or any of its obligations thereunder. If any Loan Party, or any of its successors, assigns or other legal representatives violates the foregoing covenant, such person, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all attorneys' fees and costs incurred by such Released Party as a result of such violation.

(c) Subject to the terms and conditions of this Agreement, the Agent and the Lenders hereby waive the Defaults or Events of Default set forth on Schedule 6(c) attached hereto (collectively, the **"Waived Defaults"**). The waivers set forth in this Section 6(c) shall be effective only for the Waived Defaults, and such waivers shall not entitle the Borrower or Holdings to any future waiver if any Waived Default recurs after the First Amendment Effective Date or in similar or other circumstances. Such waivers shall not prejudice or constitute a waiver of any right or remedies which any Agent or any Lender may have or be entitled to with respect to any other breach of any provision of the Term Loan Agreement.

SECTION 7. MISCELLANEOUS.

Section 7.1 Construction; References to Term Loan Agreement. This Agreement shall be construed in connection with and as part of the Term Loan Agreement and each reference in any other Loan Document to the Term Loan Agreement shall be deemed to be a reference to the Term Loan Agreement, as amended by this Agreement without any further reference to this Agreement. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Agreement may refer to the Term Loan Agreement without making specific reference to this Agreement but nevertheless all such references shall include this Agreement unless the context otherwise requires. This Agreement shall not be construed more strictly against the Agent or the Lenders merely by virtue of the fact that the same has been prepared by the Agent and the Lenders or their counsel, it being recognized that the Borrower, Holdings, the Agent and the Lenders have contributed substantially and materially to the preparation of this Agreement, and each of the parties hereto waives any claim contesting the existence and the adequacy of the consideration given by any of the other parties hereto in entering into this Agreement.

Section 7.2 Ramifications of Agreement; Reaffirmation. The Borrower and Holdings acknowledge that the waivers and amendments granted hereunder by the Agent and the Lenders shall not be construed as an agreement to amend or waive any other provision of any of the Term Loan Agreement or the Guarantee and Collateral Agreement, and neither the Agent nor any Lender shall have any obligation to enter into any such amendment or waiver. Other than the Waived Defaults, none of the Agent or the Lenders have waived, nor are they by this Agreement waiving, and they have made no commitment to waive (or enter into any amendment with respect to), any recurrence after the First Amendment Effective Date of any of the Waived Defaults or the occurrence or continuation of any other Default or Event of Default that may occur or be continuing on the date hereof or may occur or be continuing after the date hereof. The Agent and the Lenders reserve their respective rights, in their discretion, to exercise any or all of their rights and remedies under the Loan Documents as a result of the recurrence after the First Amendment Effective Date of any of the Waived Defaults or the occurrence or continuation of any other Default or Event of Default. No delay or omission of the Agent or any Lender to exercise any right under the Term Loan Agreement shall impair any such right or be construed to

be a waiver of any other such Default or Event of Default or an acquiescence therein. Except as modified, waived or expressly amended by this Agreement, all terms, conditions, and covenants contained in the Term Loan Agreement and the Guarantee and Collateral Agreement are hereby ratified and confirmed by the Borrower and Holdings and shall be and remain in full force and effect.

Section 7.3 Affirmation of Recitals; etc. The Borrower and Holdings hereby acknowledge and affirm the accuracy of all recitals to this Agreement.

Section 7.4 Further Assurances. The Borrower and Holdings will, and will cause each of their subsidiaries to, execute and deliver any and all documents reasonably deemed necessary or appropriate by the Lenders to carry out the intent of and/or to implement this Agreement.

Section 7.5 Lender Directions to Agent. Each of the Lenders party hereto hereby authorizes and directs the Agent to enter into this Agreement, the L/C Reimbursement Subordination Agreement and the Unwind Letter of Direction and take all actions on behalf of the Lenders as are specifically set forth herein.

Section 7.6 Section Headings. The descriptive headings of the various sections or parts of this Agreement are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

Section 7.7 Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 7.8 Survival. The provisions of sections 5 and 6 of this Agreement shall survive and continue in effect following any termination, rescission or expiration of this Agreement.

Section 7.9 Time is of the Essence. TIME IS OF THE ESSENCE WITH RESPECT TO ALL COVENANTS, CONDITIONS, AGREEMENTS, OR OTHER PROVISIONS HEREIN.

Section 7.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or by email of a copy thereof in PDF format shall be effective as delivery of a manually executed counterpart of this Agreement.

[Remainder of page left intentionally blank; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

ALON REFINING LOUISIANA, INC.

By: /s/ Shai Even
Name: Shai Even
Title: Vice President and Chief Financial Officer

ALON REFINING KROTZ SPRINGS, INC.

By: /s/ Shai Even
Name: Shai Even
Title: Vice President and Chief Financial Officer

Accepted and Agreed to:

AGENT

WELLS FARGO BANK, N.A.

By: /s/ Kim Ngan Thuy Nguyen
Name: Kim Ngan Thuy Nguyen
Title: Asst. Vice President

Accepted and Agreed to:

LENDERS:

FORTRESS CREDIT OPPORTUNITIES I LP

By: Fortress Credit Opportunities I GP LLC, Its general partner

By: /s/ Constantine M. Dakolias
Name: Constantine M. Dakolias
Title: President

FORTRESS PARTNERS CLO LP

By: Fortress Partners CLO GP LLC, Its general partner

By: /s/ Constantine M. Dakolias
Name: Constantine M. Dakolias
Title: Vice President

TCW GLOBAL PROJECT FUND II, LTD.

By: /s/ Randall S. Wade
Name: Randall S. Wade
Title: Managing Director

SOF INVESTMENTS, L.P.

By: /s/ Marc R. Lisker
Name: Marc R. Lisker
Title: Manager and General Counsel

NATIONWIDE LIFE INSURANCE COMPANY
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY
NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY

By: /s/ Wayne T. Frisbee
Name: Wayne T. Frisbee
Title: Authorized Signatory

BANK LEUMI USA

By: /s/ Gil Hershman
Name: Gil Hershman
Title: VP

By: /s/ Michaela Klein
Name: Michaela Klein
Title: SVP

MERITAGE FUND LTD

By: /s/ David Zierk
Name: David Zierk
Title: Director

SUNAMERICA SENIOR FLOATING RATE FUND, INC.

By: /s/ John G. Lapham, III
Name: John G. Lapham, III
Title: Managing Director

AIG BANK LOAN FUND

By: /s/ John G. Lapham, III
Name: John G. Lapham, III
Title: Managing Director

GALAXY CLO 2003-1 LTD.
GALAXY III CLO, LTD.
GALAXY VI CLO, LTD.
GALAXY VII CLO, LTD.
GALAXY VIII CLO, LTD.
GALAXY X CLO, LTD.
SATURN CLO, LTD.

By: AIG Global Investment Corp., its Investment Adviser

By: /s/ John G. Lapham, III
Name: John G. Lapham, III
Title: Managing Director

GARRISON CREDIT INVESTMENTS I LLC

By: /s/ Brian S. Chase
Name: Brian S. Chase
Title: Chief Financial Officer

GARRISON FUNDING 2008-1 LTD.

By: /s/ Brian S. Chase
Name: Brian S. Chase
Title: Chief Financial Officer

AMMC CLO III, LIMITED
AMMC CLO IV, LIMITED
AMMC CLO V, LIMITED
AMMC CLO VI, LIMITED
AMMC VII, LIMITED
AMMC VIII, LIMITED

By: American Money Management Corp., as Collateral Manager

By: /s/ David P. Meyer
Name: David P. Meyer
Title: Senior Vice President

GREAT AMERICAN INSURANCE COMPANY

By: American Money Management Corp., as Portfolio Manager

By: /s/ David P. Meyer
Name: David P. Meyer
Title: Senior Vice President

GREAT AMERICAN LIFE INSURANCE COMPANY

By: American Money Management Corp., as Portfolio Manager

By: /s/ David P. Meyer
Name: David P. Meyer
Title: Senior Vice President

VICTORIA FALLS CLO, LTD.
SUMMIT LAKE CLO, LTD.
DIAMOND LAKE CLO, LTD.
CLEAR LAKE CLO, LTD.
ST JAMES RIVER CLO, LTD

By: /s/ Kim Atkinson
Name: Kim Atkinson
Title: Sr. Vice President

VENTURE IV CDO LIMITED
VENTURE V CDO LIMITED
VENTURE VI CDO LIMITED
VENTURE VII CDO LIMITED
VENTURE VIII CDO LIMITED
VENTURE IX CDO LIMITED

By: its investment advisor,
MJX Asset Management LLC

By: /s/ Simon Yuan
Name: Simon Yuan
Title: Vice President

BAKER STREET CLO II LTD.
GRAND HORN CLO LTD.
MOUNTAIN VIEW CLO II LTD.
MOUNTAIN VIEW FUNDING CLO 2006-I LTD.

By: Seix Investment Advisors LLC, as
Investment Advisor

By: /s/ George Goudelias
Name: George Goudelias
Title: Managing Director

RIDGEWORTH FUNDS – SEIX FLOATING RATE HIGH INCOME FUND

By: Seix Investment Advisors LLC, as Subadvisor

By: /s/ George Goudelias
Name: George Goudelias
Title: Managing Director

SEIX CREDIT OPPORTUNITIES FUND FINANCING I, LTD.

By: Seix Investment Advisors LLC, as Ramp-Up Investment Manager

By: /s/ George Goudelias
Name: George Goudelias
Title: Managing Director

WHITEHORSE I, LTD

By: Whitehorse Capital Partners, L.P., as Collateral Manager
By: WhiteRock Asset Advisor, LLC, its G.P.

By: /s/ Ethan M. Underwood
Name: Ethan M. Underwood
Title: CFA Portfolio Manager

WHITEHORSE II, LTD

By: Whitehorse Capital Partners, L.P., as Collateral Manager
By: WhiteRock Asset Advisor, LLC, its G.P.

By: /s/ Ethan M. Underwood
Name: Ethan M. Underwood
Title: CFA Portfolio Manager

WHITEHORSE IV, LTD

By: Whitehorse Capital Partners, L.P., as Collateral Manager
By: WhiteRock Asset Adivor, LLC, its G.P.

By: /s/ Ethan M. Underwood
Name: Ethan M. Underwood
Title: CFA Portfolio Manager

ROSEDALE CLO LTD
ROSEDALE CLO II LTD

By: Princeton Advisory Group, Inc., as Collateral Manager

By: /s/ Anna L. Chin
Name: Anna L. Chin
Title: Senior Analyst

EXHIBIT A

AMENDMENTS TO TERM LOAN AGREEMENT

1. Section 1.01 of the Term Loan Agreement is hereby amended by adding the following new defined terms in their respective proper alphabetical order:

"***ABL Agent***" shall mean the administrative agent for the ABL Lenders pursuant to the terms of any Permitted ABL Facility.

"***ABL Fee Letter***" shall mean that certain letter agreement dated as of July 3, 2008 by and between the ABL Agent and the Borrower entered into in connection with the Revolving Credit Agreement, as amended by that certain letter agreement dated as of the First Amendment Effective Date to provide for certain "flex" rights in connection with the syndication of the Permitted ABL Facility.

"***ABL Lenders***" shall mean the lenders from time to time party to any Permitted ABL Facility.

"***Additional Supplier L/Cs***" shall mean one or more irrevocable standby letters of credit, other than the Crude Oil Supplier L/C, in an aggregate face amount of not less than $10,000,000 issued by banks or other financial institutions (but which are not issued pursuant to a Permitted ABL Facility) to one or more third party suppliers of the Borrower (as designated by the Borrower) or to the ABL Agent (in order to generate additional liquidity under the Permitted ABL Facility borrowing base or back-stop obligations under letters of credit to be issued by any ABL Lender to third party suppliers designated by Borrower), as beneficiaries, and on terms and conditions as are reasonable and customary for instruments of this type for companies engaged in the same or similar business as the Borrower, which letters of credit are issued for the account of an Affiliate of the Borrower (other than Holdings or any Subsidiary of Holdings) and as to which neither Borrower, Holdings, nor any Subsidiary of Holdings has (a) any obligation, contingent or otherwise, to reimburse the issuer or any other person (by virtue of any guaranty, indemnity, exercise of subrogation rights or otherwise) for any drawing on such letter of credit, except for any such obligations that are subordinated to the payment in full in cash of all Secured Obligations upon terms and conditions satisfactory to the Lenders, or (b) granted, created or permitted to exist any security interest in, or Lien upon, its property or assets to secure any reimbursement obligations in respect of such letter of credit.

"***Applicable Margin Covenant Compliance Date***" shall mean the date, if any, after the First Amendment Effective Date upon which no Event of Default has occurred and is continuing that is the first day after the date on which the Borrower has furnished to the Administrative Agent financial statements and a Compliance Certificate pursuant to Section 5.04 that evidence and certify to the compliance by the Borrower with the covenants set forth in Sections 6.13, 6.14 and 6.15 as of and for the period ended on December 31, 2010.

"***Capitalized Interest Amount***" shall have the meaning assigned to such term in Section 2.06(c).

"***Cash Interest Amount***" shall mean, subject to the provisions of Sections 2.07 and 9.09, with respect to any Interest Payment Date occurring after the First Amendment Effective Date, (a) prior to the Crack Spread Hedge Unwind Date (i.e. before the Original Loans are divided into Tranche A Loans and Tranche B Loans), with respect to any of the Original Loans, and (b) on and after the Crack Spread Hedge Unwind Date and before the Applicable Margin Covenant Compliance Date, with respect to the Tranche B Loans only, on which the Borrower has exercised its option to add the Capitalized Interest Amount to the principal of the Original Loans (or Tranche B Loans, as applicable) on such Interest Payment Date, that portion of the interest accrued on the outstanding principal amount of the Original Loans (or the Tranche B Loans, as applicable) to such Interest Payment Date as would have accrued at the rate of (i) with respect to any Eurodollar Loan, the Adjusted LIBO Rate plus 7.50% per annum (or 9.50% per annum during the Leverage Step-Up Period, if any), *provided, however,* that, for purposes of this clause (i), if the Adjusted LIBO Rate shall be below 3.25% per annum on any day, then the Adjusted LIBO Rate for such Interest Period shall be deemed to 3.25% for such day, or (ii) with respect to any ABR Loan, the Alternate Base Rate plus 6.50% per annum (or 8.50% per annum during the Leverage Step-Up Period, if any), *provided, however,* that, for purposes of this clause (ii), if the Alternate Base Rate shall be below 4.25% per annum on any day, the Alternate Base Rate shall be deemed to be 4.25% per annum for such day. The Cash Interest Amount will be determined and calculated in accordance with this definition and the provisions of Section 2.06.

"***Chevron***" shall mean Chevron Products Company, a division of Chevron U.S.A., Inc.

"***Crack Spread Hedge Unwind Date***" shall mean the date on which the Crack Spread Hedging Agreement shall have been completely unwound and terminated and all Unwind Proceeds and all Crack Spread Hedging Cash Collateral shall have been distributed to the Lenders and the Borrower as provided in Section 5.11 hereof.

"***Crude Oil Supplier L/C***" shall mean an irrevocable standby letter of credit in the face amount of $15,000,000 issued by a bank or other financial institution (but which is not issued pursuant to a Permitted ABL Facility) to Chevron or to another third party crude oil supplier designated by the Borrower, as beneficiary, and on terms and conditions as are reasonable and customary for instruments of this type for companies engaged in the same or similar business as the Borrower, which letter of credit is issued for the account of an Affiliate of the Borrower (other than Holdings or any Subsidiary of Holdings) and as to which neither Borrower, Holdings, nor any Subsidiary of Holdings has (a) any obligation, contingent or otherwise, to reimburse the issuer or any other person (by virtue of any guaranty, indemnity, exercise of subrogation rights or otherwise) for any drawing on such letter of credit, except for any such obligations that are subordinated to the payment in full in cash of all Secured Obligations upon terms and conditions satisfactory to the Lenders, or (b) granted, created or permitted to exist any security interest in, or Lien upon, its property or assets to secure any reimbursement obligations in respect of such letter of credit.

"***Earnout Payments***" shall have the meaning assigned to such term in Section 6.08(c).

"***First Amendment***" shall mean the First Amendment Agreement, dated as of April 9, 2009, by and among Holdings, the Borrower, the Lenders party thereto and the Administrative Agent.

"***First Amendment Effective Date***" shall mean the "First Amendment Effective Date" as such term is defined in the First Amendment.

"**Leverage Step-Up Period**" shall have the meaning assigned to such term in the definition of "Applicable Margin" set forth in Section 1.01 hereof.

"***Majority Lenders***" shall mean, at any time, Lenders holding more than 50% of the then outstanding principal amount of the Loans at such time.

"***Original Financial Covenants***" shall mean the financial covenants set forth in Sections 6.13 and 6.14 as in effect immediately prior to the First Amendment Effective Date; *provided* that, for purposes of determining compliance with such financial covenants for any period of four consecutive fiscal quarters ending on or prior to March 31, 2009, "Cash Available for Debt Service" and "Debt Service Payments" shall have the meaning set forth in the First Amendment.

"***Original Loans***" shall have the meaning assigned to such term in Section 2.01.

"***Post-First Amendment Compliance Date***" shall mean the first date after the First Amendment Effective Date on which no Event of Default has occurred and is continuing and the Borrower furnishes to the Administrative Agent financial statements and a Compliance Certificate pursuant to Section 5.04 evidencing and certifying that the Borrower is in compliance with the Original Financial Covenants on (and for the period of four consecutive fiscal quarters ending on) the last day of a fiscal quarter ending after the First Amendment Effective Date.

"***Required Equity Contribution***" shall mean unrestricted capital contributions to the Borrower on terms and conditions acceptable to the Required Lenders, of which (a) at least $10,000,000 shall have been contributed to the Borrower by the Parent in cash on or before the First Amendment Effective Date, and (b) an additional amount of at least $15,000,000 shall be contributed to the Borrower in cash on or before May 29, 2009.

"***Restricted Payments Compliance Date***" shall have the meaning assigned to such term in the last sentence of Section 6.08(a).

"***Retained Unwind Proceeds***" shall have the meaning assigned to such term in Section 5.11.

"***Steering Committee***" shall mean (a) as of the First Amendment Effective Date, SOF Investments, LP, TCW Global Project Fund II, Ltd. and Fortress Credit Opportunities I LP., and (b) as of any date after the First Amendment Effective Date, (i) unless and until other Lenders are designated by the Required Lenders as the steering

committee for the Lenders, the Persons listed in clause (a) of this definition that continue to be Lenders, and (ii) on and after the date after the First Amendment Effective Date that any Lenders are designated from time to time by the Required Lenders as the steering committee for the Lenders, such designated Lenders.

"***Supporting Letter of Credit***" shall have the meaning assigned to such term in the Revolving Credit Agreement (as in effect on the First Amendment Effective Date).

"***Tranche A Capitalized Interest Amount***" shall have the meaning assigned to such term in Section 2.06(c).

"***Tranche A Capitalized Interest Option***" shall have the meaning assigned to such term in Section 2.06(c).

"***Tranche A Cash Interest Amount***" shall mean, subject to the provisions of Sections 2.07 and 9.09, with respect to any Interest Payment Date occurring after the First Amendment Effective Date and on or after the Crack Spread Hedge Unwind Date on which the Borrower has exercised its option to add the Tranche A Capitalized Interest Amount to the principal of the Tranche A Loans on such Interest Payment Date, that portion of the interest accrued on the outstanding principal amount of the Tranche A Loans to such Interest Payment Date as would have accrued at the rate of (i) with respect to any Eurodollar Loan, the Adjusted LIBO Rate plus 7.50% per annum (or 9.50% per annum during the Leverage Step-Up Period, if any), *provided, however,* that, for purposes of this clause (i), if the Adjusted LIBO Rate shall be below 3.25% per annum on any day, then the Adjusted LIBO Rate for such Interest Period shall be deemed to 3.25% for such day, or (ii) with respect to any ABR Loan, the Alternate Base Rate plus 6.50% per annum (or 8.50% per annum during the Leverage Step-Up Period, if any), *provided, however,* that, for purposes of this clause (ii), if the Alternate Base Rate shall be below 4.25% per annum on any day, the Alternate Base Rate shall be deemed to be 4.25% per annum for such day. The Tranche A Cash Interest Amount will be determined and calculated in accordance with this definition and the provisions of Section 2.06.

"***Tranche A Loans***" shall have the meaning assigned to such term in Section 2.01.

"***Tranche B Loans***" shall have the meaning assigned to such term in Section 2.01.

"***Unwind Proceeds***" shall mean (a) any amounts arising out of the unwinding and/or termination of the Crack Spread Hedging Agreement as contemplated by Section 5.11, and (b) any other proceeds received by the Borrower or any other person from the Crack Spread Hedging Agreement on or after the First Amendment Effective Date.

2. The following definitions in Section 1.01 of the Term Loan Agreement are hereby amended and restated in their entirety to read as follows:

"***Administrative Agent***" shall mean Wells Fargo Bank, National Association, in its capacity as administrative agent for the Lenders hereunder, and its successors in such capacity as provided in Article VIII.

"***Applicable Margin***" shall mean:

(a) for any day prior to the First Amendment Effective Date, (i) with respect to any Eurodollar Loan, 7.50% per annum or (ii) with respect to any ABR Loan, 6.50% per annum;

(b) for any day on or after the First Amendment Effective Date and prior to the Crack Spread Hedge Unwind Date, (i) with respect to any Eurodollar Loan, 9.50% per annum or (ii) with respect to any ABR Loan, 8.50% per annum, *provided, however*, that, for any day after the First Amendment Effective Date and prior to the Crack Spread Hedge Unwind Date on which no Default or Event of Default shall have occurred and be continuing and as to which interest is payable on an Interest Payment Date on which the Borrower pays all accrued interest in cash (and shall not have exercised its option to pay the Cash Interest Amount in cash and to add the Capitalized Interest Amount to the principal of the Original Loans), the Applicable Margin shall be (A) with respect to any Eurodollar Loan, 8.50% per annum or (B) with respect to any ABR Loan, 7.50% per annum;

(c) for any day on or after the First Amendment Effective Date that is on or after the Crack Spread Hedge Unwind Date and prior to the Applicable Margin Covenant Compliance Date:

(i) (A) with respect to any Tranche A Loan that is a Eurodollar Loan, 10.50% per annum or (B) with respect to any Tranche A Loan that is an ABR Loan, 9.50% per annum, and

(ii) (A) with respect to any Tranche B Loan that is a Eurodollar Loan, 9.50% per annum or (B) with respect to any Tranche B Loan that is an ABR Loan, 8.50% per annum, *provided, however*, that, for any day on which no Default or Event of Default shall have occurred and be continuing and as to which interest is payable on an Interest Payment Date on which the Borrower pays all accrued interest in cash (and shall not have exercised its option to pay the Cash Interest Amount in cash and to add the Capitalized Interest Amount to the principal of the Tranche B Loans), the Applicable Margin shall be (A) with respect to any Eurodollar Loan, 8.50% per annum or (B) with respect to any ABR Loan, 7.50% per annum;

(iii) notwithstanding anything contained in clauses (i) and (ii) above, if the Leverage Ratio set forth in Section 6.14 as of, and for the period ended on, December 31, 2009 is greater than 4.6 to 1.0, the Applicable Margin set forth in clauses (i) and (ii) shall be increased by 2.0% per annum for the period from January 1, 2010 through and including March 31, 2010 (the "**Leverage Step-Up Period**"), and the Borrower shall indicate in the Compliance Certificate delivered for the fiscal quarter ending December 31, 2009 that the Applicable Margin has

been increased by 2% for the Leverage Step-Up Period as a result thereof; and

(d) for any day on or after the Applicable Margin Covenant Compliance Date, (i) with respect to any Tranche A Loan that is a Eurodollar Loan, 9.50% per annum, (ii) with respect to any Tranche A Loan that is an ABR Loan, 8.50% per annum, (iii) with respect to any Tranche B Loan that is a Eurodollar Loan, 7.50% per annum, or (iv) with respect to any Tranche B Loan that is an ABR Loan, 6.50% per annum;

provided, however, that, with respect to clauses (b), (c) and (d) of this definition, if the financial statements for the period upon which the determination of the occurrence of the Applicable Margin Covenant Compliance Date was based are determined to have been inaccurate or such financial statements are restated and, based on the accurate or restated financial statements the Applicable Margin Covenant Compliance Date would not have occurred (and therefore retroactively did not occur), then the Applicable Margin for periods affected thereby shall be retroactively re-determined based on such accurate or restated financial statements and the Borrower shall pay on demand the additional interest that results from re-determination.

"***Cash Available for Debt Service***" shall mean, for any period, the Consolidated EBITDA for such period, minus the sum of (a) Capital Expenditures made by the Borrower and its consolidated subsidiaries in cash during such period and (b) to the extent added to Consolidated Net Income in determining Consolidated EBITDA, consolidated income tax cash expense for such period, all determined on a consolidated basis in accordance with GAAP; *provided*, *however*, that for purposes of determining compliance with Section 6.13 at any time from the Effective Date through March 31, 2009, Cash Available for Debt Service shall be deemed to be $41,700,000 for the fiscal quarter ended December 31, 2007, $41,700,000 for the fiscal quarter ended March 31, 2008, and $41,700,000 for the fiscal quarter ended June 30, 2008.

"***Collateral Agent***" shall mean Wells Fargo Bank, National Association, in its capacity as collateral agent for the Secured Parties, and its successors in such capacity as provided in Article VIII.

"***Crack Spread Hedging Agreement***" shall mean the letter agreement dated as of July 3, 2008, between the Borrower and the Crack Spread Hedging Counterparty, together with the schedules and exhibits thereto.

"***Debt Service Payments***" shall mean, for any period, the sum, without duplication, of (a) Consolidated Cash Interest Expense for such period, and (b) the aggregate amount of scheduled principal payments made during such period in respect of Long-Term Indebtedness of the Borrower and its subsidiaries (other than payments made to the Borrower or any of its subsidiaries); *provided*, *however*, that for purposes of determining compliance with Section 6.13 at any time from the Effective Date through March 31, 2009, Debt Service Payments shall be deemed to be $9,000,000 for the fiscal

quarter ended December 31, 2007, $9,000,000 for the fiscal quarter ended March 31, 2008, and $9,000,000 for the fiscal quarter ended June 30, 2008.

"***Fee Letter***" shall mean the Schedule of Fees dated as of January 16, 2009, among Holdings, the Borrower and the Agents.

"***Loan Documents***" shall mean this Agreement, the promissory notes, if any, executed and delivered pursuant to Section 2.04(e) (other than for purposes of Section 9.08), the Security Documents, the Intercreditor Agreement, the L/C Reimbursement Subordination Agreement (as defined in the First Amendment) and the Unwind Letter of Direction (as defined in the First Amendment).

"***Loans***" shall mean (a) prior to the Crack Spread Hedge Unwind Date, the Original Loans made by the Lenders to the Borrower pursuant to Section 2.01, and (b) on and after the Crack Spread Hedge Unwind Date, collectively, the Tranche A Loans and the Tranche B Loans.

"***Net Cash Provided by Operating Activities***" shall mean, for any period, (a) "Net Cash Provided by Operating Activities" of the Borrower and its consolidated subsidiaries for such period, determined on a consolidated basis in accordance with GAAP, excluding (i) any Net Cash Proceeds attributable to Prepayment Events, (ii) insurance proceeds received in respect of any Casualty, (iii) Condemnation Proceeds received in respect of any Condemnation, and (iv) any Unwind Proceeds, *plus* (b) the sum of, without duplication and to the extent not included in determining Net Cash Provided by Operating Activities for such period pursuant to clause (a) above, (i) the aggregate amount of all cash proceeds received by the Borrower or any of its consolidated subsidiaries during such period pursuant to the Crack Spread Hedging Agreement (other than any Unwind Proceeds) or any other Hedging Agreement (other than in respect of any termination (in whole or in part) thereof) and (ii) the aggregate amount of all cash proceeds received by the Borrower or any of its consolidated subsidiaries during such period pursuant to the indemnification or purchase price adjustment provisions of the Stock Purchase Agreement.

"***Prime Rate***" shall mean the rate of interest per annum announced from time to time by Wells Fargo Bank, National Association as its prime rate in effect at its principal office in Minneapolis, Minnesota. Each change in the Prime Rate shall be effective from and including the date such change is announced as being effective.

3. The definition of "Consolidated EBITDA" in Section 1.01 of the Term Loan Agreement is hereby amended by amending and restating in its entirety the second proviso in the first sentence of such definition to read as follows:

"*provided further* that Consolidated EBITDA for any period shall be calculated to exclude, to the extent otherwise reflected in Consolidated Net Income for such period, (x) any unrealized non-cash gain or loss for such period in respect of Hedging Agreements resulting from the application of the Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", or a successor thereto, and the related tax effects and (y) any Unwind Proceeds."

4. Clause (A) of subclause (b)(iv) of the definition of "Excess Cash Flow" in Section 1.01 of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(A) Loans repaid by the Borrower during such Sweep Period, excluding prepayments of Loans made with any of the Unwind Proceeds or Crack Spread Hedging Cash Collateral and excluding prepayments of Loans under Sections 2.12 and 2.13,"

5. Clause (a) of the definition of "Indebtedness" in Section 1.01 of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(a) all obligations of such person for borrowed money or with respect to deposits or advances by other persons of any kind (including, without limitation, and for the avoidance of doubt, any obligations under the Permitted ABL Facility),"

6. The definition of "Prepayment Event" in Section 1.01 of the Term Loan Agreement is hereby amended by (i) replacing the word "and" immediately after subclause (d)(ii) thereof with a comma and (ii) replacing the period at the end of clause (d) thereof with the following:

"(iv) the issuance, on terms and conditions satisfactory to the Required Lenders, of Equity Interests by Holdings or the Borrower to Parent or any subsidiary of Parent, in consideration for some or all of the Required Equity Contribution, (v) the issuance of Equity Interests by Holdings to the person that is obligated to reimburse the issuer for any drawings under the Crude Oil Supplier L/C or Additional Supplier L/Cs in accordance with the proviso at the end of the first sentence in Section 5.14, (vi) the issuance of Equity Interests by Holdings to the person that is obligated to reimburse the issuer for any drawings under the Supporting Letter of Credit in accordance with paragraph (e) of Section 6.19, or (vii) the issuance of Equity Interests by the Borrower to Holdings in consideration for a capital contribution by Holdings to the Borrower in accordance with (A) the proviso at the end of the first sentence in Section 5.14 or (B) paragraph (e) of Section 6.19, as applicable."

7. Section 2.01 of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 2.01. ***Commitments and Loans.*** On the Effective Date, each Lender made a loan in dollars to the Borrower in a principal amount not exceeding such Lender's Commitment (the "***Original Loans***"). Notwithstanding anything to the contrary contained herein (and without affecting any other provision hereof), the funded portion of each Original Loan made on the Effective Date (*i.e.*, the amount advanced in cash to the Borrower on the Effective Date) was equal to 96.0% of the principal amount of such Loan (it being agreed that the Borrower shall be obligated to repay 100.0% of the principal amount of each such Loan as provided hereunder). On the Crack Spread Hedge Unwind Date, 100% of the then outstanding principal balance of the Original Loans will be deemed to be divided, without further action by any Lender or the Borrower, into two separate tranches as follows, in each case on a pro rata basis according to the outstanding principal amount of the Original Loans owed to each of the Lenders: (i) an aggregate

principal amount of the Original Loans equal to the Retained Unwind Proceeds shall be deemed to be Tranche A Loans to the Borrower in an aggregate principal amount equal to the amount of the Retained Unwind Proceeds (the "***Tranche A Loans***"), and (ii) the remaining outstanding principal balance of the Original Loans shall be deemed to be Tranche B Loans to the Borrower in a principal amount equal to such outstanding principal balance (the "***Tranche B Loans***"). Amounts repaid or prepaid in respect of the Loans may not be reborrowed. Any promissory notes that, pursuant to Section 2.04(e), have been issued to a Lender to evidence the Loans payable to such Lender, shall, from and after the Crack Spread Hedge Unwind Date, evidence the obligation of the Borrower to pay the sum of the Tranche A Loans and the Tranche B Loans owed by the Borrower hereunder, notwithstanding that such promissory notes do not reference the Tranche A Loans or the Tranche B Loans or the respective proportions of the Loans represented by them.

8. Section 2.06(c) of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows, and the following Sections 2.06(d) and 2.06(e) are added to the Term Loan Agreement after Section 2.06(c) thereof:

"(c) Interest on each Loan shall be due and payable in arrears in cash on the Interest Payment Dates applicable to such Loan, except as otherwise provided in this Agreement. Notwithstanding the foregoing, but subject to Sections 2.06(d), 2.06(e) and 2.07:

(i) *Payment of Interest on Original Loans and Tranche B Loans*. (A) prior to the Crack Spread Hedge Unwind Date (i.e. before the Original Loans are divided into Tranche A Loans and Tranche B Loans), with respect to any of the Original Loans, and (B) on or after the Crack Spread Hedge Unwind Date and before the Applicable Margin Covenant Compliance Date, with respect to the Tranche B Loans only, in lieu of making the entire interest payment due and payable on any Interest Payment Date in cash on the Original Loans prior to the Crack Spread Hedge Unwind Date or on the Tranche B Loans on or after the Crack Spread Hedge Unwind Date and before the Applicable Margin Covenant Compliance Date, the Borrower may (at its option) pay, in cash, on such Interest Payment Date the Cash Interest Amount and pay the balance of the accrued interest that is due and payable on such Interest Payment Date in respect of the Original Loans or the Tranche B Loans (as applicable) ("***Capitalized Interest Amount***") by adding such Capitalized Interest Amount to the outstanding principal amount of the Original Loans (before the Crack Spread Hedge Unwind Date) or to the outstanding principal amount of the Tranche B Loans (on or after the Crack Spread Hedge Unwind Date and before the Applicable Margin Covenant Compliance Date). In order to exercise the option (the "***Capitalized Interest Option***") to pay, on a specified Interest Payment Date, the Cash Interest Amount in cash and to have the balance of such accrued interest be added to the principal of the Original Loans (or, on or after the Crack Spread Hedge Unwind Date and before the Applicable Margin Covenant Compliance Date, to the Tranche B Loans) as a Capitalized Interest Amount, the Borrower shall give notice to the Administrative Agent on or before the applicable Interest Payment Date that the Borrower has exercised such option. Upon being added to the

principal amount of the Original Loans (and, if added to the principal of the Tranche B Loans on or after the Crack Spread Hedge Unwind Date and before the Applicable Margin Covenant Compliance Date, to the Tranche B Loans) on any such Interest Payment Date, each such Capitalized Interest Amount shall be considered principal of the Original Loans or Tranche B Loans, as applicable, for all purposes under this Agreement, which amount shall be due and payable on the Maturity Date (or such earlier date as the principal of the Loans may become due and payable pursuant to Article VII). Each Capitalized Interest Amount shall accrue interest beginning on and including the Interest Payment Date on which such Capitalized Interest Amount is added to the principal amount of the Original Loans or Tranche B Loans, as applicable, which interest shall accrue and be paid, together with the interest on the remaining principal amount of the Original Loans or Tranche B Loans, as applicable, in accordance with the terms of this Agreement. For the avoidance of doubt, all interest that is payable on or after the Applicable Margin Covenant Compliance Date on the Tranche B Loans is payable in full in cash.

(ii) *Payment of Interest on Tranche A Loans*. On and after the Crack Spread Hedge Unwind Date, with respect to the Tranche A Loans only, in lieu of making the entire interest payment due and payable on any Interest Payment Date in cash on the Tranche A Loans, the Borrower may (at its option) pay, in cash, on such Interest Payment Date the Tranche A Cash Interest Amount and pay the balance of the accrued interest that is due and payable on such Interest Payment Date in respect of the Tranche A Loans ("***Tranche A Capitalized Interest Amount***") by adding such Tranche A Capitalized Interest Amount to the outstanding principal amount of the Tranche A Loans. In order to exercise the option (the "***Tranche A Capitalized Interest Option***") to pay, on a specified Interest Payment Date, the Tranche A Cash Interest Amount in cash and to have the balance of such accrued interest be added to the principal of the Tranche A Loans as a Tranche A Capitalized Interest Amount, the Borrower shall give notice to the Administrative Agent on or before the applicable Interest Payment Date that the Borrower has exercised such option. Upon being added to the principal amount of the Tranche A Loans on any such Interest Payment Date, each such Tranche A Capitalized Interest Amount shall be considered principal of the Tranche A Loans for all purposes under this Agreement, which amount shall be due and payable on the Maturity Date (or such earlier date as the principal of the Loans may become due and payable pursuant to Article VII). Each Tranche A Capitalized Interest Amount shall accrue interest beginning on and including the Interest Payment Date on which such Tranche A Capitalized Interest Amount is added to the principal amount of the Tranche A Loans, which interest shall accrue and be paid, together with the interest on the remaining principal amount of the Tranche A Loans in accordance with the terms of this Agreement.

(d) The applicable Alternate Base Rate or Adjusted LIBO Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(e) Notwithstanding the provisions of Section 2.06(c), (i) at any time when a Default or an Event of Default has occurred and is continuing, even if otherwise permitted by the provisions of Section 2.06(c), the Borrower shall not have the option of (A) paying the Cash Interest Amount in cash and adding the Capitalized Interest Amount to the principal of the Original Loans or Tranche B Loans, as applicable, or (B) paying the Tranche A Cash Interest Amount in cash and adding the Tranche A Capitalized Interest Amount to the principal of the Tranche A Loans, but rather shall be required to pay all accrued interest in cash on each Interest Payment Date with respect thereto, and (ii) all accrued and unpaid interest on the date that the entire then outstanding principal amount of the Loans becomes due and payable, including interest on all Capitalized Interest Amounts and Tranche A Capitalized Interest Amounts, whether the principal amount becomes due and payable on the Maturity Date, by acceleration of the Loans or otherwise, shall be due and payable in full in cash on such date (and all interest accruing thereafter shall be payable in cash on demand)."

9. Section 2.11 of the Term Loan Agreement is hereby amended by inserting the following new subsection 2.11(f) at the end of such subsection 2.11:

"(f) On and after the Crack Spread Hedge Unwind Date, all principal repayments pursuant to this Section shall be applied against the outstanding principal balance of the Tranche A Loans and, if there are no outstanding principal amounts of the Tranche A Loans, then to reduce the outstanding principal balance of the Tranche B Loans."

10. Section 2.12(c) of the Term Loan Agreement is hereby amended and restated in its entirety to read as follow:

"(c) (i) As provided in Section 5.11, all of the Unwind Proceeds and the released Crack Spread Hedging Cash Collateral delivered to the Administrative Agent for application to the outstanding Loans will be deemed to be prepayments pursuant to this Section 2.12 and will be applied first pro rata to the scheduled installments of principal due in 2009 and thereafter *pro rata* to the remaining scheduled installments of principal due in respect of the Loans on and after March 31, 2010 under Section 2.11, and (ii) all other prepayments pursuant to this Section 2.12 shall be applied *pro rata* against the remaining scheduled installments of principal due in respect of the Loans under Section 2.11, *provided* that, with respect to clauses (i) and (ii) of this clause (c), in accordance with Section 2.11, any such application on and after the Crack Spread Hedge Unwind Date to such scheduled installments will be applied first against the Tranche A Loans until the Tranche A Loans have been paid in full, and thereafter will be applied against the Tranche B Loans. "

11. Subclause (i) of Section 2.13(b) of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(i) 100.0% of Excess Cash Flow for such Sweep Period *less*"

12. Section 2.13(d) of the Term Loan Agreement is hereby amended and restated in its entirety to read as follow:

"(d) Any prepayment pursuant to this Section shall be applied pro rata against the remaining scheduled installments of principal due in respect of the Loans under Section 2.11, *provided* that, in accordance with Section 2.11, any such application on and after the Crack Spread Hedge Unwind Date to such scheduled installments will be applied first against the Tranche A Loans until the Tranche A Loans have been paid in full, and thereafter will be applied against the Tranche B Loans. "

13. Section 2.13(e) of the Term Loan Agreement is hereby amended by deleting "$250,000" both times that it appears and substituting therefor in each such place "$50,000."

14. The first sentence of Section 2.13(f) of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"The Borrower shall deliver to the Administrative Agent, (i) at the time of each prepayment required under this Section 2.13, a certificate signed by a Financial Officer of each of Holdings and the Borrower setting forth in reasonable detail the calculation of the amount of such prepayment, and (ii) to the extent practicable, at least five Business Days' (but in any event no less than three Business Days') prior written or fax notice of such prepayment."

15. The first sentence of Section 2.19(a) of the Term Loan Agreement is amended and restated in its entirety to read as follows:

"The Borrower shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder and under any other Loan Document not later than 12:00 p.m., New York City time, on the date when due in immediately available dollars (other than any Capitalized Interest Amount or Tranche A Capitalized Interest Amount in accordance with Section 2.06 of this Agreement), without setoff, defense or counterclaim."

16. Section 5.04 of the Term Loan Agreement is amended by (i) deleting the word "and" immediately after clause (j) thereof, (ii) replacing the period immediately after clause (k) thereof with a semicolon, and (iii) adding after such clause (k) the following new clauses (l) and (m):

"(l) within 30 days after the end of each calendar month ending after the First Amendment Effective Date (commencing with the calendar month ending March 31, 2009), (i) its consolidated balance sheet and related consolidated statements of income and cash flows, showing the financial condition of the Borrower and its consolidated subsidiaries as of the close of such calendar month and the results of their operations and cash flows for such calendar month and the then elapsed portion of the fiscal year, all certified by a Financial Officer of the Borrower as presenting fairly the financial condition and results of operations and cash flows of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, (ii) an operating report prepared by the Borrower in the ordinary course of business for and as at the end of the preceding month containing the information set forth on Exhibit H hereto, (iii) copies of all borrowing base certificates (or similar reports or certificates) delivered

pursuant to the Permitted ABL Facility during the month in which the documents described in clauses (i) and (ii) of this clause (l) are delivered, including the borrowing base certificate that is in effect as of the date the financial statements described in clause (i) above are delivered to the Administrative Agent, and (iv) upon receipt of a request signed by the Majority Lenders, copies of all supporting documentation for any one of the borrowing base certificates delivered pursuant to clause (iii) of this clause (l) (other than the borrowing base certificate that is in effect as of the date the financial statements described in clause (i) above are delivered to the Administrative Agent), *provided* that, if the Borrower is seeking to have the Supporting Letter of Credit reduced or terminated based on the calculation of Availability (as defined in the Revolving Credit Agreement, as in effect on the date hereof) set forth in any borrowing base certificate (including the borrowing base certificate that is in effect as of the date the financial statements described in clause (i) above are delivered to the Administrative Agent), the Borrower will give prompt notice thereof to the Administrative Agent and, upon receiving a request signed by the Majority Lenders, the Borrower will promptly provide supporting documentation in respect of such borrowing base certificate (including, if applicable, in respect of the borrowing base certificate that is in effect as of the date the financial statements described in clause (i) above are delivered to the Administrative Agent) in form and detail satisfactory to the Majority Lenders; and

(m) promptly after a request therefor by any Lender, copies of any Hedging Agreement described on the most recent monthly operating report delivered pursuant to subclause (l)(ii) above and/or any trade confirmations executed in connection therewith."

17. Section 5.11 of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"SECTION 5.11. ***Crack Spread Hedging Agreement***. The Borrower will, on or prior to the First Amendment Effective Date, (a) commence to completely unwind and terminate the Crack Spread Hedging Agreement, and cause the Crack Spread Hedging Agreement to be completely unwound and terminated and (b) cause the Unwind Proceeds and the Crack Spread Hedging Cash Collateral to be distributed and provided in full directly to the Administrative Agent, for the benefit of the Lenders, or to the ABL Agent, for the benefit of the Borrower, in each case as further described below, within six (6) weeks from the First Amendment Effective Date; *provided* that if there shall be any material market disruption in the market for Hydrocarbon Agreements which extends beyond such six (6) week period and has a material adverse effect on the Borrower's ability to effect the unwind and termination of the Crack Spread Hedging Agreement, such six (6) week period shall be extended on a day-to-day basis during the pendency of such disruption for a period not to exceed an additional four (4) weeks. The Borrower shall (x) consult with the Steering Committee on an ongoing basis as to the status of the unwinding of the Crack Spread Hedging Agreement, (y) provide to the Steering Committee copies of all trade confirmations executed and/or delivered in connection with the unwinding of the Crack Spread Hedging Agreement, and (z) provide updates on the progress thereof upon request of any member of the Steering Committee. As a condition precedent to the unwind of the Crack Spread Hedging Agreement, the Borrower, the Administrative Agent and the ABL Agent shall have given, pursuant to the Unwind

Letter of Direction, irrevocable instructions (which, notwithstanding any provision in the Loan Documents (including the Intercreditor Agreement) to the contrary, shall not be subject to or affected by any default or event of default under the Term Loan Agreement or the Permitted ABL Facility, or any notice with respect thereto) to the Crack Spread Hedging Counterparty (I) to, within three business days of the First Amendment Effective Date, cause the Crack Spread Hedging Cash Collateral to be distributed to the Administrative Agent to be applied in accordance with Section 2.12 hereof to the prepayment of the Loans, and (II) to distribute the Unwind Proceeds as follows:

First, an amount up to $45,400,000 of the Unwind Proceeds will be distributed to the Administrative Agent to be applied in accordance with Section 2.12 hereof to the prepayment of the Loans;

Second, an amount up to $25,000,000 of the Unwind Proceeds will be distributed to the ABL Agent to be applied to the Permitted ABL Facility in accordance with the terms of the Permitted ABL Facility Amendment (as defined in the First Amendment);

Third, an amount up to $25,000,000 of the Unwind Proceeds will be distributed to the Administrative Agent to be applied in accordance with Section 2.12 hereof to the prepayment of the Loans;

Fourth, an amount up to $25,000,000 of the Unwind Proceeds will be distributed to the ABL Agent to be applied to the Permitted ABL Facility in accordance with the terms of the Permitted ABL Facility Amendment (as defined in the First Amendment) (any amounts distributed to the ABL Agent pursuant to clause *Second* and clause *Fourth* hereof are referred to herein as the "***Retained Unwind Proceeds***"); and

Fifth, all remaining Unwind Proceeds will be distributed to the Administrative Agent to be applied in accordance with Section 2.12 hereof to the prepayment of the Loans.

The Borrower shall cause the Crack Spread Hedging Counterparty to promptly, and in any event within 5 Business Days of any settlement, termination or unwinding of any portion of the Crack Spread Hedging Agreement (but in any event not later than the same day as the Borrower would have otherwise been entitled to receive such amounts absent this Section 5.11), pay all Unwind Proceeds arising in connection with any such settlement, termination or unwinding directly to the Administrative Agent or the ABL Agent as provided above. The Borrower shall also cause the Crack Spread Hedging Counterparty to promptly, and in any event within 3 Business Days of the First Amendment Effective Date (but in any event not later than the same day as the Borrower would have otherwise been entitled to receive such amounts absent this Section 5.11), pay the Crack Spread Hedging Cash Collateral directly to the Administrative Agent.

The Unwind Proceeds and the released Crack Spread Hedging Cash Collateral delivered to the Administrative Agent for application to the outstanding Loans as provided above will be deemed to be prepayments pursuant to Section 2.12 and will be

applied, *first*, pro rata to the remaining scheduled installments of principal due in 2009 and, *thereafter*, pro rata to the remaining scheduled installments of principal due in respect of the Loans on and after March 31, 2010 under Section 2.11.

Any amounts owing to the Crack Spread Hedging Counterparty as a result of the exercise of any set-off rights or as a result of the unwinding of any hedging arrangements with such Crack Spread Hedging Counterparty or its Affiliates shall either (a) be applied against and reduce the Retained Unwind Proceeds payable to the ABL Agent for the benefit of the Borrower on a dollar-for-dollar basis by the amount thereof, or (b) otherwise be paid by the Borrower. In no event shall any such amounts be payable out of the Unwind Proceeds that are payable to the Lenders as provided above or out of the Crack Spread Hedging Cash Collateral.

Each of the Lenders acknowledges that (a) the Borrower has not given any guarantee as to the ultimate amount of the Unwind Proceeds to be realized upon the unwinding of the Crack Spread Hedging Agreement, and (b) the Borrower may effect the unwinding of the Crack Spread Hedging Agreement in one or a series of transactions as determined in its sole discretion following consultation with the Steering Committee in accordance with Section 5.11."

18. Article V of the Term Loan Agreement is amended by adding the following new Sections 5.13 and 5.14 after Section 5.12:

"SECTION 5.13. ***Retention of Financial Advisor***. For a period extending from the First Amendment Effective Date through June 30, 2010, the Administrative Agent or counsel to the Administrative Agent may retain a financial advisor, selected by the Required Lenders and reasonably acceptable to the Borrower, for purposes of reviewing documents and information related to Holdings and its Subsidiaries provided to the Lenders pursuant to the terms of this Agreement and providing analyses and reports to the Lenders with respect thereto. The Borrower will fully cooperate with such financial advisor and will promptly respond to all reasonable requests for information, documents and analyses relating to Holdings and its Subsidiaries from any such advisor, the Administrative Agent or any Lender in accordance with the terms of this Agreement. The financial adviser may prepare a receipts and disbursements forecast (and comparison of the forecast to actual receipts and disbursements) for any fiscal quarter based on information the Borrower is obligated to provide pursuant to Section 5.04 of this Agreement. The Borrower will promptly pay, as and when due, all reasonable and documented fees, expenses and other amounts payable to such financial advisor from time to time pursuant to any engagement agreement entered into between any such financial advisor and the Administrative Agent or counsel to the Administrative Agent.

SECTION 5.14. ***Delivery and Maintenance of Supplier Letters of Credit***. At all times during the period extending from the First Amendment Effective Date through the Post-First Amendment Compliance Date, the Borrower will maintain in effect (a) the Crude Oil Supplier L/C (unless replaced, reduced or terminated as provided below or unless drawn upon by the beneficiary thereof, to the extent of such draw), and (b) the Additional Supplier L/Cs (unless replaced, reduced or terminated as provided below or unless drawn upon by the beneficiary thereof, to the extent of such draw), *provided*,

however, that the Crude Oil Supplier L/C and/or the Additional Supplier L/Cs may be terminated at any time upon delivery by any person that is obligated to reimburse the issuer for any drawings under such letter of credit to Holdings of cash in the amount of the Crude Oil Supplier L/C and/or the Additional Supplier L/Cs, as the case may be, that is being terminated, in exchange for the issuance by Holdings of shares of its preferred stock having the same terms and conditions as the shares of preferred stock of Holdings that are outstanding on the First Amendment Effective Date, so long as, contemporaneously upon receipt of such cash, Holdings transfers such cash to the Borrower as a capital contribution to the Borrower. The Borrower will provide the Administrative Agent and the Lenders with a copy of (i) any Additional Supplier L/C promptly upon the issuance thereof, (ii) any amendment or modification of the Crude Oil Supplier L/C or any Additional Supplier L/C or any replacement thereof, none of which shall cause the applicable letter of credit to cease to come within the definition of a Crude Oil Supplier L/C or Additional Supplier L/C, as applicable."

19. Clause (f) of Section 6.01 of the Term Loan Agreement is hereby amended by (i) replacing the semicolon at the end of such clause with a comma, and (ii) adding the following to the end of such clause (f):

"and *provided further* that no Indebtedness may be created or incurred pursuant to this clause (f) on or after the First Amendment Effective Date;"

20. Clause (m) of Section 6.01 of the Term Loan Agreement is hereby amended by (i) replacing the period at the end of such clause with a semicolon, and (ii) adding the following to the end of such clause (f):

"*provided* that no Indebtedness may be created or incurred pursuant to this clause (m) on or after the First Amendment Effective Date;"

21. The following two sentences are hereby added to the end of Section 6.08(a) of the Term Loan Agreement:

"Notwithstanding the foregoing provisions of this Section 6.08(a), (x) neither Holdings nor any Subsidiary will declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment between January 1, 2009 and the first date (the "***Restricted Payments Compliance Date***") after the First Amendment Effective Date on which (1) no Event of Default has occurred and is continuing, (2) the Borrower furnishes to the Administrative Agent financial statements and a Compliance Certificate pursuant to Section 5.04 evidencing and certifying that the Borrower is in compliance with the Original Financial Covenants on (and for the period of four consecutive fiscal quarters ending on) the last day of a fiscal quarter ending after the First Amendment Effective Date, and (3) the Tranche A Loans, together with all interest accrued thereon, shall have been repaid in full in cash; *provided* that, prior to the Restricted Payments Compliance Date, (i) any Subsidiary (other than the Borrower) may declare and pay dividends or make other distributions with respect to its capital stock, partnership or membership interests or other similar Equity Interests, ratably to the holders of such Equity Interests, (ii) so long as no Event of Default has occurred and is continuing, the Borrower may

make payments in cash to Holdings on account of Parent's corporate expense allocation to Holdings and the Subsidiaries for periods from and after January 1, 2009, the amount of such payments not to exceed $7,500,000 during any fiscal year of the Borrower, which amounts shall be paid in monthly or quarterly installments on such amounts as have accrued on a pro rata basis for such portion of such fiscal year, on or after the date on which the Borrower shall have furnished to the Administrative Agent (A) with respect to any payment of any quarterly installment, financial statements and a Compliance Certificate pursuant to Section 5.04 evidencing and certifying that the Borrower is in compliance with the financial covenants set forth in Sections 6.13, 6.14 and 6.15 on (and for the period of four consecutive fiscal quarters ending on) the last day of the fiscal quarter then most recently ended, and (B) with respect to any payment of any monthly installment (or any payment covering multiple consecutive monthly installments), financial statements evidencing that the Borrower is in compliance with the financial covenants set forth in Sections 6.13, 6.14 and 6.15 on (and for the period of twelve consecutive months ending on) the last day of the calendar month then most recently ended (calculated as if such month end was the last day of a fiscal quarter), and (iii) Holdings may make payments to Parent and its Affiliates in cash in an aggregate amount not exceeding the aggregate amount of the payments received by Holdings from the Borrower pursuant to the foregoing subclause (ii) of this clause (x), and (y) after the Restricted Payments Compliance Date, if no Event of Default has occurred and is continuing, then the Borrower or Holdings, as applicable, may make such Restricted Payments as the Borrower or Holdings would have been permitted to make under this Section 6.08(a) prior to the Restricted Payments Compliance Date but for the provisions of this sentence (it being understood that the Restricted Payments, if any, that are made between January 1, 2009 and the Restricted Payments Compliance Date pursuant to this sentence will be applied toward the maximum amounts of Restricted Payments permitted to be made under this clause (y) after the Restricted Payments Compliance Date and will therefore reduce such permitted amount of Restricted Payments that may be made under this clause (y))."

22. Clause (c) of Section 6.08 of the Term Loan Agreement is hereby amended and restated in its entirety as follows:

"(c) Notwithstanding anything herein to the contrary, (i) neither Holdings nor any Subsidiary will, directly or indirectly, make, or consent to any of its assets being applied by way of setoff, counterclaim or right of recoupment toward the payment of, any payments to the Seller or any of its Affiliates in respect of the obligations owed under the Earnout Agreement ("***Earnout Payments***") with respect to any Earnout Year (as defined in the Earnout Agreement) ending after 2009 unless (A) at the time of and immediately after giving effect to such Earnout Payment, no Default or Event of Default shall have occurred and be continuing or would result therefrom, and (B) at least two Business Days before making any such Earnout Payment, the Borrower has provided to the Administrative Agent the financial statements and Compliance Certificate pursuant to Section 5.04 that evidence and certify to the compliance by the Borrower with the covenants set forth in Sections 6.13, 6.14 and 6.15 as of the end of (and for the most recent four fiscal quarters ending at) the most recent fiscal quarter ending before the due date of such Earnout Payment.

23. Section 6.12 of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"SECTION 6.12. ***Amendment of Material Documents***. Neither Holdings nor any Subsidiary will (a)(i) amend, restate, supplement or otherwise modify its certificate of incorporation, bylaws or other organizational documents or (ii) amend, restate, supplement or otherwise modify, or waive any of its rights under, or terminate prior to the stated termination thereof or release, the Offtake Agreement, in each case to the extent any of the foregoing could reasonably be expected to be adverse in any material respect to Holdings and the Subsidiaries or to the interests of the Lenders, or (b) except with respect solely to the exercise of certain "flex rights" as and to the extent such rights are in effect with respect to the Revolving Credit Agreement as in effect on the First Amendment Effective Date, amend, restate, supplement or otherwise modify any Revolving Loan Document or any other definitive documentation for the Permitted ABL Facility, to the extent any of the foregoing, could reasonably be expected to (i) materially impair (A) the rights of or benefits available to the Lenders under any Loan Document in respect of any payment obligation of any Loan Party thereunder or (B) the ability of any Loan Party to perform any of its obligations under any Loan Document, or (ii) reduce Availability (as defined in the Revolving Credit Agreement, as in effect on the First Amendment Effective Date) under the Revolving Credit Agreement or any component thereof."

24. Section 6.13 of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"SECTION 6.13. ***Debt Service Coverage Ratio***. The Borrower will not permit the ratio of (a) Cash Available for Debt Service to (b) Debt Service Payments, in each case for any period of four consecutive fiscal quarters ending on any date during any period set forth below, to be less than the ratio set forth below opposite such period:

Period	Ratio
From the Effective Date through December 31, 2010	1.00 to 1.00
From January 1, 2011 through December 31, 2011	1.50 to 1.00
From January 1, 2012 through the Maturity Date	1.75 to 1.00

25. Section 6.14 of the Term Loan Agreement is amended and restated in its entirety to read as follows:

"SECTION 6.14. ***Leverage Ratio***. The Borrower will not permit the Leverage Ratio at any time during any period set forth below to exceed the ratio set forth opposite such period:

Period	Ratio
From the Effective Date through June 30, 2009	5.00 to 1.00
From July 1, 2009 through September 30, 2009	4.50 to 1.00
From October 1, 2009 through December 31, 2009	5.00 to 1.00
From January 1, 2010 through March 31, 2010	4.10 to 1.00
From April 1, 2010 through June 30, 2010	4.00 to 1.00
From July 1, 2010 through December 31, 2010	3.50 to 1.00
From January 1, 2011 through the Maturity Date	1.00 to 1.00

26. Section 6.15 of the Term Loan Agreement is amended and restated in its entirety to read as follows:

"SECTION 6.15. ***Capital Expenditures***. Neither Holdings nor any Subsidiary will make any Capital Expenditures; *provided* that the Borrower and its subsidiaries may make (a) maintenance Capital Expenditures made (i) during the period from the Effective Date to December 31, 2008, not exceeding $10,000,000 in the aggregate and (ii) during any fiscal year of the Borrower ending after December 31, 2008, not exceeding $17,500,000 in the aggregate in any such fiscal year, and (b) turnaround Capital Expenditures made (i) during the fiscal year of the Borrower ending on December 31, 2009, not exceeding $22,500,000 in the aggregate, and (ii) during the period from October 1, 2012 to March 31, 2014, not exceeding $26,500,000 in the aggregate; *provided* that, if in any period specified in this clause (b) the Borrower and its subsidiaries in the aggregate do not make the entire amount of turnaround Capital Expenditures permitted for such period by this clause (b), such unutilized amount may be utilized during the first six months after the end of such period but not at any time thereafter; and *provided further* that, notwithstanding the foregoing, at any time on or after the Applicable Margin Covenant Compliance Date, the Borrower and its subsidiaries may make, in addition to the foregoing, any Capital Expenditure if (A) at the time of the making thereof, (1) no Default, Event of Default, ABL Availability Deficit or Debt Service Reserve Deficit shall have occurred and be continuing or would result therefrom and (2) the Deferred Excess Cash Flow amount is not greater than zero, and (B) the amount of such Capital Expenditure shall not exceed the Retained Amount at the time of the making thereof."

27. Article VI of the Term Loan Agreement is amended by adding the following new Section 6.19 after Section 6.18 thereof:

"SECTION 6.19. ***Supporting Letter of Credit***. (a) Section 10.1.14 of the Revolving Credit Agreement (as in effect on the First Amendment Effective Date) will not be amended, waived, terminated or otherwise modified prior to December 31, 2010, and neither Holdings nor any Subsidiary will seek, accept, consent or agree to any waiver, termination, amendment or modification thereof, in each case prior to December 31, 2010, without the prior written consent of the Required Lenders.

(b) Notwithstanding anything contained in the Revolving Credit Agreement to the contrary, in the event the conditions in the proviso in clause (d) of Section 10.1.14 of the Revolving Credit Agreement (as in effect on the First Amendment Effective Date) to the Borrower's right to reduce or terminate the Supporting Letters of Credit have been satisfied under the terms of Section 10.1.14 of the Revolving Credit Agreement (as in effect on the First Amendment Effective Date) at any time prior to December 31, 2010, the Borrower will not effect or cause to occur and will not seek, accept, consent or agree to any release, reduction or termination of the Supporting Letter of Credit unless the average daily Availability (as defined in the Revolving Credit Agreement as in effect on the First Amendment Effective Date) for purposes of clause (d) of such Section 10.1.14 for the calendar month most recently ended month prior to such reduction or termination shall be greater, after giving effect to such reduction or termination, than the sum of (i) $40,000,000, *plus* (ii) the aggregate principal amount of Tranche A Loans then outstanding.

(c) The Borrower hereby acknowledges and agrees that, as of the First Amendment Effective Date, Section 10.1.14 of the Revolving Credit requires the Borrower to maintain the stated amount of the Supporting Letter of Credit in an amount of at least $66,000,000. A true, correct and complete list of each Supporting Letter of Credit outstanding on the First Amendment Effective Date is set forth on Exhibit D to the First Amendment.

(d) The Borrower will promptly, and in any event within one (1) Business Day, notify the Administrative Agent and the Lenders if the aggregate stated amount of the Supporting Letter of Credit is at any time below $66,000,000 for any reason."

(e) Notwithstanding anything to the contrary in this Section 6.19, all or a portion of the Supporting Letter of Credit may be terminated at any time upon delivery by any person that is obligated to reimburse the issuer for any drawings under such letter of credit to Holdings of cash in the amount of such portion of the Supporting Letter of Credit that is being terminated in exchange for the issuance by Holdings of shares of its preferred stock having the same terms and conditions as the shares of preferred stock of Holdings that are outstanding on the First Amendment Effective Date, so long as, contemporaneously upon receipt of such cash, Holdings transfers such cash to Borrower as a capital contribution to Borrower."

28. Clauses (d) and (e) of Article VII (*Events of Default*) of the Term Loan Agreement are hereby amended and restated in their entirety to read as follows:

"(d) default shall be made in the due observance or performance by Holdings or any Subsidiary of any covenant, condition or agreement contained in Section 5.01(a)

(with respect to Holdings and the Borrower only), 5.02(a), 5.02(b)(i), 5.02(c), 5.05, 5.07, 5.10, 5.11, 5.12, 5.13, or 5.14 or in Article VI;

(e) default shall be made in the due observance or performance by Holdings or any Subsidiary of any covenant, condition or agreement contained in any Loan Document (other than those specified in clause (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date that a Responsible Officer of the Borrower has knowledge thereof or (ii) notice thereof is given by the Administrative Agent or any Lender to the Borrower (with a copy to the Administrative Agent in the case of any such notice from a Lender); *provided* that such notice and opportunity to cure shall not apply if the default or failure to observe or perform is not capable of being cured within such period or is a willful breach by Holding or any Subsidiary;"

29. Clause (m) of Article VII (*Events of Default*) of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(m) any Guarantee under the Guarantee and Collateral Agreement for any reason shall cease to be in full force and effect (other than in accordance with its terms), or any Loan Party shall assert that it has no further liability under any such Guarantee (other than as a result of the discharge of such Loan Party in accordance with the terms of the Loan Documents);"

30. The word "or" is deleted from the end of clause (p) of Article VII (*Events of Default*) of the Term Loan Agreement and the following new clause (r) is hereby added to such Article VII after clause (q) thereof:

"(r) the Borrower shall fail to receive by May 29, 2009 the last $15,000,000 of the Required Equity Contribution;"

31. The last paragraph of Article VII (*Events of Default*) of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"then, and in every such event (other than an event with respect to Holdings or the Borrower described in clause (h) or (i) above), and at any time thereafter during the continuance of such event, the Required Lenders may, or the Administrative Agent (at the direction of the Required Lenders) shall, by notice to Holdings and the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, whereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued fees and all other liabilities of Holdings or the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Holdings and the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding; and in any event with respect to Holdings and the Borrower described in paragraph (h) or (i) above, the Commitments shall automatically terminate and the principal of the Loans then

outstanding, together with accrued interest thereon and any unpaid accrued fees and all other liabilities of Holdings or the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by Holdings and the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding."

32. The second paragraph in Article VIII (*The Administrative Agent and the Collateral Agent*) to the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"The person serving as Administrative Agent and/or the Collateral Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such person and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, and generally engage in any kind of banking, trust, underwriting, or other business with, Holdings or any Subsidiary or Affiliate thereof as if such person were not an Agent hereunder and without any duty to account therefor to the Lenders; *provided*, *however*, that in no event may such person act as the financial advisor or in any other advisory capacity to Holdings or any Subsidiary thereof."

33. The third paragraph in Article VIII (*The Administrative Agent and the Collateral Agent*) to the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Neither Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) neither Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) neither Agent shall have any duty to take any discretionary action or to exercise any discretionary power, except discretionary rights and powers expressly contemplated hereby that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in the Loan Documents); *provided* that neither Agent shall be required to take any action that, in its opinion, may expose such Agent to liability or that is contrary to any Loan Document or applicable law or would require either Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties hereunder or thereunder or in the exercise of any of its rights or powers if it believes in good faith that repayment of such funds or adequate security or indemnity against such risk or liability is not assured to it or is not sufficient, and (c) except as expressly set forth in the Loan Documents, neither Agent shall have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to Holdings or any Subsidiary or other Affiliate thereof that is communicated to or obtained by the person serving as Administrative Agent and/or Collateral Agent or any of its Affiliates in any capacity. Unless otherwise excused as provided in this Article VIII, each Agent shall act on instructions received from the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith to be necessary, under the circumstances as provided in Section 9.08 or any other provision of

this Agreement or the Loan Documents) and such Agent shall not be liable for any action taken or not taken by it with the consent or at the request of such requisite Lenders or in the absence of its own gross negligence or willful misconduct. Either Agent may request instructions from the Lenders authorized to instruct such Agent under this Article VIII with respect to taking any discretionary action contemplated by this Agreement or any other Loan Document or with respect to any matter requiring action by such Agent pursuant to any provision of this Agreement or any other Loan Document that is, in the good faith determination of such Agent, silent or vague, and such Agent shall be entitled to refrain from taking such particular action unless and until it shall have received instructions from all such authorized Lenders and shall not incur any liability to any person for refraining to take any such action. Neither Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Holdings, the Borrower or a Lender, and neither Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent or to confirm such Agent's consent to, or satisfaction with, items expressly requiring its consent or satisfaction. The Administrative Agent will promptly notify the Lenders of its receipt of any written notice of any Default or of any Default of which the Administrative Agent has actual knowledge."

34. The sixth paragraph in Article VIII (*The Administrative Agent and the Collateral Agent*) to the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Subject to the appointment and acceptance of a successor Agent as provided below, (a) either Agent may resign at any time by notifying the Lenders and the Borrower, and (b) the Required Lenders may remove either Agent at any time by giving notice of such removal to such Agent, the Borrower and the other Lenders. Upon receipt of any such notice of resignation, or at or after the time that the Required Lenders remove either Agent, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation or the Required Lenders elect to remove the Agent, then the retiring or removed Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a bank with an office in New York, New York, or an Affiliate of any such bank, with a combined capital and surplus of at least $500,000,000 provided that if the retiring Agent shall notify the Borrower and the Lenders that no successor Agent has accepted such appointment by a date that is 30 days following a retiring Administrative Agent's notice of resignation, then such resignation shall nonetheless become effective in accordance with such notice and (x) the retiring Agent

shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until the earlier of a transfer of the collateral security to a Lender or a successor Agent which shall in any event be no later than 45 days following the retiring Agent's resignation, unless an extension is agreed to by the retiring Agent; provided that any Lender or successor Agent to which any such collateral security is transferred shall hold such collateral security subject to the terms of the Intercreditor Agreement) and (y) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this Section. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent, such successor to serve in such capacity subject to the Intercreditor Agreement, and the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. The fees payable by Holdings and the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed by Holdings, the Borrower and such successor. After an Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 9.05 shall continue in effect for the benefit of such retiring or removed Agent, its subagents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while acting as Agent."

35. The Article VIII (*The Administrative Agent and the Collateral Agent*) to the Term Loan Agreement is hereby amended by inserting the following new paragraph at the end thereof:

"The parties hereto agree that, if any provision in this Article VIII is inconsistent with or contrary to any other provisions in this Agreement or any of the other Loan Documents relating to the rights, duties or obligations of the Agents, then the provisions of this Article VIII shall prevail as between the parties hereto.

36. Clause (b) of Section 9.01 of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(b) if to the Administrative Agent, to Wells Fargo Bank, National Association, 625 Marquette Avenue, MAC N9311-110, Minneapolis, MN 55479, Attn: Kim Ngan T. Nguyen (e-mail: Kim.T.Nguyen@wellsfargo.com; Fax No. 612-667-9825); and"

37. The first sentence of Section 9.04(b) of the Term Loan Agreement is hereby amended by inserting the following new clause (vi) at the end thereof:

"and (vi) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned (including, without limitation, an equal percentage of the Tranche A Loans and the Tranche B Loans owned by such assigning Lender), provided, however, that each such assignment on or after the Crack Spread

Hedge Unwind Date shall be of a constant, and not a varying, percentage of all of the assigning Lender's rights and obligations under this Agreement with respect to the Tranche A Loans and the Tranche B Loans."

38. Section 9.05(a) of the Term Loan Agreement is hereby amended and restated in its entirety to read as follows:

"(a) Holdings and the Borrower agree, jointly and severally, to pay (i) all out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent, the Arranger, and their Affiliates in connection with the arrangement and syndication of the credit facility provided for herein and the preparation and administration of this Agreement and the other Loan Documents, (ii) all out-of-pocket expenses (A) incurred by the Administrative Agent, the Collateral Agent, the Lenders and their Affiliates in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby or thereby contemplated shall be consummated) or (B) incurred by the Administrative Agent, the Collateral Agent, the Arranger or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents or in connection with the Loans made hereunder, including the fees, charges and disbursements of (x) Bingham McCutchen LLP, counsel for the Administrative Agent, the Collateral Agent and certain of the Lenders, (y) Nixon Peabody LLP as special counsel for the Agents, and (z) in connection with any such enforcement or protection, any other counsel for the Administrative Agent, the Collateral Agent, the Arranger or any Lender."

39. Section 10.05(b) of the Term Loan Agreement is hereby amended by (a) inserting, immediately after the words "The Collateral Agent shall" in the current first sentence thereof, the words ", in such manner and substance as is directed in writing by the Required Lenders," and (b) adding the following sentence to the beginning of such Section 10.05(b):

"Upon receiving any certificate from the Borrower pursuant to Section 10.05(a), the Collateral Agent shall promptly deliver a copy thereof to each of the Lenders."

40. Exhibit A to the Term Loan Agreement is hereby amended and restated in its entirety to read as set forth on Exhibit C hereto.

41. Exhibit H attached hereto is hereby added to the Term Loan Agreement as Exhibit H thereto.

Exhibit 10.3

EXECUTION COPY

FIFTH AMENDMENT TO
AMENDED REVOLVING CREDIT AGREEMENT

FIFTH AMENDMENT, dated as of July 31, 2009 (this "Agreement"), by and among Alon USA Energy, Inc., a Delaware corporation (the "Parent"), Alon USA, LP, f/k/a SWBU, L.P., a Texas limited partnership ("Alon LP"; together with such other subsidiaries of the Parent as may be designated as a borrower under the Credit Agreement by Alon LP with the prior written consent of the Agent (as defined below) and the Required Lenders (as defined in the Credit Agreement), each individually a "Borrower", and, collectively, the "Borrowers"), all direct and indirect subsidiaries of the Parent other than the Excluded Subsidiaries (as defined in the Credit Agreement) (the Parent and such direct and indirect subsidiaries that are not Excluded Subsidiaries are hereinafter referred to individually as a "Guarantor Company" and, collectively, as the "Guarantor Companies"), the Lenders (as defined below), Israel Discount Bank of New York, as administrative agent, co-arranger and collateral agent for the Lenders (in such capacity, the "Agent"), and Bank Leumi USA, as co-arranger for the Lenders ("Bank Leumi").

W I T N E S S E T H

WHEREAS, the Borrowers, the Guarantor Companies, the financial institutions from time to time party thereto (each a "Lender" and collectively, the "Lenders"), the Agent and Bank Leumi are parties to the Amended Revolving Credit Agreement, dated as of June 22, 2006 (as amended by (i) the First Amendment, dated as of August 4, 2006, (ii) the Waiver, Consent, Partial Release and Second Amendment, dated as of February 28, 2007, (iii) the Third Amendment, dated as of June 29, 2007, and (iv) the Waiver, Consent, Partial Release and Fourth Amendment, dated as of July 2, 2008, the "Credit Agreement"), pursuant to which the Lenders have made revolving loans to the Borrowers;

WHEREAS, the Loan Parties, the Lenders, Bank Leumi and the Agent wish to amend the Credit Agreement to: (i) extend the Termination Date to January 1, 2013, (ii) increase the interest rate for each Revolving Credit Loan, (iii) increase the Unused Line Fee, the Letter of Credit Issuance Fee and the Letter of Credit Amendment Fee, (iv) terminate the right to request a Facility Sublimit Increase, (v) change the reporting requirements under Sections 7.01(a) (ii) and (iii) of the Credit Agreement, and (vi) amend certain other terms and conditions of the Credit Agreement, in each case, subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Credit Agreement.

2. Amendments to Credit Agreement.

(a) New Definition. Section 1.01 of the Credit Agreement is hereby amended to add the following defined term in the appropriate alphabetical order:

"Pricing Effective Date' means August 3, 2009."

(b) Deletion of Existing Definitions. The following defined terms in Section 1.01 of the Credit Agreement are hereby deleted in their entirety:

"Base Production Level";

"Blended West Texas Crude Oil Price";

"Extension Notice";

"Facility Floor";

"Facility Sublimit";

"Initial Oil Increase Period";

"Minimum Oil Increase Period";

"Notice of Facility Sublimit Increase";

"Oil Price Adjustment";

"Production Increase"; and

"Subsequent Oil Increase Period".

(c) Amendment and Restatement of Existing Definitions. The following defined terms in Section 1.01 of the Credit Agreement are hereby amended and restated in their entirety to read as follows:

"'Availability' means, at any time, the difference between (i) the lower of (A) the Borrowing Base and (B) the Total Commitment, and (ii) the sum of (A) the aggregate outstanding principal amount of all Revolving Credit Loans and (B) all Letter of Credit Obligations."

"'Base Rate Loan' means a Revolving Credit Loan bearing interest based on the Base Rate or as set forth in Section 2.06(a)."

"'Eurodollar Loan' means a Revolving Credit Loan bearing interest based on the Eurodollar Rate or as set forth in Section 2.06(a)."

"'Obligations' means (i) the obligations of the Borrowers to pay, as and when due and payable (by scheduled maturity or otherwise), all

amounts from time to time owing by them in respect of any Loan Document to which any Borrower is a party, whether for principal, interest (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to bankruptcy, insolvency or reorganization of a Loan Party, whether or not a claim for post-filing interest is allowed in such proceeding), Letter of Credit Obligations, fees, commissions, expense reimbursements, indemnifications or otherwise, (ii) the obligations of the Borrowers to perform or observe all of its other obligations from time to time existing under any Loan Document to which any Borrower is a party, and (iii) any overdrawn amounts with respect to any deposit or checking account maintained by any Loan Party at IDB or Bank Leumi, together with any related fees and charges."

"'Termination Date' means January 1, 2013."

(d) Revolving Credit Commitments. Section 2.01(b) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Notwithstanding the foregoing, the aggregate principal amount of the Revolving Credit Loans outstanding at any time shall not exceed the lower of (i) the difference between (A) Total Commitment and (B) the aggregate Letter of Credit Obligations and (ii) the difference between (A) the then current Borrowing Base, and (B) the aggregate Letter of Credit Obligations."

(e) Interest; Revolving Credit Loans. Section 2.06(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(a) Each Revolving Credit Loan which is a Eurodollar Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of such Revolving Credit Loan until such principal amount becomes due, at a rate per annum equal to (i) prior to the Pricing Effective Date, the Eurodollar Rate for the Interest Period in effect for such Revolving Credit Loan plus 1.50%, and (ii) on and after the Pricing Effective Date, the greater of (A) the Eurodollar Rate for the Interest Period in effect for such Revolving Credit Loan plus 3.0% and (B) 4.0%. Each Revolving Credit Loan which is a Base Rate Loan shall bear interest on the principal amount thereof from time to time outstanding from the date of such Revolving Credit Loan until such principal amount becomes due, at a rate per annum equal to (x) prior to the Pricing Effective Date, the Base Rate, and (y) on and after the Pricing Effective Date, the greater of (A) the Base Rate plus 1.0% and (B) 4.0%."

(f) Reduction of Revolving Credit Commitment; Prepayment of Revolving Credit Loans. Section 2.07(c)(ii) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(ii) [Reserved]"

(g) Fees; Unused Line Fee. Section 2.08(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(a) From and after the Effective Date until the Final Maturity Date, the Borrowers shall pay to the Agent for the account of the Lenders in accordance with the Lenders' respective Pro Rata Shares and in immediately available funds, an unused line fee (the "Unused Line Fee") accruing at the rate of (i) prior to the Pricing Effective Date, 3/10ths of 1% (0.30%) per annum, and (ii) on and after the Pricing Effective Date, 7/10ths of 1% (0.70%) per annum, in each case on the excess, if any, of the Total Commitment over the sum of the average amount of all Revolving Credit Loans and Letter of Credit Obligations outstanding from time to time. Solely for the purposes of calculating the Unused Line Fee, the total amount of Letters of Credit Obligations shall be determined based upon the maximum stated amount of each Letter of Credit and each such Letter of Credit shall be deemed to be outstanding at the maximum stated amount until the expiry date of each such Letter of Credit, irrespective of whether the maximum stated amount was reduced or such Letter of Credit was terminated prior to the expiry date of such Letter of Credit. The Unused Line Fee shall be payable quarterly in arrears on the first Business Day of each January, April, July and October, commencing April 3, 2006 and shall be non-refundable."

(h) Fees; Unused Loan Subfacility Fee. Section 2.08(b) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(b) [Reserved]"

(i) Increases to the Facility Sublimit. Section 2.13 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Section 2.13 [Reserved]"

(j) Letters of Credit. Section 3.01(b) of the Credit Agreement is hereby amended by deleting the first sentence of such section in its entirety and by substituting therefor the following:

"The aggregate Letter of Credit Obligations shall not exceed the lower of (i) the difference between (A) the Total Commitment and (B) the aggregate principal amount of Revolving Credit Loans then outstanding and (ii) the difference between (A) the aggregate Borrowing Base and (B)

the aggregate principal amount of the Revolving Credit Loans then outstanding."

(k) Letters of Credit Fees. Section 3.03(b)(i) of the Credit Agreement is hereby amended by deleting the last sentence of such section in its entirety and by substituting therefor the following:

"In addition, the Borrowers shall pay to the Agent for the account of the Lenders, in accordance with the Lenders' Pro Rata Shares, (x) for each Letter of Credit issued hereunder, a nonrefundable issuance fee (a "Letter of Credit Issuance Fee") equal to (1) prior to the Pricing Effective Date, 1.50% per annum and (2) on and after the Pricing Effective Date, 2.25% per annum, in each case of the stated amount of such Letter of Credit, and (y) for any amendment to an existing Letter of Credit that increases the stated amount of such Letter of Credit, a nonrefundable amendment fee (a "Letter of Credit Amendment Fee") equal to (1) prior to the Pricing Effective Date, 1.50% per annum and (2) on and after the Pricing Effective Date, 2.25% per annum, in each case of the increase in the stated amount of such Letter of Credit."

(l) Affirmative Covenant; Reporting Requirements.

(i) Section 7.01(a)(ii) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(ii) as soon as available, and in any event within 90 days after the end of each Fiscal Year of the Parent,

(A) the audited consolidated balance sheets, consolidated statements of income and consolidated statements of stockholders' equity and consolidated statements of cash flow of the Parent and its Consolidated Subsidiaries as at the end of such Fiscal Year, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, and (in the case of the consolidated balance sheets and statements of income, stockholders' equity and cash flow) accompanied by a report and an unqualified opinion, prepared in accordance with generally accepted auditing standards, of KPMG, LLP or other independent certified public accountants of recognized standing selected by the Parent and satisfactory to the Agent (it being agreed that any "Big Four" accounting firm shall be deemed acceptable), and

(B) a balance sheet, statement of income and statement of cash flow of Alon LP as at the end of such Fiscal Year, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year, all in reasonable detail and

prepared in accordance with GAAP and (1) certified by the chief financial officer of Alon LP as fairly presenting, in all material respects, the financial position of Alon LP and the results of operations and changes in financial position of Alon LP, as of the end of such Fiscal Year, and (2) accompanied by a review report thereon of KPMG, LLP or other independent certified public accountants of recognized standing selected Alon LP and satisfactory to the Agent (it being agreed that any "Big Four" accounting firm shall be deemed acceptable), which report shall state that such accountants reviewed such balance sheets, statements of income, and statements of cash flow and that based on such review, such accountants are not aware of any material modifications that should be made in such financial statements in order for them to be in conformity with GAAP;"

(ii) Section 7.01(a)(iii) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(iii) as soon as available and in any event within 30 days of the end of each Fiscal Month,

(A) an internally prepared consolidated and consolidating balance sheets, consolidated and consolidating statements of income and consolidated and consolidating statements of cash flow for such Fiscal Month of (x) the Parent and its Consolidated Subsidiaries and (y) Alon USA and its Consolidated Subsidiaries, in each case, for such Fiscal Month and for the period from the beginning of such Fiscal Year to the end of such Fiscal Month, all in form and detail consistent with that of the most recent monthly financial statements furnished to the Agent prior to the date hereof and certified by the chief financial officer of the Parent or Alon USA, as appropriate, as fairly presenting, in all material respects, the financial position of the Parent and its Consolidated Subsidiaries and Alon USA and its Consolidated Subsidiaries, in each case, as of the end of such Fiscal Month and the results of operations and changes in financial position of the Parent and its Consolidated Subsidiaries and Alon USA and its Consolidated Subsidiaries, in each case, for such Fiscal Month, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Agent, subject to normal year end audit adjustments and the absence of footnotes, and

(B) an internally prepared balance sheet, statement of income and statement of cash flow for such Fiscal Month of Alon LP (alone, without regard to its Subsidiaries) and for the period from the beginning of such Fiscal Year to the end of such Fiscal

Month, all in reasonable detail and prepared in accordance with GAAP and certified by the chief financial officer of Alon LP as fairly presenting, in all material respects, the financial position of Alon LP as of the end of such Fiscal Month and the results of operations and changes in financial position of Alon LP, for such Fiscal Month, subject to normal year end adjustments and the absence of footnotes;"

(iii) Section 7.01(a)(ix) of the Credit Agreement is hereby amended by deleting clause (A) of such section in its entirety and by substituting therefor the following:

"(A) a Borrowing Base Certificate containing actual information as of the 30th day of the preceding month and setting forth and certifying as to (1) the calculation of the Borrowing Base and (2) Availability,"

3. Conditions to Effectiveness. The effectiveness of this Agreement is subject to the fulfillment on or before August 3, 2009, in a manner satisfactory to the Agent, of the following conditions (the date such condition is fulfilled is hereafter referred to as the "Fifth Amendment Effective Date"):

(a) The Borrowers shall have paid to the Agent (i) for the benefit of the Lenders a non-refundable fee equal to $1,200,000 (the "Amendment Fee"), in immediately available funds, which fee shall be earned in full when paid, and (ii) all other fees, costs, expenses and taxes payable on the Fifth Amendment Effective Date pursuant to Section 12.05 of the Credit Agreement.

(b) The representations and warranties contained in this Agreement, the Credit Agreement and in each other Loan Document and certificate or other writing delivered to the Agent or any Lender pursuant thereto on or prior to the Fifth Amendment Effective Date shall be true and correct on and as of the Fifth Amendment Effective Date as though made on and as of such date, except to the extent that such representations or warranties expressly relate solely to an earlier date (in which case such representations or warranties shall be true and correct on and as of such date); and no Default or Event of Default shall have occurred and be continuing on the Fifth Amendment Effective Date or would result from this Agreement becoming effective in accordance with its terms.

(c) The Agent shall have received on or before the Fifth Amendment Effective Date the following, each in form and substance satisfactory to the Agent:

(i) five (5) copies of this Agreement duly executed by the Loan Parties, the Agent and the Lenders;

(ii) a certificate of an authorized officer of each Loan Party, certifying the names and true signatures of the officers of such Loan Party authorized to sign this Agreement and the other documents to be executed and delivered by such Loan Party in connection herewith, together with evidence of the incumbency of such authorized officers;

(iii) a certificate of the chief executive officer or the chief financial officer of the Administrative Borrower, certifying as to the matters set forth in subsection (b) of this Section 3; and

(iv) such other certificates of authorized officers of any Loan Party as the Agent may reasonably request.

4. Representations and Warranties. To induce the other parties hereto to enter into this Agreement, the Loan Parties represent and warrant to the Agent and the Lenders that, as of the Fifth Amendment Effective Date:

(a) Each of the Companies and the Parent (i) is a corporation, limited liability company or limited partnership (as applicable) duly organized, validly existing and in good standing under the laws of the state of its organization, (ii) has all requisite power and authority to execute, deliver and perform this Agreement, and to perform the Credit Agreement, as amended hereby, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary, except where the failure to so qualify individually or in the aggregate is not reasonably likely to have a Material Adverse Effect.

(b) The execution, delivery and performance by each of the Companies and the Parent of this Agreement and the performance by each of the Companies and the Parent of the Credit Agreement, as amended hereby, (i) have been duly authorized by all necessary corporate action, (ii) do not and will not contravene, in the case of a corporation, its charter or by-laws, in the case of a limited liability company, its certificate of formation and limited liability operating agreement, or any applicable equivalent document, and in the case of a limited partnership, its certificate of limited partnership and limited partnership agreement, or any applicable equivalent document, or any applicable law or any material contractual restriction binding on or otherwise affecting it or any of its properties, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any such Loan Document or Term Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties except where such suspension, revocation, impairment, forfeiture or nonrenewal is not reasonably likely to have a Material Adverse Effect.

(c) No authorization, approval or consent of or other action by, and no notice to or filing with, any Governmental Authority or other regulatory body is required in connection with the due execution, delivery and performance by each Company and the Parent of this Agreement, or for the performance of the Credit Agreement, as amended hereby.

(d) This Agreement, the Credit Agreement, as amended hereby, and each other Loan Document to which each Company and the Parent is a party is a legal, valid and binding obligation of such Company or the Parent, as applicable, enforceable against such Company or the Parent, as applicable, in accordance with its terms except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, reorganization,

moratorium or similar laws from time to time in effect affecting generally, the enforcement of creditors' rights and remedies and by general principles of equity.

(e) The representations and warranties contained in this Agreement, the Credit Agreement and in each other Loan Document and certificate or other writing delivered to the Agent or any Lender pursuant thereto on or prior to the Fifth Amendment Effective Date are true and correct in all respects on and as of the Fifth Amendment Effective Date, after giving effect to the terms of this Agreement, as though made on and as of such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall be true and correct in all respects on and as of such date); and no Default or Event of Default has occurred and is continuing on the Fifth Amendment Effective Date or will result from this Agreement becoming effective in accordance with its terms.

5. Covenants.

(a) The Loan Parties shall deliver, or cause to be delivered, within one day after the Fifth Amendment Effective Date, the following, each in form and substance satisfactory to the Agent:

(i) a copy of the resolutions adopted by the Board of Directors or equivalent governing body of each Loan Party, certified as of the Fifth Amendment Effective Date by authorized officers thereof, authorizing (A) the transactions contemplated by this Agreement and the other documents, instruments and agreements executed and/or to be delivered in connection herewith, and (B) the execution, delivery and performance by each Loan Party of this Agreement and the other documents, instruments and agreements executed and/or to be delivered in connection herewith;

(ii) a certificate of an authorized officer of each Loan Party, certifying that such Loan Party has not amended or otherwise modified (A) its charter, certificate of formation or other organizational document or (B) its by-laws, operating agreement or limited partnership agreement or other similar agreement, in each case since the Effective Date (or, if any such organizational document has been amended or otherwise modified, attaching a true, correct and complete copy of such amendment or modification); and

(iii) a certificate, dated as of a date not more than ten days prior to the Fifth Amendment Effective Date, of the appropriate official(s) of the state of incorporation of each Loan Party, certifying as to the subsistence in good standing of, and the payment of taxes by, such Loan Party in such states and listing all charter documents of such Loan Party on file with such official(s).

(b) The Administrative Borrower shall deliver, or cause to be delivered, within seven days after the Fifth Amendment Effective Date, an opinion of Jones Day, special counsel to the Loan Parties, as to such matters as the Agent may reasonably request.

6. Reservation of Rights. No action or acquiescence by the Agent and the Lenders, including, without limitation, this Agreement of, or the acceptance of any payments under, the Credit Agreement, shall constitute a waiver of any Default or Event of Default which may exist

as of the Fifth Amendment Effective Date. Accordingly, the Agent and the Lenders reserve all of their rights under the Credit Agreement, the Loan Documents, at law and otherwise regarding any such Default or Event of Default.

7. Continued Effectiveness of Loan Documents. Each of the Loan Parties hereby (i) confirms and agrees that each Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the Fifth Amendment Effective Date all references in any such Loan Document to "the Credit Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Credit Agreement shall mean the Credit Agreement as amended by this Agreement, and (ii) confirms and agrees that to the extent that any such Loan Document purports to assign or pledge to the Agent, or to grant to the Agent a security interest in or lien on, any collateral as security for the Obligations of the Loan Parties from time to time existing in respect of the Credit Agreement and the Loan Documents, such pledge, assignment and/or grant of the security interest or lien is hereby ratified and confirmed in all respects.

8. Miscellaneous.

(a) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of a counterpart hereby by facsimile or electronic transmission shall be equally effective as delivery of a manually executed counterpart hereof.

(b) Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(C) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(d) THE COMPANIES, THE AGENT AND THE LENDERS EACH HEREBY IRREVOCABLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(e) Each Loan Party hereby acknowledges and agrees that this Agreement constitutes a "Loan Document" under the Credit Agreement. Accordingly, it shall be an Event of Default under the Credit Agreement if (i) any representation or warranty made by any Loan Party under or in connection with this Agreement shall have been untrue, false or misleading in any material respect when made, or (ii) any Loan Party shall fail to perform or observe any term, covenant or agreement contained in this Agreement.

(f) The Loan Parties will pay on demand all reasonable fees, reasonable out-of-pocket costs and expenses of the Agent in connection with the preparation, execution and delivery of this Agreement, including, without limitation, the reasonable fees, out-of-pocket disbursements and other client charges of Schulte Roth & Zabel LLP.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

Borrower:

ALON USA, LP

By: Alon USA GP, LLC, a Delaware limited liability company, its general partner

By: /s/ David Wiessman
Name: David Wiessman
Title: Executive Chairman of the Board of Managers

Guarantor Companies:

ALON USA OPERATING, INC
ALON USA REFINING, INC.
ALON USA, INC.
ALON USA ENERGY, INC.
ALON USA CAPITAL, INC.
ALON PARAMOUNT HOLDINGS, INC.

By: /s/ David Wiessman
Name: David Wiessman
Title: Executive Chairman of the Board of Directors

ALON USA GP, LLC
ALON CRUDE PIPELINE, LLC

By: /s/ David Wiessman
Name: David Wiessman
Title: Executive Chairman of the Board of Managers

ALON ASSETS, INC.
ALON BRANDS, INC.

By: /s/ David Wiessman
Name: David Wiessman
Title: Chairman of the Board of Directors

ALON USA DELAWARE, LLC
ALON PIPELINE LOGISTICS, LLC

By: /s/ David Wiessman
Name: David Wiessman
Title: President

Agent and Lender:

ISRAEL DISCOUNT BANK OF NEW YORK

By: /s/Howard Weinberg
Name: Howard Weinberg
Title: First Senior Vice President

By: /s/Itai Zalutzki
Name: Itai Zalutzki
Title: AVP

Lender and Co-arranger:

BANK LEUMI USA

By: /s/ Gil Hershman
Name: Gil Hershman
Title: Vice President

By: /s/ Michaela Klein
Name: Michaela Klein, 212
Title: Senior Vice President

Exhibit 31.1

CERTIFICATIONS

I, Jeff D. Morris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alon USA Energy, 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.

Date: August 6, 2009

By: /s/ Jeff D. Morris
Jeff D. Morris
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Shai Even, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alon USA Energy, 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.

Date: August 6, 2009

By: /s/ Shai Even
Shai Even
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. §1350,
AS ADOPTED PURSUANT TO §906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q of Alon USA Energy, Inc., a Delaware corporation (the "Company"), for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(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 as of the dates and for the periods expressed in the Report.

Date: August 6, 2009

By: /s/ Jeff D. Morris
Jeff D. Morris
Chief Executive Officer

By: /s/ Shai Even
Shai Even
Chief Financial Officer