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, 2012

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:

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 August 1, 2012, was 56,545,834.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION	1
ITEM 1. FINANCIAL STATEMENTS	1
CONSOLIDATED BALANCE SHEETS	1
CONSOLIDATED STATEMENTS OF OPERATIONS	2
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENTS OF CASH FLOWS	4
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	5
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	18
FORWARD-LOOKING STATEMENTS	18
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	40
ITEM 4. CONTROLS AND PROCEDURES	42
PART II. OTHER INFORMATION	43
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	43
ITEM 6. EXHIBITS	44
SIGNATURES	45
EXHIBITS	46

EX-10.4 AMENDMENT, DATED AS OF JULY 20, 2012, TO THE AMENDED AND RESTATED SUPPLY AND OFFTAKE AGREEMENT BY AND BETWEEN ALON USA, LP, AND J. ARON & COMPANY, DATED MARCH 1, 2011.

EX-10.5 AMENDMENT, DATED AS OF JULY 20, 2012, TO THE AMENDED AND RESTATED SUPPLY AND OFFTAKE AGREEMENT, DATED MAY 28, 2010, BY AND BETWEEN ALON REFINING KROTZ SPRINGS, INC. AND J. ARON & COMPANY.

EX-10.6 AMENDMENT, DATED AS OF JULY 20, 2012, TO THE SUPPLY AND OFFTAKE AGREEMENT, DATED MAY 30, 2012, BY AND BETWEEN ALON SUPPLY, INC., AND J. ARON AND COMPANY.

EX-10.7 AMENDMENT, DATED AS OF JULY 31, 2012, TO THE CREDIT AGREEMENT, DATED MAY 28, 2010, BY AND BETWEEN ALON REFINING KROTZ SPRINGS, INC. AND GOLDMAN SACHS BANK USA, AS ISSUING BANK.

EX-31.1 CERTIFICATION OF CEO PURSUANT TO SECTION 302

EX-31.2 CERTIFICATION OF CFO PURSUANT TO SECTION 302

EX-32.1 CERTIFICATION OF CEO AND CFO PURSUANT TO SECTION 906

Table of Contents

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, 2012	December 31, 2011
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 57,516	$ 157,066
Accounts and other receivables, net	187,071	247,214
Inventories	219,153	147,272
Deferred income tax asset	54,493	49,410
Prepaid expenses and other current assets	23,991	8,376
Total current assets	542,224	609,338
Equity method investments	21,912	20,342
Property, plant and equipment, net	1,493,113	1,504,870
Goodwill	105,943	105,943
Other assets, net	106,172	89,889
Total assets	$ 2,269,364	$ 2,330,382
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 304,695	$ 298,596
Accrued liabilities	99,688	91,416
Current portion of long-term debt	11,513	119,874
Total current liabilities	415,896	509,886
Other non-current liabilities	259,436	192,065
Long-term debt	862,538	930,322
Deferred income tax liability	306,667	302,325
Total liabilities	1,844,537	1,934,598
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, par value $0.01, 15,000,000 shares authorized; 7,000,000 issued and outstanding at June 30, 2012 and 4,000,000 shares issued and outstanding at December 31, 2011, respectively	70,000	40,000
Common stock, par value $0.01, 150,000,000 shares authorized; 56,513,315 and 56,107,986 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	565	561
Additional paid-in capital	320,386	318,659
Accumulated other comprehensive loss, net of income tax	(35,469)	(26,483)
Retained earnings	70,010	63,273
Total stockholders' equity	425,492	396,010
Non-controlling interest in subsidiaries	(665)	(226)
Total equity	424,827	395,784
Total liabilities and equity	$ 2,269,364	$ 2,330,382

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,	
	2012	2011	2012	2011
Net sales (1)	$ 1,910,489	$ 1,595,631	$ 3,702,622	$ 3,246,735
Operating costs and expenses:				
Cost of sales	1,686,876	1,429,452	3,305,550	2,890,575
Unrealized (gains) losses on commodity swaps	(12,871)	—	32,441	—
Direct operating expenses	76,874	62,215	149,083	119,138
Selling, general and administrative expenses	36,208	38,585	71,348	72,915
Depreciation and amortization	30,419	24,787	61,130	50,234
Total operating costs and expenses	1,817,506	1,555,039	3,619,552	3,132,862
Loss on disposition of assets	(345)	(80)	(214)	(68)
Operating income	92,638	40,512	82,856	113,805
Interest expense	(24,300)	(20,758)	(55,340)	(41,198)
Equity earnings of investees	1,509	2,015	1,570	1,770
Other income (loss), net	1,107	(4,880)	(6,993)	(36,793)
Income before income tax expense	70,954	16,889	22,093	37,584
Income tax expense	25,680	2,478	7,929	9,948
Net income	45,274	14,411	14,164	27,636
Net income attributable to non-controlling interest	2,183	677	440	837
Net income available to common stockholders	$ 43,091	$ 13,734	$ 13,724	$ 26,799
Earnings per share, basic	$ 0.77	$ 0.25	$ 0.24	$ 0.49
Weighted average shares outstanding, basic (in thousands)	56,238	55,533	56,133	55,041
Earnings per share, diluted	$ 0.65	$ 0.22	$ 0.21	$ 0.44
Weighted average shares outstanding, diluted (in thousands)	66,635	61,517	66,562	61,000
Cash dividends per share	$ 0.04	$ 0.04	$ 0.08	$ 0.08

(1) Includes excise taxes on sales by the retail segment of $16,198 and $15,193 for the three months and $32,322 and $29,411 for the six months ended June 30, 2012 and 2011, respectively.

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	$ 45,274	$ 14,411	$ 14,164	$ 27,636
Other comprehensive income (loss), net of tax:				
Interest rate derivatives designated as cash flow hedges:				
Unrealized holding gain (loss) arising during period, net of tax	(9)	(372)	(120)	(408)
Less: reclassification adjustments for gain (loss) realized in net income, net of tax	(659)	(661)	(1,306)	(1,295)
Net gain (loss), net of tax	650	289	1,186	887
Commodity contracts designated as cash flow hedges:				
Unrealized holding gain (loss) arising during period, net of tax	6,137	—	(25,087)	—
Less: reclassification adjustments for gain (loss) realized in net income, net of tax	(9,215)	—	(14,305)	—
Net gain (loss), net of tax	15,352	—	(10,782)	—
Total other comprehensive income (loss), net of tax	16,002	289	(9,596)	887
Comprehensive income	61,276	14,700	4,568	28,523
Comprehensive income (loss) attributable to non-controlling interest	3,052	677	(170)	837
Comprehensive income attributable to common stockholders	$ 58,224	$ 14,023	$ 4,738	$ 27,686

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

Table of Contents

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

	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011
Cash flows from operating activities:		
Net income available to common stockholders	$ 13,724	$ 26,799
Adjustments to reconcile net income available to common stockholders to cash provided by (used in) operating activities:		
Depreciation and amortization	61,130	50,234
Stock compensation	1,496	799
Deferred income tax expense	4,665	8,752
Net income attributable to non-controlling interest	440	837
Equity earnings of investees (net of dividends)	(1,570)	—
Amortization of debt issuance costs	3,297	2,872
Amortization of original issuance discount	1,344	1,294
Write-off of unamortized original issuance discount	9,624	—
Loss on disposition of assets	214	68
Unrealized losses on commodity swaps	32,441	—
Changes in operating assets and liabilities:		
Accounts and other receivables, net	25,691	(98,479)
Income tax receivable	2,516	—
Inventories	(71,881)	(143,723)
Prepaid expenses and other current assets	(15,615)	(1,770)
Other assets, net	(17,258)	(19,442)
Accounts payable	6,099	55,828
Accrued liabilities	(9,506)	29,094
Other non-current liabilities	67,371	35,721
Net cash provided by (used in) operating activities	114,222	(51,116)
Cash flows from investing activities:		
Capital expenditures	(40,525)	(67,958)
Capital expenditures for turnarounds and catalysts	(8,757)	(4,262)
Dividends from investees, net of equity earnings	—	480
Proceeds from disposition of assets	16	40
Earnout payment related to Krotz Springs refinery acquisition	—	(4,375)
Net cash used in investing activities	(49,266)	(76,075)
Cash flows from financing activities:		
Dividends paid to stockholders	(4,481)	(4,427)
Dividends paid to non-controlling interest	(269)	(430)
Proceeds from issuance of common stock	—	11,900
Stock issuance costs	—	(537)
Inventory supply agreement	—	1,165
Deferred debt issuance costs	(2,643)	(1,900)
Revolving credit facilities, net	(151,341)	142,498
Additions to long-term debt	—	30,136
Payments on long-term debt	(5,772)	(5,759)
Net cash provided by (used in) financing activities	(164,506)	172,646
Net increase (decrease) in cash and cash equivalents	(99,550)	45,455
Cash and cash equivalents, beginning of period	157,066	71,687
Cash and cash equivalents, end of period	$ 57,516	$ 117,142
Supplemental cash flow information:		
Cash paid for interest	$ 44,786	$ 37,428
Cash paid (refunds received) for income tax	$ (1,378)	$ 2,819
Non-cash activity:		
Financing activity — payment on long-term debt from issuance of preferred stock	$ (30,000)	$ —

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

(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, 2012.

The consolidated balance sheet as of December 31, 2011, 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, 2011.

(b) New Accounting Standards

In June 2011, the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 220, *Comprehensive Income*, were amended to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement or in two separate but consecutive statements. Under either option, the entity is required to present reclassification adjustments on the face of the financial statement where those components are presented. These provisions are effective for the first interim or annual period beginning after December 15, 2011, and are to be applied retrospectively, with early adoption permitted. The adoption of this guidance did not affect Alon's financial position or results of operations because these requirements only affect the presentation of the financial statements and disclosures.

In July 2012, the provisions of FASB ASC 350, *Intangibles - Goodwill and Other*, were amended to allow an entity the option to make a qualitative assessment about the likelihood that an indefinite-lived intangible asset is impaired to determine whether it should perform a quantitative impairment test. These provisions are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The adoption of this guidance will not affect Alon's financial position or results of operations.

(2) 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 located in Big Spring, Texas; and Paramount, Bakersfield and Long Beach, California (the "California refineries"); and a light sweet crude oil refinery located in Krotz Springs, Louisiana. Alon's refineries have a combined throughput capacity of approximately 240,000 barrels per day ("bpd"). At these refineries, Alon refines crude oil into 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. In Bakersfield, Alon is converting intermediate products into finished products and is not refining crude oil. 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. Alon also acquires finished products through exchange agreements and third-party suppliers.

(b) Asphalt Segment

Alon's asphalt segment includes the Willbridge, Oregon refinery and 11 refinery/terminal locations in Texas (Big Spring), California (Paramount, Long Beach, Elk Grove, Bakersfield and Mojave), Oregon (Willbridge), Washington (Richmond Beach), Arizona (Phoenix and Flagstaff), and Nevada (Fernley) (50% interest) as well as 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 part of total assets in the asphalt segment data.

(c) Retail and Branded Marketing Segment

Alon’s retail and branded marketing segment operates approximately 300 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 Alon brand names. Substantially all of the motor fuel sold through Alon’s convenience stores and the majority of the motor fuels marketed in Alon’s branded business is supplied by Alon’s Big Spring refinery. Alon markets gasoline and diesel under the Alon brand name through a network of approximately 625 locations, including Alon's convenience stores.

Alon has operated under an exclusive license to use the FINA trademark in the wholesale distribution of motor fuel within Texas, Oklahoma, New Mexico, Arizona, Arkansas, Louisiana, Colorado and Utah since 2000. Alon's license to use the FINA brand expired in August 2012 in accordance with its terms. Alon developed its own brand and logo in anticipation of this expiration of this license and has substantially completed the conversion of all of its locations and all locations served by its branded marketing business to the new Alon brand. Under the brand, Alon will no longer be subject to the geographic limitations contained in the FINA license agreement.

(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 headquarters operating and depreciation expenses.

Segment data as of and for the three and six month periods ended June 30, 2012 and 2011, are presented below:

	Refining and Unbranded Marketing	Asphalt	Retail and Branded Marketing	Corporate	Consolidated Total
Three Months Ended June 30, 2012					
Net sales to external customers	$ 1,366,816	$ 152,911	$ 390,762	$ —	$ 1,910,489
Intersegment sales/purchases	381,589	(106,056)	(275,533)	—	—
Depreciation and amortization	25,210	1,414	3,171	624	30,419
Operating income (loss)	76,092	6,404	10,957	(815)	92,638
Total assets	1,859,000	171,517	223,567	15,280	2,269,364
Turnaround, chemical catalyst and capital expenditures	21,207	5,969	4,787	657	32,620

	Refining and Unbranded Marketing	Asphalt	Retail and Branded Marketing	Corporate	Consolidated Total
Three Months Ended June 30, 2011					
Net sales to external customers	$ 1,064,185	$ 147,811	$ 383,635	$ —	$ 1,595,631
Intersegment sales/purchases	371,735	(94,992)	(276,743)	—	—
Depreciation and amortization	19,583	1,747	3,053	404	24,787
Operating income (loss)	43,854	(13,697)	10,947	(592)	40,512
Total assets	2,040,276	145,066	214,519	15,345	2,415,206
Turnaround, chemical catalyst and capital expenditures	42,172	673	3,149	878	46,872

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

	Refining and Unbranded Marketing	Asphalt	Retail and Branded Marketing	Corporate	Consolidated Total
Six Months Ended June 30, 2012					
Net sales to external customers	$ 2,697,933	$ 245,460	$ 759,229	$ —	$ 3,702,622
Intersegment sales/purchases	692,843	(137,245)	(555,598)	—	—
Depreciation and amortization	50,912	2,796	6,245	1,177	61,130
Operating income (loss)	73,981	4,983	5,450	(1,558)	82,856
Total assets	1,859,000	171,517	223,567	15,280	2,269,364
Turnaround, chemical catalyst and capital expenditures	30,843	7,460	10,196	783	49,282

	Refining and Unbranded Marketing	Asphalt	Retail and Branded Marketing	Corporate	Consolidated Total
Six Months Ended June 30, 2011					
Net sales to external customers	$ 2,312,862	$ 234,054	$ 699,819	$ —	$ 3,246,735
Intersegment sales/purchases	622,082	(118,479)	(503,603)	—	—
Depreciation and amortization	39,620	3,477	6,330	807	50,234
Operating income (loss)	123,143	(23,325)	15,170	(1,183)	113,805
Total assets	2,040,276	145,066	214,519	15,345	2,415,206
Turnaround, chemical catalyst and capital expenditures	65,450	1,333	4,494	943	72,220

Operating income (loss) for each segment consists of net sales less cost of sales, direct operating expenses, selling, general and administrative expenses, depreciation and amortization, and gain 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 and other assets directly associated with the segment's operations. Corporate assets consist primarily of corporate headquarters information technology and administrative equipment.

(3) 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 amounts of long-term debt approximate fair value. Derivative financial instruments are carried at fair value, which is based on quoted market prices.

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. 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.

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

The following table sets forth the assets and liabilities measured at fair value on a recurring basis, by input level, in the consolidated balance sheets at June 30, 2012 and December 31, 2011, 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, 2012				
Assets:				
Commodity contracts (futures and forwards)	$ 2,762	$ 1,871	$ —	$ 4,633
Liabilities:				
Commodity contracts (swaps)	—	17,352	—	17,352
Interest rate swap	—	2,372	—	2,372
As of December 31, 2011				
Assets:				
Commodity contracts (swaps)	—	31,936	—	31,936
Liabilities:				
Commodity contracts (futures and forwards)	78	—	—	78
Commodity contracts (call options)	—	9,268	—	9,268
Interest rate swap	—	4,197	—	4,197

(4) Derivative Financial Instruments

Mark to Market

Commodity Derivatives. 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. Credit risk on Alon’s derivative instruments is substantially mitigated by transacting with counterparties meeting established collateral and credit criteria.

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.

Commodity Derivatives. As of June 30, 2012, Alon has accounted for certain commodity swap contracts as cash flow hedges with contract purchase volumes of 3,780,000 barrels of crude and contract sales volumes of 3,780,000 barrels of refined products with a remaining contract term of six months. During the three and six months ended June 30, 2012, Alon recognized unrealized after-tax gains (losses) of $15,352 and $(10,782), respectively, related to these transactions in Other Comprehensive Income ("OCI"). There were no amounts reclassified from OCI into cost of sales as a result of the discontinuance of cash flow hedge accounting.

For the three and six months ended June 30, 2012 and 2011, 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.

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, 2012, Alon had an interest rate swap agreement with a notional amount of $100,000, a remaining period of six months and a fixed interest rate of 4.25%. This swap was accounted for as a cash flow hedge.

For cash flow hedges, gains and losses reported in OCI are reclassified into interest expense when the forecasted transaction affects income. Alon recognized in OCI unrealized after-tax gains of $650 and $289 during the three months ended June 30, 2012 and 2011, respectively, and $1,186 and $887 during the six months ended June 30, 2012 and 2011, respectively,

for the fair value measurement of the interest rate swap agreements. There were no amounts reclassified from OCI into interest expense as a result of the discontinuance of cash flow hedge accounting.

For the three and six months ended June 30, 2012 and 2011, 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.

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

	As of June 30, 2012			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments:				
Commodity contracts (swaps)		$ —	Accrued liabilities	$ (505)
Commodity contracts (futures and forwards)	Accounts receivable	4,327	Accrued liabilities	(1,565)
Commodity contracts (futures and forwards)	Other assets, net	1,871		—
Total derivatives not designated as hedging instruments		$ 6,198		$ (2,070)
Derivatives designated as hedging instruments:				
Commodity contracts (swaps)		$ —	Accrued liabilities	$ (16,847)
Interest rate swap		—	Other non-current liabilities	(2,372)
Total derivatives designated as hedging instruments		—		(19,219)
Total derivatives		$ 6,198		$ (21,289)

	As of December 31, 2011			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments:				
Commodity contracts (swaps)	Accounts receivable	$ 32,678	Accrued liabilities	$ (742)
Commodity contracts (call options)		—	Accrued liabilities	(9,268)
Commodity contracts (futures and forwards)	Accounts receivable	809	Accrued liabilities	(887)
Total derivatives not designated as hedging instruments		$ 33,487		$ (10,897)
Derivatives designated as hedging instruments:				
Interest rate swap		$ —	Other non-current liabilities	$ (4,197)
Total derivatives designated as hedging instruments		—		(4,197)
Total derivatives		$ 33,487		$ (15,094)

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, 2012					
Commodity contracts (swaps)	$ 23,988	Cost of sales	$ (14,399)		$ —
Interest rate swaps	1,001	Interest expense	(1,014)		—
Total derivatives	$ 24,989		$ (15,413)		$ —
For the Three Months Ended June 30, 2011					
Interest rate swap	$ 444	Interest expense	$ (1,020)		$ —
Total derivatives	$ 444		$ (1,020)		$ —

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 Six Months Ended June 30, 2012					
Commodity contracts (swaps)	$ (16,847)	Cost of sales	$ (22,352)		$ —
Interest rate swaps	1,825	Interest expense	(2,009)		—
Total derivatives	$ (15,022)		$ (24,361)		$ —
For the Six Months Ended June 30, 2011					
Interest rate swap	$ 1,366	Interest expense	$ (1,995)		$ —
Total derivatives	$ 1,366		$ (1,995)		$ —

Derivatives not designated as hedging instruments:

		Gain (Loss) Recognized in Income			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	Location	2012	2011	2012	2011
Commodity contracts (futures & forwards)	Cost of sales	$ 13,861	$ 1,122	$ 15,575	$ 10,759
Commodity contracts (swaps)	Cost of sales	(5,825)	(357)	(12,206)	(2,678)
Commodity contracts (swaps)	Unrealized gains (losses) on commodity swaps	12,871	—	(32,441)	—
Commodity contracts (call options)	Other income (loss), net	856	(4,905)	(7,297)	(36,824)
Total derivatives		$ 21,763	$ (4,140)	$ (36,369)	$ (28,743)

(5) Inventories

Alon's inventories (including inventory consigned to others) 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, 2012	December 31, 2011
Crude oil, refined products, asphalt and blendstocks	$ 63,525	$ 37,159
Crude oil inventory consigned to others	102,663	62,489
Materials and supplies	24,556	21,491
Store merchandise	21,884	19,322
Store fuel	6,525	6,811
Total inventories	$ 219,153	$ 147,272

Crude oil, refined products, asphalt and blendstock inventories totaled 2,302 thousand barrels and 1,838 thousand barrels as of June 30, 2012 and December 31, 2011, respectively. A reduction of inventory volumes occurring in the three months ended March 31, 2012 and 2011, resulted in a liquidation of LIFO inventory layers associated with refined products and asphalt carried at lower costs which prevailed in previous years. The liquidation decreased cost of sales by approximately $14,965 and $44,340 for the six months ended June 30, 2012 and 2011, respectively.

Market values of crude oil, refined products, asphalt and blendstock inventories exceeded LIFO costs by $43,724 and $93,401 at June 30, 2012 and December 31, 2011, respectively.

Crude oil inventory consigned to others represents inventory that was sold to third parties with an obligation by Alon to repurchase the inventory at the end of the respective agreements. As a result of this requirement to repurchase inventory, no revenue was recorded on these transactions and the inventory volumes remain valued under the LIFO method.

Alon had 1,323 thousand barrels and 951 thousand barrels of crude oil consigned to others at June 30, 2012 and December 31, 2011, respectively. Alon recorded liabilities associated with this consigned inventory of $129,398 in other non-current liabilities at June 30, 2012 and $26,389 in accounts payable and $58,328 in other non-current liabilities at December 31, 2011.

Additionally, Alon recorded accounts receivable of $4,874 and accrued liabilities of $117 at June 30, 2012 and December 31, 2011, respectively, for forward commitments related to month-end consignment inventory target levels differing from projected levels and the associated pricing with these inventory level differences.

Effective January 1, 2011, Alon elected to account for inventory consigned to others under the "Normal Purchase Normal Sales" exemption of FASB ASC 815, *Derivatives and Hedging*. This exemption applies to situations where commodities are physically delivered. If the contracts were settled June 30, 2012, the liabilities recorded would be in excess of the payment by $2,442.

(6) Property, Plant and Equipment, Net

Property, plant and equipment, net consisted of the following:

	June 30, 2012	December 31, 2011
Refining facilities	$ 1,748,294	$ 1,718,792
Pipelines and terminals	43,459	43,414
Retail	151,204	147,679
Other	19,467	18,685
Property, plant and equipment, gross	1,962,424	1,928,570
Less accumulated depreciation	(469,311)	(423,700)
Property, plant and equipment, net	$ 1,493,113	$ 1,504,870

(7) Additional Financial Information

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

(a) Other Assets, Net

	June 30, 2012	December 31, 2011
Deferred turnaround and chemical catalyst cost	$ 20,777	$ 20,998
Environmental receivables	16,534	17,369
Deferred debt issuance costs	11,700	12,354
Intangible assets, net	8,560	7,663
Receivable from supply agreements	26,179	12,496
Other, net	22,422	19,009
Total other assets	$ 106,172	$ 89,889

(b) Accrued Liabilities and Other Non-Current Liabilities

	June 30, 2012	December 31, 2011
Accrued Liabilities:		
Taxes other than income taxes, primarily excise taxes	$ 25,430	$ 32,892
Employee costs	11,418	11,368
Commodity contracts	18,917	10,897
Accrued finance charges	9,862	10,902
Environmental accrual	6,292	6,292
Other	27,769	19,065
Total accrued liabilities	$ 99,688	$ 91,416
Other Non-Current Liabilities:		
Pension and other postemployment benefit liabilities, net	$ 46,661	$ 46,493
Environmental accrual (Note 14)	57,283	59,171
Asset retirement obligations	11,629	11,442
Interest rate swap valuations	2,372	4,197
Consignment inventory	129,398	58,328
Other	12,093	12,434
Total other non-current liabilities	$ 259,436	$ 192,065

(8) Postretirement Benefits

Alon has four defined benefit pension plans covering substantially all of its employees, excluding employees of SCS. The benefits are based on years of service and the employee's final average monthly compensation. Alon's funding policy is to contribute annually not less than the minimum required nor more than the maximum amount that can be deducted for federal income tax purposes. Contributions are intended to provide not only for benefits attributed to service to date, but also for those benefits expected to be earned in the future. Alon’s estimated contributions during 2012 to its pension plans has not changed significantly from amounts previously disclosed in Alon’s consolidated financial statements for the year ended December 31, 2011. For the six months ended June 30, 2012 and 2011, Alon contributed $2,920 and $2,340, 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, 2012 and 2011:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Components of net periodic benefit cost:				
Service cost	$ 943	$ 915	$ 1,886	$ 1,829
Interest cost	1,031	1,035	2,063	2,070
Expected return on plan assets	(1,076)	(933)	(2,153)	(1,866)
Amortization of net loss	645	448	1,291	896
Net periodic benefit cost	$ 1,543	$ 1,465	$ 3,087	$ 2,929

(9) Indebtedness

Debt consisted of the following:

	June 30, 2012	December 31, 2011
Term loan credit facility	$ 423,000	$ 425,250
Revolving credit facilities	157,000	308,341
Senior secured notes	210,408	209,324
Retail credit facilities	83,643	107,281
Total debt	874,051	1,050,196
Less current portion	(11,513)	(119,874)
Total long-term debt	$ 862,538	$ 930,322

Alon USA, LP Credit Facility. Alon has a $240,000 revolving credit facility (the "Alon USA LP Credit Facility") that will mature on March 1, 2016. The Alon USA LP 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.

Borrowings under the Alon USA LP Credit Facility bear interest at the Eurodollar rate plus 3.50% per annum subject to an overall minimum interest rate of 4.00%.

The Alon USA LP Credit Facility is secured by (i) a first lien on cash, accounts receivables, inventories and related assets of Alon USA LP and (ii) a second lien on fixed assets, including the Big Spring refinery and certain asphalt terminals.

The Alon USA LP Credit Facility contains certain restrictive covenants including maintenance financial covenants.

Borrowings of $157,000 and $200,000 were outstanding under the Alon USA LP Credit Facility at June 30, 2012 and December 31, 2011, respectively. At June 30, 2012 and December 31, 2011, outstanding letters of credit under the Alon USA LP Credit Facility were $43,763 and $35,509, respectively.

Paramount Petroleum Corporation Credit Facility. In February 2012, Alon repaid in full all of its obligations under the Paramount Credit Facility.

Alon Brands Term Loans. In March 2011, Alon Brands issued $30,000 five-year unsecured notes (the "Alon Brands Term Loans") to a group of investors including certain shareholders of Alon Israel and their affiliates. In conjunction with the issuance of the Alon Brands Term Loans, 3,092,783 warrants were issued to purchase shares of Alon's common stock. In March 2012, Alon issued $30,000 of 8.5% Series B Convertible Preferred Stock to the holders of the Alon Brands Term Loans and repaid in full its obligations under the Alon Brands Term Loans. Also as part of the transaction, the warrants issued in conjunction with the Alon Brands Term Loans were surrendered to Alon. As the Alon Brands Term Loans were originally issued at a discount, the remaining $9,624 of unamortized original issuance discount was charged to interest expense for the six months ended June 30, 2012.

Financial Covenants. Alon has certain credit facilities that contain restrictive covenants, including maintenance financial covenants. At June 30, 2012, Alon was in compliance with these maintenance financial covenants.

(10) Stock-Based Compensation

Alon’s original incentive compensation plan, the Alon USA Energy, Inc. 2005 Incentive Compensation Plan, was approved by its stockholders in 2006 and amended in May 2010. In May 2012, Alon’s stockholders approved a second amended and restated incentive compensation plan, the Alon USA Energy, Inc. Second Amended and Restated 2005 Incentive Compensation Plan ("the Plan"), which is a component of Alon’s overall executive incentive compensation program. The Plan permits the granting of awards in the form of options to purchase common stock, Stock Appreciation Rights (“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.

Restricted Stock. Non-employee directors, and non-employee directors of Alon's subsidiaries who are designated by Alon's directors, are awarded an annual grant of $25 in shares of restricted stock. In May 2012, Alon granted awards of 11,148 restricted shares at a grant date price of $8.97. The restricted shares granted to the non-employee directors vest over a period of three years, assuming continued service at vesting.

In May 2012, Alon granted awards of 180,000 restricted shares to certain executive officers at a grant date price of $8.77. These May 2012 restricted shares will vest as follows: 50% on May 10, 2013 and 50% on May 10, 2016, assuming continued service at vesting.

Compensation expense for the restricted stock grants amounted to $545 and $264 for the three months ended June 30, 2012 and 2011, respectively, and $719 and $276 for the six months ended June 30, 2012 and 2011, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

The following table summarizes the restricted share activity from January 1, 2011:

Nonvested Shares	Shares	Weighted Average Grant Date Fair Values (per share)
Nonvested at January 1, 2011	16,169	$ 9.28
Granted	186,015	13.50
Vested	(7,278)	10.31
Forfeited	—	—
Nonvested at December 31, 2011	194,906	$ 13.26
Granted	191,148	8.78
Vested	(97,424)	13.27
Forfeited	—	—
Nonvested at June 30, 2012	288,630	$ 10.29

As of June 30, 2012, there was $2,479 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of 2.8 years. The fair value of shares vested in 2012 was $848.

Restricted Stock Units. In May 2011, Alon granted 500,000 restricted stock units to the CEO and President of Alon at a grant date fair value of $11.47. Each restricted unit represents the right to receive one share of Alon common stock upon the vesting of the restricted stock unit. All 500,000 restricted stock units vest on March 1, 2015, assuming continued service at vesting. Compensation expense for the restricted stock units amounted to $374 and $249 for the three months ended June 30, 2012 and 2011, respectively, and $748 and $249 for the six months ended June 30, 2012 and 2011, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

Stock Appreciation Rights. Through June 30, 2012, Alon has granted awards of 599,165 SARs to certain officers and key employees of Alon of which 60% of these SARs have a grant price of $28.46 and the remaining SARs have grant prices ranging from $10.00 to $16.00 . At June 30, 2012, 180,832 SARs with a grant price of $28.46 expired without being exercised.

When exercised, all 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.

Compensation expense for the SARs grants amounted to $14 and $32 for the three months ended June 30, 2012 and 2011, respectively, and $29 and $274 for the six months ended June 30, 2012 and 2011, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

In June 2012, Alon signed agreements with shareholders of two of its subsidiaries, Alon Assets, Inc. ("Alon Assets") and Alon USA Operating, Inc. ("Alon Operating"). According to the agreements, Alon has the right to exchange 581,699 of its shares over a period of 12 quarters and 2,326,946 of its shares over a period of 20 quarters, beginning July 2012, for 15,549.3 shares of Alon Assets and 5,839.1 shares of Alon Operating. In July 2012, 164,822 of Alon's shares were issued in exchange for 881.12 shares of Alon Assets and 330.88 shares of Alon Operating.

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

(a) Preferred stock (share value in dollars)

In March 2012, pursuant to the terms of the Series B Convertible Preferred Stock Agreement, Alon issued 3,000,000 shares of 8.5% Series B Convertible Preferred Stock to a group of investors who held, in the aggregate, $30,000 of the Alon Brands Term Loans and 3,092,783 warrants to purchase shares of Alon common stock. Pursuant to this agreement, Alon repaid in full its obligations under the Alon Brands Term Loans and the warrants were surrendered to Alon. The terms of the Series B Convertible Preferred Stock are substantially the same as the terms of the Series A Convertible Preferred Stock except that, based on certain conditions, Alon has the right to convert the preferred stock into Alon common stock from March 2015 for the Series B Convertible Preferred Stock and from October 2013 for the Series A Convertible Preferred Stock. If all of the Series B Convertible Preferred Stock were to be converted into Alon's common stock based on the initial conversion price of $6.74 per share, then 4,451,100 shares of Alon's common stock would be issued.

(b) Dividends

Common Stock Dividends. On June 15, 2012, Alon paid a regular quarterly cash dividend of $0.04 per share on Alon's common stock to stockholders of record at the close of business on June 1, 2012.

Preferred Stock Dividends. On June 30, 2012, 150,703 shares of Alon common stock were issued for payment of the quarterly 8.5% Series A and Series B Convertible Preferred Stock dividends to preferred stockholders of record at the close of business on June 20, 2012.

(c) Accumulated Other Comprehensive Loss

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

	Unrealized Loss on Cash Flow Hedges	Defined Benefit Pension Plans	Total
Balance at December 31, 2011	$ (3,194)	$ (23,289)	$ (26,483)
Current period other comprehensive loss, net of tax	(8,986)	—	(8,986)
Balance at June 30, 2012	$ (12,180)	$ (23,289)	$ (35,469)

(12) Earnings Per Share

Basic earnings per share is calculated as net income available to common stockholders divided by the average number of participating shares of common stock outstanding. Diluted earnings per share include the dilutive effect of SARs using the treasury stock method and the dilutive effect of convertible preferred shares, warrants and granted restricted stock units using the if-converted method.

The calculation of earnings per share, basic and diluted, for the three and six months ended June 30, 2012 and 2011, is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Net income available to common stockholders	$ 43,091	$ 13,734	$ 13,724	$ 26,799
Average number of shares of common stock outstanding	56,238	55,533	56,133	55,041
Dilutive SARs, RSUs, convertible preferred stock and warrants	10,397	5,984	10,429	5,959
Average number of shares of common stock outstanding assuming dilution	66,635	61,517	66,562	61,000
Earnings per share – basic	$ 0.77	$ 0.25	$ 0.24	$ 0.49
Earnings per share – diluted	$ 0.65	$ 0.22	$ 0.21	$ 0.44

(13) Related-Party Transactions

In March 2012, pursuant to the terms of the Series B Convertible Preferred Stock Agreement, Alon issued $12,000 of 8.5% Series B Convertible Preferred Stock to certain shareholders of Alon Israel and their affiliates. In conjunction with the issuance of the Series B Convertible Preferred Stock, Alon repaid all amounts due under the Alon Brands Term Loan and the warrants held by Alon Israel and their affiliates were surrendered to Alon.

(14) Commitments and Contingencies

(a) Commitments

In the normal course of business, Alon has long-term commitments to purchase, at market prices, utilities 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 typically short-term in nature or provide terms for cancellation.

Supply and Offtake Agreement with J. Aron & Company

During the first quarter of 2012, Alon entered into a Supply and Offtake Agreement (the “Supply and Offtake Agreement”), with J. Aron & Company (“J. Aron”). Pursuant to the Supply and Offtake Agreement (i) J. Aron agreed to sell to Alon, and Alon agreed to buy from J. Aron, at market prices, crude oil for processing at the California refineries and (ii) Alon agreed to sell, and J. Aron agreed to buy, at market prices, certain refined products produced at the California refineries.

In connection with the execution of the Supply and Offtake Agreement for the California refineries, Alon also entered into agreements that provided for the sale, at market prices, of Alon's crude oil and certain refined product inventories to J. Aron, the lease to J. Aron of crude oil and refined product storage tanks located at the California refineries, and an agreement to identify prospective purchasers of refined products on J. Aron’s behalf. The Supply and Offtake Agreement for the California refineries has an initial term that expires in May 2016. J. Aron may elect to terminate the agreement prior to the initial term beginning in May 2013, provided Alon receives notice of termination at least six months prior to that date. Following expiration or termination of the Supply and Offtake Agreement, Alon is obligated to purchase at market prices the crude oil and refined product inventories then owned by J. Aron and located at the California refineries.

In July 2012, each of the Supply and Offtake Agreements for the Big Spring refinery, Krotz Springs refinery and the California refineries were amended principally in order to extend the terms of the Supply and Offtake Agreements by an additional two years. After the amendments, the Supply and Offtake Agreements have an initial term that expires in May 2018. J. Aron may elect to terminate the agreements prior to the initial term in May 2015 and upon each anniversary thereof provided Alon receives notice of termination at least six months prior to that date. Alon may elect to terminate in May 2017, provided Alon provides notice of termination at least six months prior to that date.

In May 2010, Alon Refining Krotz Springs, Inc. ("ARKS") entered into a secured Credit Agreement (the “Standby LC Facility”) by and between ARKS, as Borrower, and Goldman Sachs Bank USA, as Issuing Bank. The Standby LC Facility provides for up to $200,000 of letters of credit to be issued to J. Aron. Obligations under the Standby LC Facility are secured by a first priority lien on the existing and future accounts receivable and inventory of ARKS. In July 2012, ARKS entered into an amendment to the Standby LC Facility that extends the expiration of the Standby LC Facility until July 31, 2013. At this

time there is no further availability under the Standby LC Facility.

(b) Contingencies

Alon is involved in various other claims and legal actions arising in the ordinary course of business. In August 2011, Alon received from the Federal Trade Commission a civil investigative demand to provide documents as part of an industry-wide investigation related to petroleum industry practices and pricing. Alon believes the ultimate disposition of this and all other matters will not have a material effect on Alon's financial position, results of operations or liquidity.

(c) Environmental

Alon is subject 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 refineries, 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 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 cannot be determined with any degree of reliability.

Alon has accrued environmental remediation obligations of $63,575 ($6,292 accrued liability and $57,283 non-current liability) at June 30, 2012, and $65,463 ($6,292 accrued liability and $59,171 non-current liability) at December 31, 2011.

In connection with the acquisition of the Bakersfield refinery on June 1, 2010, a subsidiary of Alon entered into an indemnification agreement with a prior owner for remediation expenses of conditions that existed at the refinery on the acquisition date. Alon is required to make indemnification claims to the prior owner by March 15, 2015. Alon has recorded a current receivable of $706 and a non-current receivable of $15,486, and a current receivable of $706 and a non-current receivable of $15,719 at June 30, 2012 and December 31, 2011, respectively.

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 $1,893 and a non-current receivable of $1,048, and a current receivable of $1,893 and a non-current receivable of $1,650 at June 30, 2012 and December 31, 2011, respectively.

(15) Subsequent Events

Dividend Declared

On August 7, 2012, Alon declared its regular quarterly cash dividend of $0.04 per share on Alon's common stock, payable on September 19, 2012, to stockholders of record at the close of business on September 5, 2012.

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, 2011. 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 spread between West Texas Intermediate Cushing ("WTI") crude oil and West Texas Sour ("WTS") crude oil;
- changes in the spread between WTI crude oil and Light Louisiana Sweet and Heavy Louisiana Sweet crude oils, as well as the spread between California crudes such as Buena Vista and WTI;
- the effects of transactions involving forward contracts and derivative instruments;
- actions of customers and competitors;
- termination of our Supply and Offtake Agreements with J. Aron & Company ("J. Aron"), which include all our refineries and under which J. Aron is our largest supplier of crude oil and our largest customer of refined products. Additionally, we are obligated to repurchase all consigned inventories and certain other inventories upon termination of these Supply and Offtake Agreements;
- 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 such as flooding, casualty losses and other matters beyond our control;
- the global financial crisis' impact on our business and financial condition; and
- the other factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2011 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 located in Big Spring, Texas; and Paramount, Bakersfield and Long Beach, California; and a light sweet crude oil refinery located in Krotz Springs, Louisiana. We refer to the Paramount, Bakersfield and Long Beach 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, petrochemical feedstocks and asphalts, which are marketed primarily in the South Central, Southwestern, and Western United States. At Bakersfield, we convert intermediate products into finished products and do not refine crude oil.

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's convenience stores and unbranded distributors 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 by our California refineries to wholesale distributors, other refiners and third parties primarily on the West Coast. At Bakersfield, we operate the hydrocracker unit and process vacuum gas oil produced by our other California locations.

We market refined products produced by our Krotz Springs refinery to other refiners and third parties. The refinery's location provides access to upriver markets on the Mississippi and Ohio Rivers and its docking facilities along the Atchafalaya River allow barge access. The refinery also uses its direct access to the Colonial Pipeline to transport products to markets in the Southern and Eastern United States. The Krotz Springs refinery processing units are structured to yield approximately 101.5% of total feedstock input, meaning that for each 100 barrels of crude oil and feedstocks input into the refinery, it produces 101.5 barrels of refined products. Of the 101.5%, on average 99.0% is light finished products such as gasoline and distillates, including diesel and jet fuel, petrochemical feedstocks and liquefied petroleum gas, and the remaining 2.5% is primarily heavy oils.

Asphalt Segment. Our asphalt segment markets asphalt produced at our Big Spring 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 11 refinery/terminal locations in Texas (Big Spring), California (Paramount, Long Beach, Elk Grove, Bakersfield and Mojave), Oregon (Willbridge), Washington (Richmond Beach), Arizona (Phoenix and Flagstaff) and Nevada (Fernley) (50% interest) as well as through 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 approximately 300 convenience stores located 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 Alon brand names. We have operated under an exclusive license to use the FINA trademark in the wholesale distribution of motor fuel within Texas, Oklahoma, New Mexico, Arizona, Arkansas, Louisiana, Colorado and Utah since 2000. Our license to use the FINA brand expired in August 2012 in accordance with its terms. We developed our own brand and logo in anticipation of the expiration of this license and have substantially completed the conversion of all of our locations and all locations served by our branded marketing business to the new Alon brand. Under the Alon brand, we will no longer be subject to the geographic limitations contained in the FINA license agreement.

Substantially all of the motor fuel sold through our retail operations and the majority of the motor fuel marketed in our branded business is supplied by our Big Spring refinery. In 2012, approximately 93% of the motor fuel requirements of our branded marketing operations, including retail operations, were supplied by our Big Spring refinery. 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.

We market gasoline and diesel under the Alon brand name through a network of approximately 625 locations, including our convenience stores. Approximately 56% of the gasoline and 21% 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 commodity pricing information published by Platts. Additionally, our retail and branded marketing segment licenses the use of the Alon brand name and provides credit card processing services to approximately 160 licensed locations that are not under fuel supply agreements with us.

Second Quarter Operational and Financial Highlights

Operating income for the second quarter of 2012 was $92.6 million, compared to $40.5 million in the same period last year. Our operational and financial highlights for the second quarter of 2012 include the following:

- Combined refinery throughput for the second quarter of 2012 averaged 160,071 bpd, consisting of 64,558 bpd at the Big Spring refinery, 31,206 bpd at the California refineries and 64,307 bpd at the Krotz Springs refinery, compared to 134,858 bpd for the second quarter of 2011, consisting of 63,715 bpd at the Big Spring refinery, 24,044 bpd at the California refineries and 47,099 bpd at the Krotz Springs refinery.
- Operating margin at the Big Spring refinery was $24.92 per barrel for the second quarter of 2012, compared to $19.65 per barrel for the same period in 2011. This increase in operating margin is mainly due to higher Gulf Coast 3/2/1 crack spreads and a widening sweet/sour spread.
- Operating margin at the Krotz Springs refinery was $5.28 per barrel for the second quarter of 2012, compared to $3.39 per barrel for the same period in 2011. This increase in operating margin is due to lower crude oil costs with the addition of WTI priced crude oils, partially offset by lower Gulf Coast 2/1/1 high sulfur diesel crack spreads.
- Operating margin at the California refineries was $2.55 per barrel for the second quarter of 2012, compared to $(0.75) per barrel for the same period in 2011. This increase in operating margin is mainly due to an increase in West Coast 3/1/1/1 crack spreads.
- The average WTI to WTS spread for the second quarter of 2012 was $5.30 per barrel compared to $2.54 per barrel for the same period in 2011. The average LLS to WTI spread for the second quarter of 2012 was $18.11 per barrel compared to $15.32 per barrel for the same period in 2011. The average WTI to Buena Vista spread for the second quarter of 2012 was $(14.80) per barrel compared to $(10.75) per barrel for the same period in 2011.
- The average Gulf Coast 3/2/1 crack spread was $26.04 per barrel for the second quarter of 2012 compared to $24.07 per barrel for the second quarter of 2011. The average West Coast 3/1/1/1 crack spread for the second quarter of 2012 was $11.46 per barrel compared to $9.91 per barrel for the same period in 2011. The average Gulf Coast 2/1/1 high sulfur diesel crack spread for the second quarter of 2012 was $7.72 per barrel compared to $8.11 per barrel for the second quarter of 2011.
- Asphalt margins in the second quarter of 2012 were $67.31 per ton compared to $1.35 per ton in the second quarter of 2011. This increase was primarily due to higher asphalt sales prices and lower crude oil costs in addition to non-cash inventory items. The average blended asphalt sales price increased 9.1% from $557.83 per ton in the second quarter of 2011 to $608.81 per ton in the second quarter of 2012 and the average non-blended asphalt sales price increased 34.7% from $349.95 per ton in the second quarter of 2011 to $471.41 per ton in the second quarter of 2012. The average price of Buena Vista crude decreased 4.4% from $113.18 per barrel in the second quarter of 2011 to $108.25 per barrel in the second quarter of 2012.
- Retail fuel sales volume increased by 7.9% from 38.5 million gallons in the second quarter of 2011 to 41.5 million gallons in the second quarter of 2012. Our branded fuel sales volume increased by 5.5% from 91.4 million gallons in the second quarter of 2011 to 96.4 million gallons in the second quarter of 2012.
- On June 15, 2012, 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 June 1, 2012.
- On June 30, 2012, 150,703 shares of our common stock were issued for payment of the quarterly 8.5% Series A and Series B Convertible Preferred Stock dividends to preferred stockholders of record at the close of business on June 20, 2012.

Major Influences on Results of Operations

Refining and Unbranded Marketing. 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 calculate the per barrel operating margin for each refinery by dividing the refinery’s gross margin by its throughput volumes. Gross margin is the difference between net sales and cost of sales (exclusive of substantial unrealized hedge positions and certain inventory adjustments).

We compare our Big Spring refinery’s per barrel operating margin to the Gulf Coast 3/2/1 crack spread. A 3/2/1 crack spread 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 Cushing, or WTI, a light, sweet crude oil.

We compare our California refineries’ per barrel operating margin to the West Coast 3/1/1/1 crack spread. A 3/1/1/1 crack spread is calculated assuming that three barrels of a benchmark crude oil are converted into one barrel of gasoline, one barrel of diesel and one barrel of fuel oil. We calculate the West Coast 3/1/1/1 crack spread using the market values of West Coast LA CARBOB pipeline gasoline, LA ultra-low sulfur pipeline diesel, and LA 380 pipeline CST (fuel oil) and the market value of Buena Vista 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 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 Gulf Coast high sulfur diesel and the market value of Light Louisiana Sweet, or LLS, crude oil.

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 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 Buena Vista crude oil. A widening of this spread can favorably influence the refinery operating margins for our California refineries.

The Krotz Springs refinery has the capability to process substantial volumes of low-sulfur, or sweet, crude oils to produce a high percentage of light, high-value refined products. Sweet crude oil typically comprises 100% of the Krotz Springs refinery's crude oil input. This input was primarily comprised of Heavy Louisiana Sweet, or HLS crude oil, and LLS crude oil. We measure the cost of refining these lighter sweet crude oils by calculating the difference between the average value of LLS crude oil (which also approximates the value of HLS crude oil) to the average value of WTI crude oil. A narrowing of this spread can favorably influence the refinery operating margins of our Krotz Springs refinery.

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. 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 expectations for 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. 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 and markets asphalt at 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 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, revenues from 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. Earnings and cash flows from our retail and branded marketing segment are primarily affected by merchandise and motor fuel sales volumes and margins at our convenience stores and the motor fuel sales volumes and margins from sales to our Alon-branded distributors, together with licensing and credit card related fees generated from our Alon-branded distributors and licensees. 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 peak in the second and third quarters of the year, while the first and fourth quarters usually experience lower overall sales.

Factors Affecting Comparability

Our financial condition and operating results over the six months ended June 30, 2012 and 2011, have been influenced by the following factors which are fundamental to understanding comparisons of our period-to-period financial performance.

Crude throughput was reduced at the Krotz Springs refinery during the second quarter of 2011 due to the flooding in Louisiana and its impact on crude oil supply to the refinery.

For the three and six months ended June 30, 2012, we had unrealized (gains) losses on commodity swaps of $(12.9) million and $32.4 million, respectively, as shown separately in the statements of operations. Additionally for the three and six months ended June 30, 2012, we had realized losses on commodity swaps of $20.1 million and $34.4 million, respectively, included in cost of sales in the statements of operations. We had no significant unrealized or realized gains or losses on commodity swaps for the three and six months ended June 30, 2011. Included in other income (loss), net in the statements of operations, we also had gains (losses) on heating oil call option crack spread contracts of $0.9 million and $(4.9) million for the three months ended June 30, 2012 and 2011, respectively, and $(7.3) million and $(36.8) million for the six months ended June 30, 2012 and 2011, respectively.

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 includes 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.

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, 2012 and 2011. 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, 2011 is unaudited.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(dollars in thousands, except per share data)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 1,910,489	$ 1,595,631	$ 3,702,622	$ 3,246,735
Operating costs and expenses:				
Cost of sales	1,686,876	1,429,452	3,305,550	2,890,575
Unrealized (gains) losses on commodity swaps	(12,871)	—	32,441	—
Direct operating expenses	76,874	62,215	149,083	119,138
Selling, general and administrative expenses (2)	36,208	38,585	71,348	72,915
Depreciation and amortization (3)	30,419	24,787	61,130	50,234
Total operating costs and expenses	1,817,506	1,555,039	3,619,552	3,132,862
Loss on disposition of assets	(345)	(80)	(214)	(68)
Operating income	92,638	40,512	82,856	113,805
Interest expense (4)	(24,300)	(20,758)	(55,340)	(41,198)
Equity earnings of investees	1,509	2,015	1,570	1,770
Other income (loss), net (5)	1,107	(4,880)	(6,993)	(36,793)
Income before income tax expense	70,954	16,889	22,093	37,584
Income tax expense	25,680	2,478	7,929	9,948
Net income	45,274	14,411	14,164	27,636
Net income attributable to non-controlling interest	2,183	677	440	837
Net income available to common stockholders	$ 43,091	$ 13,734	$ 13,724	$ 26,799
Earnings per share, basic	$ 0.77	$ 0.25	$ 0.24	$ 0.49
Weighted average shares outstanding, basic (in thousands)	56,238	55,533	56,133	55,041
Earnings per share, diluted	$ 0.65	$ 0.22	$ 0.21	$ 0.44
Weighted average shares outstanding, diluted (in thousands)	66,635	61,517	66,562	61,000
Cash dividends per share	$ 0.04	$ 0.04	$ 0.08	$ 0.08
CASH FLOW DATA:				
Net cash provided by (used in):				
Operating activities	$ 83,349	$ (75,497)	$ 114,222	$ (51,116)
Investing activities	(32,615)	(51,053)	(49,266)	(76,075)
Financing activities	(43,507)	124,247	(164,506)	172,646
OTHER DATA:				
Adjusted EBITDA (6)	$ 126,018	$ 62,514	$ 138,777	$ 129,084
Capital expenditures (7)	25,968	42,795	40,525	67,958
Capital expenditures for turnaround and chemical catalyst	6,652	4,077	8,757	4,262

BALANCE SHEET DATA (end of period):	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 57,516	$ 157,066
Working capital	126,328	99,452
Total assets	2,269,364	2,330,382
Total debt	874,051	1,050,196
Total equity	424,827	395,784

(1) Includes excise taxes on sales by the retail and branded marketing segment of $16,198 and $15,193 for the three months ended June 30, 2012 and 2011, respectively, and $32,322 and $29,411 for the six months ended June 30, 2012 and 2011, respectively.

(2) Includes corporate headquarters selling, general and administrative expenses of $191 and $188 for the three months ended June 30, 2012 and 2011, respectively, and $381 and $376 for the six months ended June 30, 2012 and 2011, respectively, which are not allocated to our three operating segments.

(3) Includes corporate depreciation and amortization of $624 and $404 for the three months ended June 30, 2012 and 2011, respectively, and $1,177 and $807 for the six months ended June 30, 2012 and 2011, respectively, which are not allocated to our three operating segments.

(4) Interest expense for the six months ended June 30, 2012, includes a charge of $9,624 for the write-off of unamortized original issuance discount associated with our repayment of the Alon Brands Term Loan.

(5) Other income (loss), net for both the three and six months ended June 30, 2012 and 2011 is substantially the loss on heating oil call option crack spread contracts.

(6) Adjusted EBITDA represents earnings before non-controlling interest in income of subsidiaries, income tax expense, interest expense, depreciation and amortization and loss 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, loss 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 available to common stockholders to Adjusted EBITDA for the three and six months ended June 30, 2012 and 2011, respectively:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(dollars in thousands)			
Net income available to common stockholders	$ 43,091	$ 13,734	$ 13,724	$ 26,799
Non-controlling interest in income of subsidiaries	2,183	677	440	837
Income tax expense	25,680	2,478	7,929	9,948
Interest expense	24,300	20,758	55,340	41,198
Depreciation and amortization	30,419	24,787	61,130	50,234
Loss on disposition of assets	345	80	214	68
Adjusted EBITDA	$ 126,018	$ 62,514	$ 138,777	$ 129,084

Adjusted EBITDA does not exclude unrealized gains (losses) on commodity swaps of $12,871 and $(32,441) for the three and six months ended June 30, 2012, respectively. Adjusted EBITDA also does not exclude gains (losses) on heating oil call option crack spread contracts of $856 and $(4,905) for the three months ended June 30, 2012 and 2011, respectively, and of $(7,297) and $(36,824) for the six months ended June 30, 2012 and 2011, respectively.

(7) Includes corporate capital expenditures of $657 and $878 for the three months ended June 30, 2012 and 2011, respectively, and $783 and $943 for the six months ended June 30, 2012 and 2011, respectively, which are not allocated to our three operating segments.

Table of Contents

REFINING AND UNBRANDED MARKETING SEGMENT

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(dollars in thousands, except per barrel data and pricing statistics)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 1,748,405	$ 1,435,920	$ 3,390,776	$ 2,934,944
Operating costs and expenses:				
Cost of sales	1,584,004	1,310,471	3,087,397	2,655,492
Unrealized (gains) losses on commodity swaps	(12,871)	—	32,441	—
Direct operating expenses	68,523	50,994	131,742	97,943
Selling, general and administrative expenses	7,451	11,029	14,307	18,757
Depreciation and amortization	25,210	19,583	50,912	39,620
Total operating costs and expenses	1,672,317	1,392,077	3,316,799	2,811,812
Gain on disposition of assets	4	11	4	11
Operating income	$ 76,092	$ 43,854	$ 73,981	$ 123,143
KEY OPERATING STATISTICS:				
Per barrel of throughput:				
Refinery operating margin – Big Spring (2)	$ 24.92	$ 19.65	$ 21.56	$ 19.58
Refinery operating margin – CA Refineries (2)	2.55	(0.75)	3.11	(5.48)
Refinery operating margin – Krotz Springs (2)	5.28	3.39	5.55	4.40
Refinery direct operating expense – Big Spring (3)	4.27	4.40	3.92	4.27
Refinery direct operating expense – CA Refineries (3)	7.41	2.91	12.96	4.41
Refinery direct operating expense – Krotz Springs (3)	3.83	4.02	3.91	3.31
Capital expenditures	$ 14,555	$ 38,095	$ 22,086	$ 61,188
Capital expenditures for turnaround and chemical catalyst	6,652	4,077	8,757	4,262
PRICING STATISTICS:				
WTI crude oil (per barrel)	$ 93.45	$ 102.43	$ 98.23	$ 98.30
WTS crude oil (per barrel)	88.15	99.89	93.76	94.99
Buena Vista crude oil (per barrel)	108.25	113.18	112.12	106.28
LLS crude oil (per barrel)	120.46	120.03	116.49	112.88
Crack spreads (3/2/1) (per barrel):				
Gulf Coast	$ 26.04	$ 24.07	$ 25.41	$ 21.10
Crack spreads (3/1/1/1) (per barrel):				
West Coast	$ 11.46	$ 9.91	$ 12.05	$ 11.02
Crack spreads (2/1/1) (per barrel):				
Gulf Coast high sulfur diesel	$ 7.72	$ 8.11	$ 10.09	$ 8.57
Crude oil differentials (per barrel):				
WTI less WTS	$ 5.30	$ 2.54	$ 4.47	$ 3.31
LLS less WTI	18.11	15.32	15.36	12.35
WTI less Buena Vista	(14.80)	(10.75)	(13.89)	(7.98)
Product price (dollars per gallon):				
Gulf Coast unleaded gasoline	$ 2.80	$ 2.98	$ 2.89	$ 2.79
Gulf Coast ultra-low sulfur diesel	2.95	3.08	3.05	2.96
Gulf Coast high sulfur diesel	2.89	3.02	3.00	2.89
West Coast LA CARBOB (unleaded gasoline)	3.03	3.09	3.11	2.94
West Coast LA ultra-low sulfur diesel	2.97	3.20	3.11	3.05
Natural gas (per MMBTU)	2.35	4.38	2.43	4.29

THROUGHPUT AND PRODUCTION DATA: BIG SPRING REFINERY	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2012		2011		2012		2011	
	bpd	%	bpd	%	bpd	%	bpd	%
Refinery throughput:								
Sour crude	52,250	81.0	51,473	80.7	53,898	80.4	51,797	82.3
Sweet crude	10,738	16.6	10,487	16.5	11,472	17.1	9,498	15.1
Blendstocks	1,570	2.4	1,755	2.8	1,665	2.5	1,657	2.6
Total refinery throughput (4)	64,558	100.0	63,715	100.0	67,035	100.0	62,952	100.0
Refinery production:								
Gasoline	30,885	47.8	29,725	46.8	33,012	49.2	30,047	48.0
Diesel/jet	21,242	32.9	20,570	32.4	21,739	32.5	20,281	32.4
Asphalt	4,041	6.2	4,554	7.2	4,288	6.4	4,448	7.1
Petrochemicals	3,838	5.9	3,749	5.9	3,988	6.0	3,786	6.0
Other	4,655	7.2	4,921	7.7	3,921	5.9	4,048	6.5
Total refinery production (5)	64,661	100.0	63,519	100.0	66,948	100.0	62,610	100.0
Refinery utilization (6)		98.9%		88.5%		97.8%		87.6%

THROUGHPUT AND PRODUCTION DATA: CALIFORNIA REFINERIES	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2012		2011		2012		2011	
	bpd	%	bpd	%	bpd	%	bpd	%
Refinery throughput:								
Medium sour crude	4,910	15.7	4,401	18.3	3,167	19.8	2,227	18.0
Heavy crude	23,367	74.9	19,418	80.8	11,368	71.0	10,020	81.1
Blendstocks	2,929	9.4	225	0.9	1,465	9.2	113	0.9
Total refinery throughput (4)	31,206	100.0	24,044	100.0	16,000	100.0	12,360	100.0
Refinery production:								
Gasoline	3,406	11.0	2,961	12.5	1,700	10.7	1,512	12.5
Diesel/jet	7,328	23.7	5,707	24.1	3,663	23.1	2,904	23.9
Asphalt	9,920	32.1	8,184	34.6	5,086	32.1	4,188	34.5
Light unfinished	684	2.2	—	—	506	3.2	—	—
Heavy unfinished	8,983	29.1	6,202	26.2	4,596	29.0	3,225	26.6
Other	599	1.9	607	2.6	300	1.9	306	2.5
Total refinery production (5)	30,920	100.0	23,661	100.0	15,851	100.0	12,135	100.0
Refinery utilization (6)		39.0%		32.9%		20.0%		16.9%

THROUGHPUT AND PRODUCTION DATA: KROTZ SPRINGS REFINERY	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2012		2011		2012		2011	
	bpd	%	bpd	%	bpd	%	bpd	%
Refinery throughput:								
Light sweet crude	53,162	82.7	29,207	62.0	53,410	82.2	41,003	68.1
Heavy sweet crude	11,121	17.3	16,707	35.5	11,062	17.0	17,958	29.8
Blendstocks	24	—	1,185	2.5	520	0.8	1,244	2.1
Total refinery throughput (4)	64,307	100.0	47,099	100.0	64,992	100.0	60,205	100.0
Refinery production:								
Gasoline	26,486	40.6	19,185	40.6	26,400	40.3	25,147	41.7
Diesel/jet	27,270	41.9	21,282	45.0	27,991	42.8	27,876	46.2
Heavy Oils	2,511	3.9	3,232	6.8	2,830	4.3	2,449	4.1
Other	8,822	13.6	3,574	7.6	8,223	12.6	4,853	8.0
Total refinery production (5)	65,089	100.0	47,273	100.0	65,444	100.0	60,325	100.0
Refinery utilization (6)		77.4%		72.3%		77.6%		80.5%

(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) Refinery operating margin is a per barrel measurement calculated by dividing the margin between net sales and cost of sales (exclusive of substantial hedge positions and certain inventory adjustments) 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.

The refinery operating margin excludes unrealized gains on commodity swaps of $12,871 for the three months ended June 30, 2012, and unrealized losses on commodity swaps of $32,441 for the six months ended June 30, 2012, as shown separately in the statements of operations. The refinery operating margin excludes realized losses on commodity swaps of $20,087 and $34,421 for the three and six months ended June 30, 2012, respectively.

The refinery operating margin for the three and six months ended June 30, 2011, excludes unrealized hedging losses of $1,375 and $1,773, respectively. Additionally, the refinery operating margin for the six months ended June 30, 2011, excludes a benefit from inventory reductions of $22,460.

(3) 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. Direct operating expenses related to the Bakersfield refinery of $1,844 and $3,356 for the three and six months ended June 30, 2011, respectively, have been excluded from the per barrel measurement calculations.

(4) Total refinery throughput represents the total barrels per day of crude oil and blendstock inputs in the refinery production process. Throughput data for the California refineries for the six months ended June 30, 2012 and 2011 reflects substantially three months of operations as the California refineries were not in operation for the first quarter of 2012 and 2011. The throughput data of the Krotz Springs refinery for the three and six months ended June 30, 2011, reflects approximately a one month shutdown due to flooding in Louisiana and the impact on crude oil supply to the refinery.

(5) 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 refineries.

(6) Refinery utilization represents average daily crude oil throughput divided by crude oil capacity, excluding planned periods of downtime for maintenance and turnarounds.

ASPHALT SEGMENT

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
	(dollars in thousands, except per ton data)			
STATEMENTS OF OPERATIONS DATA:				
Net sales	$ 152,911	$ 147,811	$ 245,460	$ 234,054
Operating costs and expenses:				
Cost of sales (1)	135,748	147,432	218,420	230,184
Direct operating expenses	8,351	11,221	17,341	21,195
Selling, general and administrative expenses	994	1,108	1,920	2,523
Depreciation and amortization	1,414	1,747	2,796	3,477
Total operating costs and expenses	146,507	161,508	240,477	257,379
Operating income (loss)	$ 6,404	$ (13,697)	$ 4,983	$ (23,325)
KEY OPERATING STATISTICS:				
Blended asphalt sales volume (tons in thousands) (2)	238	238	374	376
Non-blended asphalt sales volume (tons in thousands) (3)	17	43	60	97
Blended asphalt sales price per ton (2)	$ 608.81	$ 557.83	$ 595.62	$ 539.01
Non-blended asphalt sales price per ton (3)	471.41	349.95	378.30	323.58
Asphalt margin per ton (4)	67.31	1.35	62.30	8.18
Capital expenditures	$ 5,969	$ 673	$ 7,460	$ 1,333

(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,	
	2012	2011	2012	2011
	(dollars in thousands, except per gallon data)			
STATEMENTS OF OPERATIONS DATA:				
Net sales (1)	$ 390,762	$ 383,635	$ 759,229	$ 699,819
Operating costs and expenses:				
Cost of sales (2)	348,713	343,284	692,576	626,981
Selling, general and administrative expenses	27,572	26,260	54,740	51,259
Depreciation and amortization	3,171	3,053	6,245	6,330
Total operating costs and expenses	379,456	372,597	753,561	684,570
Loss on disposition of assets	(349)	(91)	(218)	(79)
Operating income	$ 10,957	$ 10,947	$ 5,450	$ 15,170
KEY OPERATING STATISTICS:				
Branded fuel sales (thousands of gallons) (3)	96,418	91,371	189,908	176,941
Branded fuel margin (cents per gallon) (3)	5.9	5.6	0.4	4.7
Number of stores (end of period) (4)	300	304	300	304
Retail fuel sales (thousands of gallons)	41,538	38,507	82,867	75,162
Retail fuel sales (thousands of gallons per site per month)(4)	48	44	48	43
Retail fuel margin (cents per gallon) (5)	18.7	19.5	14.7	17.1
Retail fuel sales price (dollars per gallon) (6)	$ 3.60	$ 3.68	$ 3.53	$ 3.44
Merchandise sales	$ 82,511	$ 78,445	$ 155,993	$ 146,446
Merchandise sales (per site per month) (4)	$ 92	$ 86	$ 87	$ 80
Merchandise margin (7)	32.9%	33.5%	32.6%	33.3%
Capital expenditures	$ 4,787	$ 3,149	$ 10,196	$ 4,494

(1) Includes excise taxes on sales by the retail and branded marketing segment of $16,198 and $15,193 for the three months ended June 30, 2012 and 2011, respectively, and $32,322 and $29,411 for the six months ended June 30, 2012 and 2011, respectively. Net sales also includes net royalty and related net credit card fees of $1,445 and $1,493 for the three months ended June 30, 2012 and 2011, respectively, and $2,919 and $2,912 for the six months ended June 30, 2012 and 2011, 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) Branded fuel sales represent branded fuel sales to our wholesale marketing customers that are primarily supplied by the Big Spring refinery. The branded fuels that are not supplied by the Big Spring refinery are obtained from third-party suppliers. The branded fuel 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) At June 30, 2012, we had 300 retail convenience stores of which 287 sold fuel. At June 30, 2011, we had 304 retail convenience stores of which 291 sold fuel.

(5) 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.

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

(7) 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, 2012 Compared to the Three Months Ended June 30, 2011

Net Sales

Consolidated. Net sales for the three months ended June 30, 2012 were $1,910.5 million, compared to $1,595.6 million for the three months ended June 30, 2011, an increase of $314.9 million. This increase was primarily due to higher refinery throughput volumes and increased sales volumes, partially offset by lower refined product prices.

Refining and Unbranded Marketing Segment. Net sales for our refining and unbranded marketing segment were $1,748.4 million for the three months ended June 30, 2012, compared to $1,435.9 million for the three months ended June 30, 2011, an increase of $312.5 million, or 21.8%. This increase was due to higher refinery throughput partially offset by lower refined product prices in the three months ended June 30, 2012 compared to the same period last year.

Combined refinery throughput for the three months ended June 30, 2012 averaged 160,071 bpd, consisting of 64,558 bpd at the Big Spring refinery, 31,206 bpd at the California refineries and 64,307 bpd at the Krotz Springs refinery, compared to a combined average throughput of 134,858 bpd for the three months ended June 30, 2011, consisting of 63,715 bpd at the Big Spring refinery, 24,044 bpd at the California refineries and 47,099 bpd at the Krotz Springs refinery. Crude throughput was reduced at the Krotz Springs refinery during the second quarter of 2011 due to flooding in Louisiana and its impact on crude oil supply to the refinery.

The decrease in refined product prices that our refineries experienced resembled the price decreases experienced in each refinery's respective markets. The average per gallon price of Gulf Coast gasoline for the three months ended June 30, 2012 decreased $0.18, or 6.0%, to $2.80, compared to $2.98 for the three months ended June 30, 2011. The average per gallon price of Gulf Coast ultra-low sulfur diesel for the three months ended June 30, 2012 decreased $0.13, or 4.2%, to $2.95, compared to $3.08 for the three months ended June 30, 2011. The average per gallon price for Gulf Coast high sulfur diesel for the three months ended June 30, 2012 decreased $0.13, or 4.3%, to $2.89, compared to $3.02 for the three months ended June 30, 2011. The average per gallon price of West Coast LA CARBOB gasoline for the three months ended June 30, 2012 decreased $0.06, or 1.9%, to $3.03, compared to $3.09 for the three months ended June 30, 2011. The average per gallon price of West Coast LA ultra-low sulfur diesel for the three months ended June 30, 2012 decreased $0.23, or 7.2%, to $2.97, compared to $3.20 for the three months ended June 30, 2011.

Asphalt Segment. Net sales for our asphalt segment were $152.9 million for the three months ended June 30, 2012, compared to $147.8 million for the three months ended June 30, 2011, an increase of $5.1 million or 3.5%. This increase was due primarily to higher asphalt sales prices, slightly offset by a decrease in asphalt sales volumes for the three months ended June 30, 2012. The asphalt sales volume decreased 9.3% from 281 thousand tons for the three months ended June 30, 2011 to 255 thousand tons for the three months ended June 30, 2012. The average blended asphalt sales price increased 9.1% from $557.83 per ton for the three months ended June 30, 2011 to $608.81 per ton for the three months ended June 30, 2012, and the average non-blended asphalt sales price increased 34.7% from $349.95 per ton for the three months ended June 30, 2011, to $471.41 per ton for the three months ended June 30, 2012.

Retail and Branded Marketing Segment. Net sales for our retail and branded marketing segment were $390.8 million for the three months ended June 30, 2012, compared to $383.6 million for the three months ended June 30, 2011, an increase of $7.2 million or 1.9%. This increase was primarily attributable to increases in motor fuel sales volumes and merchandise sales.

Cost of Sales

Consolidated. Cost of sales were $1,686.9 million for the three months ended June 30, 2012, compared to $1,429.5 million for the three months ended June 30, 2011, an increase of $257.4 million. This increase was primarily due to higher refinery throughput volumes and increased sales volumes, partially offset by lower crude oil prices.

Refining and Unbranded Marketing Segment. Cost of sales for our refining and unbranded marketing segment were $1,584.0 million for the three months ended June 30, 2012, compared to $1,310.5 million for the three months ended June 30, 2011, an increase of $273.5 million. This increase was primarily due to increased refinery throughput and partially offset by decreases in the cost of crude oil used by our refineries. The average price of WTI decreased 8.8% from $102.43 per barrel for the three months ended June 30, 2011, to $93.45 per barrel for the three months ended June 30, 2012. The average price of Buena Vista crude decreased 4.4% from $113.18 per barrel for the three months ended June 30, 2011, to $108.25 per barrel for the three months ended June 30, 2012. The average price of LLS crude increased 0.4% from $120.03 per barrel for the three months ended June 30, 2011, to $120.46 per barrel for the three months ended June 30, 2012.

Asphalt Segment. Cost of sales for our asphalt segment were $135.7 million for the three months ended June 30, 2012, compared to $147.4 million for the three months ended June 30, 2011, a decrease of $11.7 million or 7.9%. This decrease was due primarily to lower non-blended asphalt sales volumes and lower crude oil costs for the three months ended June 30, 2012

compared to the three months ended June 30, 2011.

Retail and Branded Marketing Segment. Cost of sales for our retail and branded marketing segment were $348.7 million for the three months ended June 30, 2012, compared to $343.3 million for the three months ended June 30, 2011, an increase of $5.4 million or 1.6%. This increase was primarily attributable to increases in motor fuel sales volumes and merchandise costs.

Direct Operating Expenses

Consolidated. Direct operating expenses were $76.9 million for the three months ended June 30, 2012, compared to $62.2 million for the three months ended June 30, 2011, an increase of $14.7 million or 23.6%.

Refining and Unbranded Marketing Segment. Direct operating expenses for our refining and unbranded marketing segment for the three months ended June 30, 2012 were $68.5 million, compared to $51.0 million for the three months ended June 30, 2011, an increase of $17.5 million or 34.3%. This increase was due primarily to the fact that the Bakersfield facility was not operational until June 2011 as well as higher throughput for the three months ended June 30, 2012.

Asphalt Segment. Direct operating expenses for our asphalt segment for the three months ended June 30, 2012 were $8.4 million, compared to $11.2 million for the three months ended June 30, 2011, a decrease of $2.8 million or 25.0%. This decrease was due primarily to lower natural gas costs.

Selling, General and Administrative Expenses

Consolidated. SG&A expenses for the three months ended June 30, 2012 were $36.2 million, compared to $38.6 million for the three months ended June 30, 2011, a decrease of $2.4 million or 6.2%.

Refining and Unbranded Marketing Segment. SG&A expenses for our refining and unbranded marketing segment for the three months ended June 30, 2012 were $7.5 million, compared to $11.0 million for the three months ended June 30, 2011, a decrease of $3.5 million or 31.8%. This decrease was primarily due to lower employee related costs for the three months ended June 30, 2012.

Asphalt Segment. SG&A expenses for our asphalt segment for the three months ended June 30, 2012 were $1.0 million, compared to $1.1 million for the three months ended June 30, 2011, a decrease of $0.1 million or 9.1%.

Retail and Branded Marketing Segment. SG&A expenses for our retail and branded marketing segment for the three months ended June 30, 2012 were $27.6 million, compared to $26.3 million for the three months ended June 30, 2011, an increase of $1.3 million or 4.9%. This increase was primarily attributable to higher advertising and marketing costs for the three months ended June 30, 2012.

Depreciation and Amortization

Depreciation and amortization for the three months ended June 30, 2012 was $30.4 million, compared to $24.8 million for the three months ended June 30, 2011, an increase of $5.6 million, or 22.6%. This increase was due primarily to capital expenditures related to the integration of the Bakersfield refining assets which began operations in June 2011.

Operating Income

Consolidated. Operating income for the three months ended June 30, 2012 was $92.6 million, compared to $40.5 million for the three months ended June 30, 2011, an increase of $52.1 million. This increase was primarily due to higher refinery margins and throughput and higher asphalt margin.

Refining and Unbranded Marketing Segment. Operating income for our refining and unbranded marketing segment was $76.1 million for the three months ended June 30, 2012, compared to $43.9 million for the three months ended June 30, 2011, an increase of $32.2 million. This increase was primarily due to higher refinery operating margins and increased refinery throughput.

Refinery operating margin at the Big Spring refinery was $24.92 per barrel for the three months ended June 30, 2012, compared to $19.65 per barrel for the three months ended June 30, 2011. This increase was due to higher Gulf Coast 3/2/1 crack spreads and a widening in the sweet/sour spread. The average Gulf Coast 3/2/1 crack spread increased to $26.04 per barrel for the three months ended June 30, 2012, compared to $24.07 per barrel for the three months ended June 30, 2011. The sweet/sour spread was $5.30 per barrel for the three months ended June 30, 2012 compared to $2.54 per barrel for the three months ended June 30, 2011.

Refinery operating margin at the California refineries was $2.55 per barrel for the three months ended June 30, 2012, compared to $(0.75) per barrel for the three months ended June 30, 2011. This increase was due to higher West Coast 3/1/1/1 crack spreads. The average West Coast 3/1/1/1 crack spread for the three months ended June 30, 2012 was $11.46 per barrel

compared to $9.91 per barrel for the three months ended June 30, 2011.

Refinery operating margin at the Krotz Springs refinery was $5.28 per barrel for the three months ended June 30, 2012, compared to $3.39 per barrel for the three months ended June 30, 2011. This increase is due to lower crude oil costs with the addition of WTI priced crude oils, partially offset by lower Gulf Coast 2/1/1 high sulfur diesel crack spreads. The average Gulf Coast 2/1/1 high sulfur diesel crack spread for the three months ended June 30, 2012 was $7.72 per barrel compared to $8.11 per barrel for the three months ended June 30, 2011.

Asphalt Segment. Operating income (loss) for our asphalt segment was $6.4 million for the three months ended June 30, 2012, compared to $(13.7) million for the three months ended June 30, 2011, an increase of $20.1 million. This increase was primarily due to the increase in asphalt sales margins resulting from a decrease in crude oil prices and an increase in asphalt sales prices in addition to non-cash inventory items.

Retail and Branded Marketing Segment. Operating income for our retail and branded marketing segment was $11.0 million for the three months ended June 30, 2012, compared to $10.9 million for the three months ended June 30, 2011, an increase of $0.1 million or 0.9%.

Interest Expense

Interest expense was $24.3 million for the three months ended June 30, 2012, compared to $20.8 million for the three months ended June 30, 2011, an increase of $3.5 million, or 16.9%. This increase was primarily due to higher utilization of our credit facilities as a result of higher total refinery throughput as well as lower capitalized interest.

Income Tax Expense

Income tax expense was $25.7 million for the three months ended June 30, 2012, compared to $2.5 million for the three months ended June 30, 2011. The increase resulted from our higher pre-tax income in the three months ended June 30, 2012, compared to the three months ended June 30, 2011, and an increase in the effective tax rate. Our effective tax rate was 36.2% for the second quarter of 2012, compared to an effective tax rate of 14.7% for the second quarter of 2011. The lower effective tax rate for the three months ended June 30, 2011 was due primarily to benefits arising from carry-back claims on prior year income taxes.

Net Income Attributable to Non-controlling Interest

Net income attributable to non-controlling interest represents the proportional share of net income related to non-voting common stock owned by non-controlling interests in two of our subsidiaries, Alon Assets, Inc. and Alon USA Operating, Inc. Net income attributable to non-controlling interest was $2.2 million for the three months ended June 30, 2012, compared to $0.7 million for the three months ended June 30, 2011, an increase of $1.5 million.

Net Income Available to Common Stockholders

Net income available to common stockholders was $43.1 million for the three months ended June 30, 2012, compared to $13.7 million for the three months ended June 30, 2011, an increase of $29.4 million. This increase was attributable to the factors discussed above.

Six Months Ended June 30, 2012 Compared to the Six Months Ended June 30, 2011

Net Sales

Consolidated. Net sales for the six months ended June 30, 2012 were $3,702.6 million, compared to $3,246.7 million for the six months ended June 30, 2011, an increase of $455.9 million. This increase was primarily due to higher refinery throughput and increased sales volumes.

Refining and Unbranded Marketing Segment. Net sales for our refining and unbranded marketing segment were $3,390.8 million for the six months ended June 30, 2012, compared to $2,934.9 million for the six months ended June 30, 2011, an increase of $455.9 million. The increase was due to increased refinery throughput and higher refined product prices.

Combined refinery throughput for the six months ended June 30, 2012, averaged 148,027 bpd, consisting of 67,035 bpd at the Big Spring refinery, 16,000 bpd at the California refineries and 64,992 bpd at the Krotz Springs refinery, compared to 135,517 bpd for the six months ended June 30, 2011, consisting of 62,952 bpd at the Big Spring refinery, 12,360 bpd at the California refineries and 60,205 bpd at the Krotz Springs refinery. The California refineries were not in operation for the first quarter of 2012 and 2011.

The average per gallon price of Gulf Coast gasoline for the six months ended June 30, 2012 increased $0.10, or 3.6%, to

$2.89, compared to $2.79 for the six months ended June 30, 2011. The average per gallon price of Gulf Coast ultra low-sulfur diesel for the six months ended June 30, 2012 increased $0.09, or 3.0%, to $3.05, compared to $2.96 for the six months ended June 30, 2011. The average per gallon price for Gulf Coast high-sulfur diesel for the six months ended June 30, 2012, increased $0.11, or 3.8%, to $3.00, compared to $2.89 for the six months ended June 30, 2011.

The average per gallon price of West Coast LA CARBOB gasoline for the six months ended June 30, 2012 increased $0.17, or 5.8%, to $3.11, compared to $2.94 for the six months ended June 30, 2011. The average per gallon price of West Coast LA ultra-low sulfur diesel for the six months ended June 30, 2012 increased $0.06, or 1.97%, to $3.11, compared to $3.05 for the six months ended June 30, 2011.

Asphalt Segment. Net sales for our asphalt segment were $245.5 million for the six months ended June 30, 2012, compared to $234.1 million for the six months ended June 30, 2011, an increase of $11.4 million or 4.9%. This increase was due primarily to higher asphalt sales prices. The average blended asphalt sales price increased 10.5% from $539.01 per ton for the six months ended June 30, 2011, to $595.62 per ton for the six months ended June 30, 2012 and the average non-blended asphalt sales price increased 16.9% from $323.58 per ton for the six months ended June 30, 2011, to $378.30 per ton for the six months ended June 30, 2012.

Retail and Branded Marketing Segment. Net sales for our retail and branded marketing segment were $759.2 million for the six months ended June 30, 2012, compared to $699.8 million for the six months ended June 30, 2011, an increase of $59.4 million or 8.5%. This increase was primarily attributable to increases in motor fuel prices, motor fuel volume and merchandise sales.

Cost of Sales

Consolidated. Cost of sales was $3,305.6 million for the six months ended June 30, 2012, compared to $2,890.6 million for the six months ended June 30, 2011, an increase of $415.0 million, or 14.4%. This increase was primarily due to higher refinery throughput and increased sales volumes.

Refining and Unbranded Marketing Segment. Cost of sales for our refining and unbranded marketing segment were $3,087.4 million for the six months ended June 30, 2012, compared to $2,655.5 million for the six months ended June 30, 2011, an increase of $431.9 million, or 16.3%. This increase was primarily due to increased refinery throughput as well as increases in the cost of crude oil at our California and Krotz Springs refineries. The average price of WTI decreased 0.1% from $98.30 per barrel for the six months ended June 30, 2011, to $98.23 per barrel for the six months ended June 30, 2012. The average price of Buena Vista crude increased 5.5% from $106.28 per barrel for the six months ended June 30, 2011, to $112.12 per barrel for the six months ended June 30, 2012. The average price of LLS crude increased 3.2% from $112.88 per barrel for the six months ended June 30, 2011, to $116.49 per barrel for the six months ended June 30, 2012.

Asphalt Segment. Cost of sales for our asphalt segment were $218.4 million for the six months ended June 30, 2012, compared to $230.2 million for the six months ended June 30, 2011, a decrease of $11.8 million or 5.1%. This decrease was due primarily to lower non-blended asphalt sales volumes for the six months ended June 30, 2012 compared to the six months ended June 30, 2011.

Retail and Branded Marketing Segment. Cost of sales for our retail and branded marketing segment were $692.6 million for the six months ended June 30, 2012, compared to $627.0 million for the six months ended June 30, 2011, an increase of $65.6 million or 10.5%. This increase was primarily attributable to increases in motor fuel prices, motor fuel volume and merchandise costs.

Direct Operating Expenses

Consolidated. Direct operating expenses were $149.1 million for the six months ended June 30, 2012, compared to $119.1 million for the six months ended June 30, 2011, an increase of $30.0 million or 25.2%.

Refining and Unbranded Marketing Segment. Direct operating expenses for our refining and unbranded marketing segment for the six months ended June 30, 2012 were $131.7 million, compared to $97.9 million for the six months ended June 30, 2011, an increase of $33.8 million or 34.5%. This increase was due primarily to the fact that the Bakersfield facility was not operational until June 2011 as well as higher throughput for the six months ended June 30, 2012.

Asphalt Segment. Direct operating expenses for our asphalt segment for the six months ended June 30, 2012, were $17.3 million, compared to $21.2 million for the six months ended June 30, 2011, a decrease of $3.9 million or 18.4%. This decrease was primarily due to lower natural gas costs.

Selling, General and Administrative Expenses

Consolidated. SG&A expenses for the six months ended June 30, 2012 were $71.3 million, compared to $72.9 million for

the six months ended June 30, 2011, a decrease of $1.6 million or 2.2%.

Refining and Unbranded Marketing Segment. SG&A expenses for our refining and unbranded marketing segment for the six months ended June 30, 2012 were $14.3 million, compared to $18.8 million for the six months ended June 30, 2011, a decrease of $4.5 million or 23.9%. The decrease was primarily due to lower employee related costs in the six months ended June 30, 2012.

Asphalt Segment. SG&A expenses for our asphalt segment for the six months ended June 30, 2012, were $1.9 million, compared to $2.5 million for the six months ended June 30, 2011, a decrease of $0.6 million or 24.0%. This decrease was due primarily to lower employee related costs.

Retail and Branded Marketing Segment. SG&A expenses for our retail and branded marketing segment for the six months ended June 30, 2012 were $54.7 million, compared to $51.3 million for the six months ended June 30, 2011, an increase of $3.4 million or 6.6%. This increase was primarily attributable to higher advertising and marketing costs for the six months ended June 30, 2012.

Depreciation and Amortization

Depreciation and amortization for the six months ended June 30, 2012 was $61.1 million, compared to $50.2 million for the six months ended June 30, 2011, an increase of $10.9 million or 21.7%. This increase was due primarily to capital expenditures related to the integration of the Bakersfield refining assets which began operations in June 2011.

Operating Income

Consolidated. Operating income for the six months ended June 30, 2012 was $82.9 million, compared to $113.8 million for the six months ended June 30, 2011, a decrease of $30.9 million. This decrease was primarily due to realized and unrealized losses on commodity swaps, higher direct operating costs, lower motor fuel margins and higher depreciation and amortization, partially offset by improved asphalt margins.

Refining and Unbranded Marketing Segment. Operating income for our refining and unbranded marketing segment was $74.0 million for the six months ended June 30, 2012, compared to $123.1 million for the six months ended June 30, 2011, a decrease of $49.1 million. This decrease was primarily due to realized and unrealized losses on commodity swaps, higher direct operating costs and higher depreciation and amortization.

Refinery operating margin at the Big Spring refinery was $21.56 per barrel for the six months ended June 30, 2012, compared to $19.58 per barrel for the six months ended June 30, 2011. This increase in operating margin is primarily due to higher Gulf Coast 3/2/1 crack spreads and a widening of the sweet/sour spread. The average Gulf Coast 3/2/1 crack spread increased 20.4% to $25.41 per barrel for the six months ended June 30, 2012, compared to $21.10 per barrel for the six months ended June 30, 2011. The sweet/sour spread increased 35.0% to $4.47 per barrel for the six months ended June 30, 2012, compared to $3.31 per barrel for the six months ended June 30, 2011.

Refinery operating margin at the California refineries was $3.11 per barrel for the six months ended June 30, 2012, compared to $(5.48) per barrel for the six months ended June 30, 2011. This increase was primarily due to the West Coast 3/1/1/1 crack spreads. The average West Coast 3/1/1/1 crack spreads increased 9.3% to $12.05 per barrel for the six months ended June 30, 2012, compared to $11.02 per barrel for the six months ended June 30, 2011.

Refinery operating margin at the Krotz Springs refinery was $5.55 per barrel for the six months ended June 30, 2012, compared to $4.40 per barrel for the six months ended June 30, 2011. This increase is mainly due to higher Gulf Coast 2/1/1 high sulfur diesel crack spreads. The average Gulf Coast 2/1/1 high sulfur diesel crack spread for the six months ended June 30, 2012 was $10.09 per barrel, compared to $8.57 per barrel for the six months ended June 30, 2011.

Asphalt Segment. Operating income (loss) for our asphalt segment was $5.0 million for the six months ended June 30, 2012, compared to $(23.3) million for the six months ended June 30, 2011, an increase of $28.3 million. This increase was primarily due to the increase in asphalt sales margins resulting from asphalt sales prices increasing more than crude oil costs.

Retail and Branded Marketing Segment. Operating income for our retail and branded marketing segment was $5.5 million for the six months ended June 30, 2012, compared to $15.2 million for the six months ended June 30, 2011, a decrease of $9.7 million. This decrease was primarily due to lower fuel and merchandise margins.

Interest Expense

Interest expense was $55.3 million for the six months ended June 30, 2012, compared to $41.2 million for the six months ended June 30, 2011, an increase of $14.1 million, or 34.2%. The increase is primarily due to a charge of $9.6 million for the write-off of unamortized original issuance discount associated with our repayment of the Alon Brands Term Loans, higher utilization of our credit facilities as a result of higher total refinery throughput and lower capitalized interest.

Income Tax Expense

Income tax expense was $7.9 million for the six months ended June 30, 2012, compared to $9.9 million for the six months ended June 30, 2011. The decrease resulted from our lower pre-tax income for the six months ended June 30, 2012, compared to the six months ended June 30, 2011. Our effective tax rate was 35.9% for the six months ended June 30, 2012, compared to an effective tax rate of 26.5% for the six months ended June 30, 2011.

Net Income Attributable to Non-controlling Interest

Net income attributable to non-controlling interest was $0.4 million for the six months ended June 30, 2012, compared to $0.8 million for the six months ended June 30, 2011, a decrease of $0.4 million primarily due to its proportional share of the lower income for the six months ended June 30, 2012.

Net Income Available to Common Stockholders

Net income available to common stockholders was $13.7 million for the six months ended June 30, 2012, compared to $26.8 million for the six months ended June 30, 2011, a decrease of $13.1 million. This decrease 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, borrowings under our revolving credit facilities, inventory supply and offtake agreements, other credit lines and advances from affiliates.

We have agreements with J. Aron for the supply of crude oil that will support the operations of the Big Spring refinery, the Krotz Springs refinery and the California refineries. These agreements substantially reduce our need to issue letters of credit to support crude oil purchases. In addition, the structure allows us to acquire crude oil without the constraints of a maximum facility size during periods of high crude oil prices.

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 may be impacted by general economic, political, financial, competitive and other factors beyond our control.

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.

Cash Flows

The following table sets forth our consolidated cash flows for the six months ended June 30, 2012, and 2011:

	For the Six Months Ended June 30,	
	2012	2011
	(dollars in thousands)	
Cash provided by (used in):		
Operating activities	$ 114,222	$ (51,116)
Investing activities	(49,266)	(76,075)
Financing activities	(164,506)	172,646
Net increase (decrease) in cash and cash equivalents	$ (99,550)	$ 45,455

Cash Flows Provided by (Used in) Operating Activities

Net cash provided by (used in) operating activities during the six months ended June 30, 2012, was $114.2 million, compared to $(51.1) million during the six months ended June 30, 2011. The net change in cash provided by operating activities of $165.3 million was primarily attributable to a net increase in operating assets and liabilities of $130.2 million as well as an increase of approximately $34.3 million in net income, adjusted for non-cash adjustments.

Cash Flows Used In Investing Activities

Net cash used in investing activities was $49.3 million during the six months ended June 30, 2012, compared to $76.1 million during the six months ended June 30, 2011. The net change in cash used in investing activities of $26.8 million was principally due to a decrease in capital expenditures of $22.9 million resulting from the integration of the Bakersfield refining assets during the six months ended June 30, 2011.

Cash Flows Provided by (Used In) Financing Activities

Net cash provided by (used in) financing activities was $(164.5) million during the six months ended June 30, 2012, compared to $172.6 million during the six months ended June 30, 2011. The net change in cash used in financing activities of $337.1 million was primarily attributable to payments on debt of $157.1 million for the six months ended June 30, 2012 compared to increased net borrowings on long-term debt of $166.8 million and proceeds from issuance of common stock of $11.9 million for the six months ended June 30, 2011.

Indebtedness

Alon USA, LP Credit Facility. We have a $240 million revolving credit facility (the "Alon USA LP Credit Facility") that will mature on March 1, 2016. The Alon USA LP 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.

Borrowings under the Alon USA LP Credit Facility bear interest at the Eurodollar rate plus 3.50% per annum subject to an overall minimum interest rate of 4.00%.

The Alon USA LP Credit Facility is secured by (i) a first lien on cash, accounts receivables, inventories and related assets of Alon USA LP and (ii) a second lien on fixed assets, including the Big Spring refinery and certain asphalt terminals.

The Alon USA LP Credit Facility contains certain restrictive covenants including maintenance financial covenants.

Borrowings of $157 million and $200 million were outstanding under the Alon USA LP Credit Facility at June 30, 2012 and December 31, 2011, respectively. At June 30, 2012 and December 31, 2011, outstanding letters of credit under the Alon USA LP Credit Facility were $43.8 million and $35.5 million, respectively.

Paramount Petroleum Revolving Credit Facility. In February 2012, we repaid in full all of our obligations under the Paramount Credit Facility.

Alon Brands Term Loans. In March 2011, Alon Brands issued $30 million five-year unsecured notes (the "Alon Brands Term Loans") to a group of investors including certain shareholders of Alon Israel and their affiliates. In conjunction with the issuance of the Alon Brands Term Loans, 3,092,783 warrants were issued to purchase shares of our common stock. In March 2012, we issued $30 million of 8.5% Series B Convertible Preferred Stock to the holders of the Alon Brands Term Loans and repaid in full our obligations under the Alon Brands Term Loans. Also as part of the transaction, the warrants issued in conjunction with the Alon Brands Term Loans were surrendered to us. As the Alon Brands Term Loans were originally issued at a discount, the remaining $9.6 million of unamortized original issuance discount was charged to interest expense for the six months ended June 30, 2012.

Financial Covenants. We have certain credit facilities that contain restrictive covenants, including maintenance financial covenants. At June 30, 2012, we were in compliance with these maintenance financial covenants.

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 2012 is $102.3 million, of which $42.6 million is related to sustaining and regulatory compliance projects and $16.1 million is related to turnaround and chemical catalyst. Approximately $49.3 million has been spent during the six months ended June 30, 2012.

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, 2011.

Off-Balance Sheet Arrangements

We have no material 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, 2011. 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, 2011.

New Accounting Standards and Disclosures

New accounting standards if any are disclosed in Note (1) Basis of Presentation included in the consolidated financial statements included in Item 1 of this report.

Table of Contents

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, 2012, we held approximately 2.3 million barrels of crude oil, refined product and asphalt inventories valued under the LIFO valuation method. Market value exceeded carrying value of LIFO costs by $43.7 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 $2.3 million.

In accordance with fair value provisions of ASC 825-10, all commodity contracts are recorded at fair value and any changes in fair value between periods is recorded in the profit and loss section or accumulated other comprehensive income 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, 2012:

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)	733,305	89.77	—	$ 69,418	$ 73,117	$ 3,699
Forwards-long (Gasoline)	264,006	109.62	—	28,941	29,782	841
Forwards-long (Distillate)	315,322	114.74	—	36,179	37,612	1,433
Forwards-long (Jet)	99,174	113.42	—	11,248	11,615	367
Forwards-long (Slurry)	21,439	81.03	—	1,737	1,757	20
Forwards-long (Catfeed)	321,657	106.55	—	34,273	35,429	1,156
Forwards-long (Slop)	5,686	77.41	—	440	455	15
Forwards-short (Slop)	(24,507)	—	72.40	(1,774)	(1,837)	(63)
Forwards-short (Propane)	(1,998)	—	46.34	(93)	(97)	(4)
Forwards-long (Asphalt)	181,339	103.35	—	18,741	17,176	(1,565)
Forwards-short (Asphalt)	(76,489)	—	86.11	(6,586)	(6,514)	72
Futures-short (Crude)	(1,725,000)	—	84.90	(146,458)	(146,521)	(63)
Futures-short (Gasoline)	(483,000)	—	107.89	(52,109)	(53,389)	(1,280)
Futures-short (Distillate)	(493,000)	—	110.03	(54,245)	(56,111)	(1,866)

Description of Activity	Contract Volume	Wtd Avg Contract Spread	Wtd Avg Market Spread	Contract Value	Market Value	Gain (Loss)
				(in thousands)		
Futures-swaps	(4,804,000)	18.23	21.84	$ (87,581)	$ (104,933)	$ (17,352)

Interest Rate Risk

As of June 30, 2012, $563.0 million of our outstanding debt was at floating interest rates out of which approximately $157.0 million was at the Eurodollar rate plus 3.50%, subject to a minimum interest rate of 4.00%. As of June 30, 2012, we had an interest rate swap agreement with a notional amount of $100.0 million with a remaining period of 6 months and a fixed interest rate of 4.25%. An increase of 1% in the Eurodollar rate on indebtedness, net of the interest rate swap agreement outstanding in 2012 and the instrument subject to the minimum interest rate, would result in an increase in our interest expense of approximately $5.2 million per year.

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

Purchases of Equity Securities by Affiliated Purchasers

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
May 1, 2012 — May 31, 2012	19,500	$8.77	—	—

(a) During the three months ended June 30, 2012, we received 19,500 shares of our common stock that were surrendered by officers of Alon in payment for the minimum required withholding tax obligations due on the vesting of restricted stock that was issued under Alon's 2005 Second Amended and Restated Incentive Compensation Plan.

(b) The amount shown reflects the closing price of Alon's common stock on the date of surrender, May 10, 2012.

Table of Contents

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
3.1	Second Amended and Restated Certificate of Incorporation of Alon USA Energy, Inc. (incorporated by reference to Exhibit 3.1 to Form 10-Q, filed by the Company on May 9, 2012, SEC File No. 001-32567).
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/A, filed by the Company on June 17, 2005, SEC File No. 333-124797).
4.2	Specimen 8.50% Series A Convertible Preferred Stock Certificate (incorporated by reference to Exhibit 4.4 to Form 10-Q, filed by the Company on November 9, 2010, SEC File No. 001-32567).
4.3	Indenture, dated as of October 22, 2009, by and among Alon Refining Krotz Springs, Inc. and Wilmington Trust FSB, as Trustee (incorporated by reference to Exhibit 4.1 to Form 8-K, filed by the Company on October 23, 2009, SEC File No. 001-32567).
4.4	Form of Certificate of Designation of the 8.50% Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.3 to Form 10-Q filed by Alon on November 9, 2010, SEC File No. 001-32567).
4.5	Form of Certificate of Designation of the 8.50% Series B Convertible Preferred Stock (incorporated by reference to Exhibit 4.5 to Form 10-K, filed by the Company on March 13, 2012, SEC File No. 001-32567).
10.1	Amendment to Shareholder Agreements among the Company, Alon Assets, Inc., Alon Operating, Inc., Jeff Morris and Jeff Morris/IRA, dated June 20, 2012 (incorporated by reference to Exhibit 10.1 to Form 8-K, filed by the Company on June 26, 2012, SEC File No. 001-32567).
10.2	Amendment to Shareholder Agreements among the Company, Alon Assets, Inc., Alon Operating, Inc., Claire Hart and Claire Hart/IRA, dated June 20, 2012 (incorporated by reference to Exhibit 10.2 to Form 8-K, filed by the Company on June 26, 2012, SEC File No. 001-32567).
10.3	Form of Registration Rights Agreement among the Company and Subsidiary Shareholders, dated June 20, 2012 (incorporated by reference to Exhibit 10.3 to Form 8-K, filed by the Company on June 26, 2012, SEC File No. 001-32567).
10.4	Amendment, dated as of July 20, 2012, to the Amended and Restated Supply and Offtake Agreement by and between Alon USA, LP, and J. Aron & Company, dated March 1, 2011.
10.5	Amendment, dated as of July 20, 2012, to the Amended and Restated Supply and Offtake Agreement, dated May 28, 2010, by and between Alon Refining Krotz Springs, Inc. and J. Aron & Company.
10.6	Amendment, dated as of July 20, 2012, to the Supply and Offtake Agreement, dated May 30, 2012, by and between Alon Supply, Inc., and J. Aron and Company.
10.7	Amendment, dated as of July 31, 2012, to the Credit Agreement, dated May 28, 2010, by and between Alon Refining Krotz Springs, Inc. and Goldman Sachs Bank USA, as Issuing Bank.
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.
101	The following financial information from Alon USA Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.

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 9, 2012	By: /s/ David Wiessman David Wiessman Executive Chairman
Date: August 9, 2012	By: /s/ Paul Eisman Paul Eisman Chief Executive Officer
Date: August 9, 2012	By: /s/ Shai Even Shai Even Chief Financial Officer

EXHIBITS

Exhibit Number	Description of Exhibit
3.1	Second Amended and Restated Certificate of Incorporation of Alon USA Energy, Inc. (incorporated by reference to Exhibit 3.1 to Form 10-Q, filed by the Company on May 9, 2012, SEC File No. 001-32567).
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/A, filed by the Company on June 17, 2005, SEC File No. 333-124797).
4.2	Specimen 8.50% Series A Convertible Preferred Stock Certificate (incorporated by reference to Exhibit 4.4 to Form 10-Q, filed by the Company on November 9, 2010, SEC File No. 001-32567).
4.3	Indenture, dated as of October 22, 2009, by and among Alon Refining Krotz Springs, Inc. and Wilmington Trust FSB, as Trustee (incorporated by reference to Exhibit 4.1 to Form 8-K, filed by the Company on October 23, 2009, SEC File No. 001-32567).
4.4	Form of Certificate of Designation of the 8.50% Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.3 to Form 10-Q filed by Alon on November 9, 2010, SEC File No. 001-32567).
4.5	Form of Certificate of Designation of the 8.50% Series B Convertible Preferred Stock (incorporated by reference to Exhibit 4.5 to Form 10-K, filed by the Company on March 13, 2012, SEC File No. 001-32567).
10.1	Amendment to Shareholder Agreements among the Company, Alon Assets, Inc., Alon Operating, Inc., Jeff Morris and Jeff Morris/IRA, dated June 20, 2012 (incorporated by reference to Exhibit 10.1 to Form 8-K, filed by the Company on June 26, 2012, SEC File No. 001-32567).
10.2	Amendment to Shareholder Agreements among the Company, Alon Assets, Inc., Alon Operating, Inc., Claire Hart and Claire Hart/IRA, dated June 20, 2012 (incorporated by reference to Exhibit 10.2 to Form 8-K, filed by the Company on June 26, 2012, SEC File No. 001-32567).
10.3	Form of Registration Rights Agreement among the Company and Subsidiary Shareholders, dated June 20, 2012 (incorporated by reference to Exhibit 10.3 to Form 8-K, filed by the Company on June 26, 2012, SEC File No. 001-32567).
10.4	Amendment, dated as of July 20, 2012, to the Amended and Restated Supply and Offtake Agreement by and between Alon USA, LP, and J. Aron & Company, dated March 1, 2011.
10.5	Amendment, dated as of July 20, 2012, to the Amended and Restated Supply and Offtake Agreement, dated May 28, 2010, by and between Alon Refining Krotz Springs, Inc. and J. Aron & Company.
10.6	Amendment, dated as of July 20, 2012, to the Supply and Offtake Agreement, dated May 30, 2012, by and between Alon Supply, Inc., and J. Aron and Company.
10.7	Amendment, dated as of July 31, 2012, to the Credit Agreement, dated May 28, 2010, by and between Alon Refining Krotz Springs, Inc. and Goldman Sachs Bank USA, as Issuing Bank.
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.
101	The following financial information from Alon USA Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements.

AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT

THIS AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT (this "Amendment"), dated as of July 20, 2012 is made between J. Aron & Company, a general partnership organized under the laws of New York ("Aron") located at 200 West Street, New York, New York 10282-2198, and Alon USA, LP (the "Company"), a limited partnership organized under the laws of Texas located at 7616 LBJ Freeway, Suite 300, Dallas, Texas 75251 (each referred to individually as a "Party" or collectively as the "Parties").

RECITALS

Aron and the Company are parties to the Amended and Restated Supply and Offtake Agreement dated as of March 1, 2011 and as from time to time thereafter amended (the "S&O Agreement") pursuant to which Aron has agreed to procure crude oil and other petroleum feedstocks for the Company for use at the Refinery and purchase all refined products produced by the Refinery (other than certain excluded products);

Aron and the Company have entered into that certain Supplemental Agreement to the Supply and Offtake Agreement dated October 31, 2011 (the "Supplemental Agreement"), which terms and conditions therein supplement and amend the S&O Agreement; and

Aron and the Company wish to amend certain terms and conditions of the S&O Agreement and accordingly, agree as follows:

Section 1 Definitions; Interpretation

Section 1.1 Defined Terms. All capitalized terms used in this Amendment (including in the Recitals hereto) and not otherwise defined herein shall have the meanings assigned to them in the S&O Agreement.

Section 1.2 Interpretation. The rules of construction set forth in Section 1.2 of the S&O Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments

Section 2.1 Amendments as of Effective Date. Upon the effectiveness of this Amendment, the S&O Agreement shall be amended as follows:

(a) The following definitions are inserted, in the appropriate alphabetical order, in Section 1.1. of the S&O Agreement:

"Adjustment Date" means June 1, 2013.

"Adjustment Date Differential" means the differential determined pursuant to the Differential Determination Procedure.

"ASI Supply and Offtake Agreement" means the Supply and Offtake Agreement dated as of May 30, 2012 between Alon Supply, Inc. ("ASI") and Aron, as from time to time may be further amended, modified, supplemented and/or restated.

"Baseline Volume" means for Crude Oil or each Product Group the respective minimum volume specified therefor under the "Baseline Volume" column on Schedule D-2.

"Differential Determination Procedure" means the procedure set forth on Schedule AA hereto for determining the differential to be applied in Schedules B-2 and D-2 as of the Adjustment Date.

(b) The definition of "Fee Letter" in Section 1.1 of the S&O Agreement is amended and restated in its entirety as follows:

"Fee Letter" means that certain letter from Aron to the Company, originally dated March 1, 2011 and as from time to time thereafter amended and/or restated, which identifies itself as the "Fee Letter" for purposes hereof and pursuant to which the Parties have set forth the amounts for and other terms relating to certain fees payable hereunder.

(c) Sections 3.1 and 3.2 of the S&O Agreement are hereby amended and restated in their entirety to read as follows:

3.1 Term. This Agreement shall become effective on the Effective Date and, subject to Section 3.2, shall continue for a period starting at 00:00:01 a.m., CPT on the Commencement Date and ending at 11:59:59 p.m., CPT on May 31, 2018 (the "Term"; the last day of such Term being herein referred to as the "Expiration Date", except as provided in Section 3.2 below).

3.2 Changing the Term. Aron may elect to terminate this Agreement early effective on May 31, 2015, May 31, 2016 or May 31, 2017 and the Company may elect to terminate this Agreement early effective on May 31, 2017; provided that no such election shall be effective unless the Party making such election (i) gives the other Party at least six (6) months prior notice of any such election pursuant to Article 26, (ii) concurrently exercises its right (or in the case of the Company, causes ARKS to exercise its rights) to terminate the ARKS Supply and Offtake Agreement and (iii) concurrently exercises its right (or in the case of the Company, causes ASI to exercise its rights) to terminate the ASI Supply and Offtake Agreement effective as of the same early termination date elected for this Agreement. If any early termination is properly elected pursuant to the preceding sentence, the effective date of such termination shall be the "Early Termination Date.

(d) By inserting the following new Sections 3.4 and 3.5 at the end of Article 3 of the S&O Agreement:

3.4 Determination of Adjustment Date Differential; Amendment to Schedules.

(a) In accordance with the Differential Determination Procedure and in a commercially reasonable manner, Aron shall, within 3 Business Days after the Adjustment Date, determine the Adjustment Date Differential and advise the Company of such determination in writing (including via email).

(b) The parties agree that, from and after the Adjustment Date, the Adjustment Date Differential shall be the price differential applied to the pricing indices as provided on Schedules B-2 and D-2, and the parties will take such further action as Aron shall reasonably request to amend such schedules or otherwise confirm the application of the Adjustment Date Differential.

3.5 Applicability of Schedules B and D. For all purposes of this Agreement and any other Transaction Document, with respect to the period prior to the Adjustment Date, Schedule B shall mean Schedule B-1 hereto and Schedule D shall mean Schedule D-1 hereto and with respect to the period from and after the Adjustment Date, Schedule B shall mean Schedule B-2 hereto and Schedule D shall mean Schedule D-2 hereto.

(e) Section 10.3 of the S&O Agreement is amended and restated to read in its entirety as follows:

10.3 Annual and Other Fees. As additional consideration for the arrangements contemplated hereby, the Company agrees to pay to Aron, as and when due, all fees provided for in the fee letter; provided that with respect to the Annual Fee referred to therein, such Annual Fee for each twelve (12) month period during the Term is to be paid in arrears, in equal quarterly installments, on June 1, September 1, December 1 and March 1 of each year, and the Termination Date. The Annual Fee shall be prorated for any periods of less than a full three months.

(f) Article 18 of the S&O Agreement is amended as follows:

(i) Clause (f) of Section 18.1 thereof is amended and restated in its entirety to read as follows:

(f) ARKS fails to perform or otherwise defaults in any obligation under either the Inventory Sales Agreement or the Step-Out Inventory Sales Agreement, an “Event of Default” with respect to ARKS shall occur under the ARKS Supply and Offtake Agreement or an “Event of Default” with respect to ASI shall occur under the ASI Supply and Offtake Agreement; or

(ii) The second-to-last sentence of Section 18.2(b) is amended and restated in its entirety to read as follows:

The determination of the Settlement Amount shall include (without duplication): (x) the losses and costs (or gains) incurred or realized (and determined in a commercially reasonable manner) by the Non-Defaulting Party in terminating, transferring,

redeploying or otherwise modifying any outstanding Procurement Contracts and (y) the losses and costs (or gains) incurred or realized (and determined in a commercially reasonable manner) by the Non-Defaulting Party with respect to Crude Oil and Product inventories maintained for purposes of this Agreement which shall be determined by the Non-Defaulting Party as follows: (1) Aron will, subject to Sections 7.2 and 7.3, project Target Month End Crude Volumes and Target Month End Product Volumes for all months occurring from the date on which the Non-Defaulting Party terminates this Agreement or commences exercising its remedies following such Event of Default (the "Remedies Exercise Date") to the earlier of the Expiration Date set forth in Section 3.1 or, if elected by either Party, any other date as of which either Party would have been entitled to terminate this Agreement under Section 3.2 but only if such Party notifies the other Party of such election within 3 Business Days after the Remedies Exercise Date (the earliest of such Expiration Date and any such date elected by a Party being the "Pro Forma Expiration Date") and (2) in accordance with clause (c) below, the Non-Defaulting Party shall value, and determine the net amount that would have been owing from one party to the other based on, all purchases and sales of Crude Oil and Products that would have resulted from such projected Target Month End Crude Volumes and Target Month End Product Volumes through the Pro Forma Expiration Date (including a final sale of all remaining inventories), which net amount shall be discounted to present value on a commercially reasonable basis and constitute the amount due under this clause (y).

(iii) Section 18.2(c) is amended by deleting the parenthetical phrase at the end of the second sentence thereof and inserting the following new sentence at the end thereof:

Without limiting the generality of the foregoing, it is agreed that for purposes of determining the Settlement Amount: (1) any fixed fee amounts (including those provided for under Section 10.3) shall be the amount of such fee that would have accrued through the Pro Forma Expiration Date; (2) for the period following the Remedies Exercise Date, no Crude Oil per barrel fees as provided for in Sections 6.2 and 6.4 shall be included in the Settlement Amount except with respect to barrels of Crude Oil actually processed at the Refinery following such date; (3) to the extent the Fee Letter provides for the calculation of any amount to be included in the Settlement Amount, the provisions of the Fee Letter shall be controlling for such purpose; and (4) to the extent the Non-Defaulting Party deems it commercially reasonable to do so, it may in referencing prices in futures, forward, swap and options markets for purposes of calculating various elements of the Settlement Amount endeavor to align the dates as of which such reference prices are determined.

(iv) Section 18.2(j) is amended by inserting the following new sentence at the end thereof:

As used in this Section 18.2, unless otherwise expressly provided, each reference to “this Agreement” shall, and shall be deemed to, be a reference to “this Agreement and the other Transaction Documents.”

(g) Section 19.2 of the S&O Agreement is amended as follows:

(i) Clause (iv) thereof is amended and restated to read in its entirety as follows:

(iv) in the case of an early termination, the amount reasonably determined by Aron as the breakage costs it incurred in connection with the termination, unwinding or redeploying of all Related Hedges as a result of such early termination; provided that if the Termination Date occurs as a result of either party exercising its termination right under Section 3.2, no amount shall be due under this clause (iv), plus

(ii) Clause (vi) thereof is amended and restated to read in its entirety as follows:

(vi) any unpaid portion of the annual or other fee owed to Aron pursuant to Section 10.3; provided that if the Termination Date occurs as a result of either party exercising its termination right under Section 3.2, the amount of such fees shall be the amounts accruing to date of such early termination, plus

(h) Schedule B to the S&O Agreement is hereby deleted and replaced in its entirety by Schedules B-1 and B-2 in the forms attached to this Amendment and Schedule D to the S&O Agreement is hereby deleted and replaced in its entirety by Schedules D-1 and D-2 in the forms attached to this Amendment.

(i) Immediately after Schedule Z to the S&O Agreement a new Schedule AA is hereby inserted in the form of Schedule AA attached to this Amendment.

Section 2.2 Amendments as of Adjustment Date. As of the Adjustment Date, the following amendments to the S&O Agreement shall become effective:

(a) Section 7.3(b) of the S&O Agreement shall be hereby amended and restated in its entirety to read as follows:

(b) For each month and each type of Product, Aron shall from time to time (but subject to any applicable notification deadlines specified on Schedule D hereto) specify an aggregate quantity and grade that shall be the “Target Month End Product Volume” for that month, which shall represent that volume (which may be zero or a positive number) for that Product targeted to be in excess of the Baseline Volume for that Product (except that the Target Month End Product Volume for each type of Product as of the Commencement Date and as of the end of the first month of the Term shall be the respective volumes specified as such on Schedule I hereto).

(b) Section 7.3(e) of the S&O Agreement shall be hereby amended and restated in its entirety to read as follows:

> (e) After Aron has established a Target Month End Product Volume, it may change such Target Month End Product Volume if one of the following occurs: (i) the Actual Month End Product Volume is below the minimum of the Operational Volume Range for the volume in excess of the Baseline Volume or (ii) the Actual Month End Product Volume is above the maximum of the Operational Volume Range for the volume in excess of the Baseline Volume, in which case Aron may change its Target Month End Product Volume for such month to equal the Actual Month End Product Volume. Aron must notify the Company of its intent to make this change within four (4) Business Days after the end of such Delivery Month. The Company may dispute this change within one (1) Business Day after receiving such notification from Aron. In all cases described above, the changed Target Month End Product Volume affects only the subject month and does not impact the calculation of the Target Month End Product Volume in subsequent months.

(c) Section 9.2(a) of the S&O Agreement shall be hereby amended and restated in its entirety to read as follows:

> (a) As of 11:59:59 p.m., PST, on the last day of each month, the Company shall apply the Volume Determination Procedures to the Crude Storage Facilities and the Product Storage Facilities, and based thereon shall determine for such month (i) the aggregate volume of Crude Oil held in the Crude Storage Tanks and Included Crude Tanks at that time, plus the Crude Oil Linefill at that time minus the Baseline Volume for Crude Oil (the "Actual Month End Crude Volume"), which may be positive, negative or zero and (ii) for each Product, the aggregate volume of such Product held in the Product Storage Tanks and Included Product Tanks at that time, plus the Product Linefill for such Product at that time minus the Baseline Volume for such Product (each, an "Actual Month End Product Volume"), which may be positive, negative or zero. The Company shall notify Aron of the Actual Month End Crude Volume and each Actual Month End Product Volume by no later than 5:00 p.m., PST on the fifth Business Day thereafter, except that with respect to volume information provided by third parties, the Company shall endeavor to cause third parties to provide such information to Aron by the fifteenth (15th) day after the end of such month.

Section 2.3 References Within S&O Agreement. Each reference in the S&O Agreement to "this Agreement" and the words "hereof," "hereto," "herein," "hereunder," or words of like import, shall mean and be a reference to the S&O Agreement as heretofore amended and as amended by this Amendment.

SECTION 3 Representations and Warranties

To induce the other Party to enter into this Amendment, each Party hereby represents and warrants that (i) it has the corporate, governmental or other legal capacity, authority and power to

execute this Amendment, to deliver this Amendment and to perform its obligations under the Supply and Offtake Agreement, as amended hereby, and has taken all necessary action to authorize the foregoing; (ii) the execution, delivery and performance of this Amendment does not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or Governmental Authority applicable to it or any of its assets or subject; (iii) all governmental and other consents required to have been obtained by it with respect to this Amendment have been obtained and are in full force and effect; (iv) its obligations under the Supply and Offtake Agreement, as amended hereby, constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law) and (v) no Event of Default with respect to it has occurred and is continuing.

SECTION 4 Miscellaneous

Section 4.1 S&O Agreement Otherwise Not Affected. Except for the amendments pursuant hereto, the S&O Agreement remains unchanged. As amended pursuant hereto, the S&O Agreement remains in full force and effect and is hereby ratified and confirmed in all respects. The execution and delivery of, or acceptance of, this Amendment and any other documents and instruments in connection herewith by either Party shall not be deemed to create a course of dealing or otherwise create any express or implied duty by it to provide any other or further amendments, consents or waivers in the future.

Section 4.2 No Reliance. Each Party hereby acknowledges and confirms that it is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

Section 4.3 Costs and Expenses. Each Party shall be responsible for any costs and expenses incurred by such Party in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith.

Section 4.4 Binding Effect. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Company, Aron and their respective successors and assigns.

Section 4.5 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER STATE.

Section 4.6 Amendments. This Amendment may not be modified, amended or otherwise altered except by written instrument executed by the Parties' duly authorized representatives.

Section 4.7 Effectiveness; Counterparts. This Amendment shall be binding on the Parties as of the date on which it has been fully executed by the Parties. This Amendment may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which

when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section 4.8 Interpretation. This Amendment is the result of negotiations between and have been reviewed by counsel to each of the Parties, and is the product of all Parties hereto. Accordingly, this Amendment shall not be construed against either Party merely because of such Party's involvement in the preparation hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Amendment to the S&O Agreement as of the date first above written.

J. ARON & COMPANY

By: /s/ Simon Collier
Name:
Title:

ALON USA, LP
By: Alon USA GP, LLC
Its: General Partner

By: /s/ Shai Even
Name: Shai Even
Title: Senior Vice President and CFO

AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT AND MARKETING AGREEMENT

THIS AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT and MARKETING AGREEMENT (this "Amendment"), dated as of July 20, 2012 is made between J. Aron & Company, a general partnership organized under the laws of New York ("Aron") located at 200 West Street, New York, New York 10282-2198, and Alon Refining Krotz Springs, Inc. (the "Company"), a Delaware corporation located at 7616 LBJ Freeway, Suite 300, Dallas, Texas 75251 (each referred to individually as a "Party" or collectively as the "Parties").

RECITALS

Aron and the Company are parties to (i) the Amended and Restated Supply and Offtake Agreement dated as of May 26, 2010 and as from time to time thereafter amended (the "S&O Agreement") pursuant to which Aron has agreed to procure crude oil and other petroleum feedstocks for the Company for use at the Refinery and purchase all refined products produced by the Refinery (other than certain excluded products) and (ii) the Marketing and Sales Agreement dated as of the Commencement Date (as defined in the S&O Agreement) and as from time to time thereafter amended (the "Marketing Agreement");

Aron and the Company have entered into that certain Supplemental Agreement to the Supply and Offtake Agreement dated October 31, 2011 (the "Supplemental Agreement"), which terms and conditions therein supplement and amend the S&O Agreement; and

Aron and the Company wish to amend certain terms and conditions of the S&O Agreement and accordingly, agree as follows:

Section 1 Definitions; Interpretation

Section 1.1 Defined Terms. All capitalized terms used in this Amendment (including in the Recitals hereto) and not otherwise defined herein shall have the meanings assigned to them in the S&O Agreement.

Section 1.2 Interpretation. The rules of construction set forth in Section 1.2 of the S&O Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTIONAmendments 2

Section 2.1 Amendments to S&O Agreement as of Effective Date. Upon the effectiveness of this Amendment, the S&O Agreement shall be amended as follows:

(a) The following definitions are inserted, in the appropriate alphabetical order, in Section 1.1. of the S&O Agreement:

"Adjustment Date" means June 1, 2013.

"Adjustment Date Differential" means the differential determined pursuant to the Differential Determination Procedure.

"ASI Supply and Offtake Agreement" means the Supply and Offtake Agreement between Aron and ARKS dated as of May 30, 2012 between Alon Supply, Inc. ("ASI") and Aron, as from time to time may be further amended, modified, supplemented and/or restated.

"Baseline Volume" means for Crude Oil or each Product Group the respective minimum volume specified therefor under the "Baseline Volume" column on Schedule D-2.

"Differential Determination Procedure" means the procedure set forth on Schedule U hereto for determining the differential to be applied in Schedules B-2 and D-2 as of the Adjustment Date.

"Fee Letter" means that certain letter from Aron to the Company, executed on or after the date hereof and as from time to time thereafter amended and/or restated, which identifies itself as the "Fee Letter" for purposes hereof, and pursuant to which the Parties have set forth the amounts for and other terms relating to certain fees payable hereunder.

(b) Sections 3.1 and 3.2 of the S&O Agreement are hereby amended and restated in their entirety to read as follows:

3.1 Term. This Agreement shall become effective on the Effective Date and, subject to Section 3.2, shall continue for a period starting at 00:00:01 a.m., CPT on the Commencement Date and ending at 11:59:59 p.m., CPT on May 31, 2018 (the "Term"; the last day of such Term being herein referred to as the "Expiration Date", except as provided in Section 3.2 below).

3.2 Changing the Term. Aron may elect to terminate this Agreement early effective on May 31, 2015, May 31, 2016 or May 31, 2017 and the Company may elect to terminate this Agreement early effective on May 31, 2017; provided that no such election shall be effective unless the Party making such election (i) gives the other Party at least six (6) months prior notice of any such election pursuant to Article 26, (ii) concurrently exercises its right (or in the case of the Company, causes Alon USA, LP to exercise its rights) to terminate the Alon USA Supply and Offtake Agreement and (iii) concurrently exercises its right (or in the case of the Company, causes ASI to exercise its rights) to terminate the ASI Supply and Offtake Agreement effective as of the same early termination date elected for this Agreement. If any early termination is properly elected pursuant to the preceding sentence, the effective date of such termination shall be the "Early Termination Date.

(c) By inserting the following new Sections 3.3, 3.4 and 3.5 at the end of Article 3 of the S&O Agreement:

3.4 Determination of Adjustment Date Differential; Amendment to Schedules.

(a) In accordance with the Differential Determination Procedure and in a commercially reasonable manner, Aron shall, within 3 Business Days after the Adjustment Date, determine the Adjustment Date Differential and advise the Company of such determination in writing (including via email).

(b) The parties agree that, from and after the Adjustment Date, the Adjustment Date Differential shall be the price differential applied to the pricing indices as provided on Schedules B-2 and D-2, and the parties will take such further action as Aron shall reasonably request to amend such schedules or otherwise confirm the application of the Adjustment Date Differential.

3.5 Applicability of Schedules B and D. For all purposes of this Agreement and any other Transaction Document, with respect to the period prior to the Adjustment Date, Schedule B shall mean Schedule B-1 hereto and Schedule D shall mean Schedule D-1 hereto and with respect to the period from and after the Adjustment Date, Schedule B shall mean Schedule B-2 hereto and Schedule D shall mean Schedule D-2 hereto.

(d) Immediately after Section 10.6 of the S&O Agreement, a new Section 10.7 shall be inserted reading as following:

10.7 Annual and Other Fees. As additional consideration for the arrangements contemplated hereby, the Company agrees to pay to Aron, as and when due, all fees provided for in the fee letter; provided that with respect to the Annual Fee referred to therein, such Annual Fee for each twelve (12) month period from and after the Adjustment Date and during the Term is to be paid in arrears, in equal quarterly installments, on June 1, September 1, December 1 and March 1 of each year, and the Termination Date. The Annual Fee shall be prorated for any periods of less than a full three months

(e) Article 18 of the S&O Agreement is amended as follows:

(i) Clause (g) of Section 18.1 thereof is amended and restated in its entirety to read as follows:

(g) an “Event of Default” with respect to Alon USA shall occur under the Alon USA Supply and Offtake Agreement or an “Event of Default” with respect to ASI shall occur under the ASI Supply and Offtake Agreement; or

(ii) The second-to-last sentence of Section 18.2(b) is amended and restated in its entirety to read as follows:

The determination of the Settlement Amount shall include (without duplication): (x) the losses and costs (or gains) incurred or realized (and determined in a commercially

reasonable manner) by the Non-Defaulting Party in terminating, transferring, redeploying or otherwise modifying any outstanding Procurement Contracts and (y) the losses and costs (or gains) incurred or realized (and determined in a commercially reasonable manner) by the Non-Defaulting Party with respect to Crude Oil and Product inventories maintained for purposes of this Agreement which shall be determined by the Non-Defaulting Party as follows: (1) Aron will, subject to Sections 7.2 and 7.3, project Target Month End Crude Volumes and Target Month End Product Volumes for all months occurring from the date on which the Non-Defaulting Party terminates this Agreement or commences exercising its remedies following such Event of Default (the "Remedies Exercise Date") to the earlier of the Expiration Date set forth in Section 3.1 or, if elected by either Party, any other date as of which either Party would have been entitled to terminate this Agreement under Section 3.2 but only if such Party notifies the other Party of such election within 3 Business Days after the Remedies Exercise Date (the earliest of such Expiration Date and any such date elected by a Party being the "Pro Forma Expiration Date") and (2) in accordance with clause (c) below, the Non-Defaulting Party shall value, and determine the net amount that would have been owing from one party to the other based on, all purchases and sales of Crude Oil and Products that would have resulted from such projected Target Month End Crude Volumes and Target Month End Product Volumes through the Pro Forma Expiration Date (including a final sale of all remaining inventories), which net amount shall be discounted to present value on a commercially reasonable basis and constitute the amount due under this clause (y).

(iii) Section 18.2(c) is amended by deleting the parenthetical phrase at the end of the second sentence thereof and inserting the following new sentence at the end thereof:

Without limiting the generality of the foregoing, it is agreed that for purposes of determining the Settlement Amount: (1) any fixed fee amounts (including those provided for under Section 10.3) shall be the amount of such fee that would have accrued through the Pro Forma Expiration Date; (2) for the period following the Remedies Exercise Date, no Crude Oil per barrel fees as provided for in Sections 6.2 and 6.4 shall be included in the Settlement Amount except with respect to barrels of Crude Oil actually processed at the Refinery following such date; (3) to the extent the Fee Letter provides for the calculation of any amount to be included in the Settlement Amount, the provisions of the Fee Letter shall be controlling for such purpose; and (4) to the extent the Non-Defaulting Party deems it commercially reasonable to do so, it may in referencing prices in the futures, forward, swap and options markets for purposes of calculating various elements of the Settlement Amount endeavor to align the dates as of which such reference prices are determined.

(iv) Section 18.2(j) is amended by inserting the following new sentence at the end thereof:

As used in this Section 18.2, unless otherwise expressly provided, each reference to “this Agreement” shall, and shall be deemed to, be a reference to “this Agreement and the other Transaction Documents.”.

(f) Section 19.2 of the S&O Agreement is amended as follows:

(i) Clause (iv) thereof is amended and restated to read in its entirety as follows:

(iv) in the case of an early termination, the amount reasonably determined by Aron as the breakage costs it incurred in connection with the termination, unwinding or redeploying of all Related Hedges as a result of such early termination; provided that if the Termination Date occurs as a result of either party exercising its termination right under Section 3.2, no amount shall be due under this clause (iv), plus

(ii) By replacing the “.” at the end of clause (ix) thereof with “, plus” and inserting immediately thereafter a new clause (x) reading as follows:

(x) any unpaid portion of the annual or other fee owed to Aron pursuant to Section 10.7; provided that if the Termination Date occurs as a result of either party exercising its termination right under Section 3.2, the amount of such fees shall be the amounts accruing to date of such early termination.

(g) Schedule B to the S&O Agreement is hereby deleted and replaced in its entirety by Schedules B-1 and B-2 in the forms attached to this Amendment and Schedule D to the S&O Agreement is hereby deleted and replaced in its entirety by Schedules D-1 and D-2 in the forms attached to this Amendment.

(h) Immediately after Schedule T to the S&O Agreement a new Schedule U is hereby inserted in the form of Schedule U attached to this Amendment.

Section 2.2 Amendments to Marketing Agreement as of Effective Date. Upon the effectiveness of this Amendment, the Marketing Agreement is hereby amended by inserting immediately after Section 2.5(d) thereof a new Section 2.5(e) reading as follows:

(e) The Company covenants and agrees that all sales by the Company of any SRD and/or LCO shall be made exclusively and directly to Valero Marketing and Supply Company (“Valero”), and in no event shall the Company effect any sale of SRD and/or LCO to Valero by selling such product to an affiliate of the Company for resale to Valero.

Section 2.3 Amendments as of Adjustment Date. As of the Adjustment Date, the following amendments to the S&O Agreement shall become effective:

(a) The following definitions shall be inserted, in the appropriate alphabetical order, in Section 1.1. of the S&O Agreement:

"Annual Fee" means the amount set forth as the "Annual Fee" in the Fee Letter.

"Level One Fee" means the amount set forth as the "Level One Fee" in the Fee Letter.

"Level Two Fee" means the amount set forth as the "Level Two Fee" in the Fee Letter.

(b) Section 6.2 of the S&O Agreement shall be amended by deleting the reference therein to "$0.20" and inserting "the Level One Fee" in its place.

(c) Section 6.4 of the S&O Agreement shall be amended by deleting the reference therein to "$0.10" and inserting "the Level Two Fee" in its place.

(d) Section 7.2(b) of the S&O Agreement shall be amended and restated in its entirety to read as follows:

(b) For each month and each type of Product, Aron shall from time to time (but subject to any applicable notification deadlines specified on Schedule D hereto) specify an aggregate quantity and grade that shall be the "Target Month End Product Volume" for that month, which shall represent that volume (which may be zero or a positive number) for that Product targeted to be in excess of the Baseline Volume for that Product (except that the Target Month End Product Volume for each type of Product as of the Commencement Date and as of the end of the first month of the Term shall be the respective volumes specified as such on Schedule I hereto).

(e) Section 7.2(f) of the S&O Agreement shall be amended and restated in its entirety to read as follows:

(f) After Aron has established a Target Month End Product Volume, it may change such Target Month End Product Volume if one of the following occurs: (i) the Actual Month End Product Volume is below the minimum of the Operational Volume Range for the volume in excess of the Baseline Volume or (ii) the Actual Month End Product Volume is above the maximum of the Operational Volume Range for the volume in excess of the Baseline Volume, in which case Aron may change its Target Month End Product Volume for such month to equal the Actual Month End Product Volume. Aron must notify the Company of its intent to make this change within four (4) Business Days after the end of such Delivery Month. The Company may dispute this change within one (1) Business Day after receiving such notification from Aron. In all cases described above, the changed Target Month End Product Volume affects only the subject month and does not impact the calculation of the Target Month End Product Volume in subsequent months.

(f) Section 9.2(a) of the S&O Agreement shall be amended and restated in its entirety to read as follows:

(a) As of 11:59:59 p.m., CPT, on the last day of each month, the Company shall apply the Volume Determination Procedures to the Crude Storage Facilities and the Product Storage Facilities, and based thereon shall determine for such month (i) the aggregate volume of Crude Oil held in the Crude Storage Tanks and Included Crude Tanks at that time, plus the Crude Oil Linefill at that time minus the Baseline Volume for Crude Oil (the "Actual Month End Crude Volume"), which may be positive, negative or zero and (ii) for each Product, the aggregate volume of such Product held in the Product Storage Tanks and Included Product Tanks at that time, plus the Product Linefill for such Product at that time minus the Baseline Volume for such Product (each, an "Actual Month End Product Volume"), which may be positive, negative or zero. The Company shall notify Aron of the Actual Month End Crude Volume and each Actual Month End Product Volume by no later than 5:00 p.m., CPT on the fifth Business Day thereafter, except that with respect to volume information provided by third parties, the Company shall endeavor to cause third parties to provide such information to Aron by the fifteenth (15th) day after the end of such month.

Section 2.4 References Within S&O Agreement. Each reference in the S&O Agreement to "this Agreement" and the words "hereof," "hereto," "herein," "hereunder," or words of like import, shall mean and be a reference to the S&O Agreement as heretofore amended and as amended by this Amendment.

SECTION 3 Representations and Warranties

To induce the other Party to enter into this Amendment, each Party hereby represents and warrants that (i) it has the corporate, governmental or other legal capacity, authority and power to execute this Amendment, to deliver this Amendment and to perform its obligations under the Supply and Offtake Agreement, as amended hereby, and has taken all necessary action to authorize the foregoing; (ii) the execution, delivery and performance of this Amendment does not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or Governmental Authority applicable to it or any of its assets or subject; (iii) all governmental and other consents required to have been obtained by it with respect to this Amendment have been obtained and are in full force and effect; (iv) its obligations under the Supply and Offtake Agreement, as amended hereby, constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law) and (v) no Event of Default with respect to it has occurred and is continuing.

SECTION 4 Miscellaneous

Section 4.1 S&O Agreement Otherwise Not Affected. Except for the amendments pursuant hereto, the S&O Agreement remains unchanged. As amended pursuant hereto, the S&O Agreement remains in full force and effect and is hereby ratified and confirmed in all respects. The execution and delivery of, or acceptance of, this Amendment and any other documents and instruments in

connection herewith by either Party shall not be deemed to create a course of dealing or otherwise create any express or implied duty by it to provide any other or further amendments, consents or waivers in the future.

Section 4.2 No Reliance. Each Party hereby acknowledges and confirms that it is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

Section 4.3 Costs and Expenses. Each Party shall be responsible for any costs and expenses incurred by such Party in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith.

Section 4.4 Binding Effect. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Company, Aron and their respective successors and assigns.

Section 4.5 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER STATE.

Section 4.6 Amendments. This Amendment may not be modified, amended or otherwise altered except by written instrument executed by the Parties' duly authorized representatives.

Section 4.7 Effectiveness; Counterparts. This Amendment shall be binding on the Parties as of the date on which it has been fully executed by the Parties. This Amendment may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section 4.8 Interpretation. This Amendment is the result of negotiations between and have been reviewed by counsel to each of the Parties, and is the product of all Parties hereto. Accordingly, this Amendment shall not be construed against either Party merely because of such Party's involvement in the preparation hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Amendment to the S&O Agreement and the Market Agreement as of the date first above written.

J. ARON & COMPANY

By: /s/ Simon Collier
Name:
Title:

ALON REFINING KROTZ SPRINGS, INC.

By: /s/ Shai Even
Name: Shai Even
Title: Senior Vice President and CFO

AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT

THIS AMENDMENT to THE SUPPLY AND OFFTAKE AGREEMENT (this "Amendment"), dated as of July 20, 2012 is made between J. Aron & Company, a general partnership organized under the laws of New York ("Aron") located at 200 West Street, New York, New York 10282-2198, and Alon Supply, Inc. (the "Company"), a Delaware corporation located at 7616 LBJ Freeway, Suite 300, Dallas, Texas 75251 (each referred to individually as a "Party" or collectively as the "Parties").

RECITALS

Aron and the Company are parties to the Supply and Offtake Agreement dated as of May 30, 2012 and as from time to time thereafter amended (the "S&O Agreement") pursuant to which Aron has agreed to procure crude oil and other petroleum feedstocks for the Company for use at the Refinery and purchase all refined products produced by the Refinery (other than certain excluded products); and

Aron and the Company wish to amend certain terms and conditions of the S&O Agreement and accordingly, agree as follows:

Section 1 Definitions; Interpretation

Section 1.1 Defined Terms. All capitalized terms used in this Amendment (including in the Recitals hereto) and not otherwise defined herein shall have the meanings assigned to them in the S&O Agreement.

Section 1.2 Interpretation. The rules of construction set forth in Section 1.2 of the S&O Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments

Section 2.1 Amendments as of Effective Date. Upon the effectiveness of this Amendment, the S&O Agreement shall be amended as follows:

(a) The following definition is inserted, in the appropriate alphabetical order, in Section 1.1. of the S&O Agreement:

"Adjustment Date" means June 1, 2013.

(b) The definition of "Fee Letter" in Section 1.1 of the S&O Agreement is amended and restated in its entirety as follows:

"Fee Letter" means that certain letter from Aron to the Company, originally dated May 31,2102 and as from time to time thereafter amended and/or restated, which

identifies itself as the "Fee Letter" for purposes hereof and pursuant to which the Parties have set forth the amounts for and other terms relating to certain fees payable hereunder.

(c) Sections 3.1 and 3.2 of the S&O Agreement are hereby amended and restated in their entirety to read as follows:

3.1 Term. This Agreement shall become effective on the Effective Date and, subject to Section 3.2, shall continue for a period starting at 00:00:01 a.m., PST on the Commencement Date and ending at 11:59:59 p.m., PST on May 31, 2018 (the "Term"; the last day of such Term being herein referred to as the "Expiration Date", except as provided in Section 3.2 below).

3.2 Changing the Term. Aron may elect to terminate this Agreement early effective on May 31, 2015, May 31, 2016 or May 31, 2017 and the Company may elect to terminate this Agreement early effective on May 31, 2017; provided that no such election shall be effective unless the Party making such election (i) gives the other Party at least six (6) months prior notice of any such election pursuant to Article 26, (ii) concurrently exercises its right (or in the case of the Company, causes ARKS to exercise its rights) to terminate the ARKS Supply and Offtake Agreement and (iii) concurrently exercises its right (or in the case of the Company, causes Alon USA, LP to exercise its rights) to terminate the Big Spring Supply and Offtake Agreement effective as of the same early termination date elected for this Agreement. If any early termination is properly elected pursuant to the preceding sentence, the effective date of such termination shall be the "Early Termination Date.

(d) By inserting the following new Section 3.4 at the end of Article 3 of the S&O Agreement:

3.4 Applicability of Schedules B and D. For all purposes of this Agreement and any other Transaction Document, with respect to the period prior to the Adjustment Date, Schedule B shall mean Schedule B-1 hereto and Schedule D shall mean Schedule D-1 hereto and with respect to the period from and after the Adjustment Date, Schedule B shall mean Schedule B-2 hereto and Schedule D shall mean Schedule D-2 hereto.

(e) Section 10.3 of the S&O Agreement is amended and restated to read in its entirety as follows:

10.3 Annual and Other Fees. As additional consideration for the arrangements contemplated hereby, the Company agrees to pay to Aron, as and when due, all fees provided for in the fee letter; provided that with respect to the Annual Fee referred to therein, such Annual Fee for each twelve (12) month period during the Term is to be paid in arrears, in equal quarterly installments, on June 1, September 1, December 1 and March 1 of each year, and the Termination Date. The Annual Fee shall be prorated for any periods of less than a full three months.

(f) Article 18 of the S&O Agreement is amended as follows:

(i) The second-to-last sentence of Section 18.2(b) is amended and restated in its entirety to read as follows:

> The determination of the Settlement Amount shall include (without duplication): (x) the losses and costs (or gains) incurred or realized (and determined in a commercially reasonable manner) by the Non-Defaulting Party in terminating, transferring, redeploying or otherwise modifying any outstanding Procurement Contracts and (y) the losses and costs (or gains) incurred or realized (and determined in a commercially reasonable manner) by the Non-Defaulting Party with respect to Crude Oil and Product inventories maintained for purposes of this Agreement which shall be determined by the Non-Defaulting Party as follows: (1) Aron will, subject to Sections 7.2 and 7.3, project Target Month End Crude Volumes and Target Month End Product Volumes for all months occurring from the date on which the Non-Defaulting Party terminates this Agreement or commences exercising its remedies following such Event of Default (the "Remedies Exercise Date") to the earlier of the Expiration Date set forth in Section 3.1 or, if elected by either Party, any other date as of which either Party would have been entitled to terminate this Agreement under Section 3.2 but only if such Party notifies the other Party of such election within 3 Business Days after the Remedies Exercise Date (the earliest of such Expiration Date and any such date elected by a Party being the "Pro Forma Expiration Date") and (2) in accordance with clause (c) below, the Non-Defaulting Party shall value, and determine the net amount that would have been owing from one party to the other based on, all purchases and sales of Crude Oil and Products that would have resulted from such projected Target Month End Crude Volumes and Target Month End Product Volumes through the Pro Forma Expiration Date (including a final sale of all remaining inventories), which net amount shall be discounted to present value on a commercially reasonable basis and constitute the amount due under this clause (y).

(ii) Section 18.2(c) is amended by deleting the parenthetical phrase at the end of the second sentence thereof and inserting the following new sentence at the end thereof:

> Without limiting the generality of the foregoing, it is agreed that for purposes of determining the Settlement Amount: (1) any fixed fee amounts (including those provided for under Section 10.3) shall be the amount of such fee that would have accrued through the Pro Forma Expiration Date; (2) for the period following the Remedies Exercise Date, no Crude Oil per barrel fees as provided for in Sections 6.2 and 6.4 shall be included in the Settlement Amount except with respect to barrels of Crude Oil actually processed at the Refinery following such date; (3) to the extent the Fee Letter provides for the calculation of any amount to be included in the Settlement Amount, the provisions of the Fee Letter shall be controlling for such purpose; and (4) to the extent the Non-Defaulting Party deems it commercially reasonable to do so, it may in referencing prices in the futures, forward, swap and

options markets for purposes of calculating various elements of the Settlement Amount endeavor to align the dates as of which such reference prices are determined.

(iii) Section 18.2(j) is amended by inserting the following new sentence at the end thereof:

As used in this Section 18.2, unless otherwise expressly provided, each reference to "this Agreement" shall, and shall be deemed to, be a reference to "this Agreement and the other Transaction Documents."

(g) Section 19.2 of the S&O Agreement is amended as follows:

(i) Clause (iv) thereof is amended and restated to read in its entirety as follows:

(iv) in the case of an early termination, the amount reasonably determined by Aron as the breakage costs it incurred in connection with the termination, unwinding or redeploying of all Related Hedges as a result of such early termination; provided that if the Termination Date occurs as a result of either party exercising its termination right under Section 3.2, no amount shall be due under this clause (iv), plus

(ii) Clause (vi) thereof is amended and restated to read in its entirety as follows:

(vi) any unpaid portion of the annual or other fee owed to Aron pursuant to Section 10.3; provided that if the Termination Date occurs as a result of either party exercising its termination right under Section 3.2, the amount of such fees shall be the amounts accruing to date of such early termination, plus

(h) Schedule B to the S&O Agreement is hereby deleted and replaced in its entirety by Schedules B-1 and B-2 in the forms attached to this Amendment and Schedule D to the S&O Agreement is hereby deleted and replaced in its entirety by Schedules D-1 and D-2 in the forms attached to this Amendment.

Section 2.2 References Within S&O Agreement. Each reference in the S&O Agreement to "this Agreement" and the words "hereof," "hereto," "herein," "hereunder," or words of like import, shall mean and be a reference to the S&O Agreement as heretofore amended and as amended by this Amendment.

SECTION 3 Representations and Warranties

To induce the other Party to enter into this Amendment, each Party hereby represents and warrants that (i) it has the corporate, governmental or other legal capacity, authority and power to execute this Amendment, to deliver this Amendment and to perform its obligations under the Supply and Offtake Agreement, as amended hereby, and has taken all necessary action to authorize the foregoing; (ii) the execution, delivery and performance of this Amendment does not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or Governmental Authority applicable to it or any of its assets or subject; (iii) all governmental and other consents required to have been obtained by it with respect to this

Amendment have been obtained and are in full force and effect; (iv) its obligations under the Supply and Offtake Agreement, as amended hereby, constitute its legal, valid and binding obligations, enforceable in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law) and (v) no Event of Default with respect to it has occurred and is continuing.

SECTION 4 Miscellaneous

Section 4.1 S&O Agreement Otherwise Not Affected. Except for the amendments pursuant hereto, the S&O Agreement remains unchanged. As amended pursuant hereto, the S&O Agreement remains in full force and effect and is hereby ratified and confirmed in all respects. The execution and delivery of, or acceptance of, this Amendment and any other documents and instruments in connection herewith by either Party shall not be deemed to create a course of dealing or otherwise create any express or implied duty by it to provide any other or further amendments, consents or waivers in the future.

Section 4.2 No Reliance. Each Party hereby acknowledges and confirms that it is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

Section 4.3 Costs and Expenses. Each Party shall be responsible for any costs and expenses incurred by such Party in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith.

Section 4.4 Binding Effect. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Company, Aron and their respective successors and assigns.

Section 4.5 Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER STATE.

Section 4.6 Amendments. This Amendment may not be modified, amended or otherwise altered except by written instrument executed by the Parties' duly authorized representatives.

Section 4.7 Effectiveness; Counterparts. This Amendment shall be binding on the Parties as of the date on which it has been fully executed by the Parties. This Amendment may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section 4.8 Interpretation. This Amendment is the result of negotiations between and have been reviewed by counsel to each of the Parties, and is the product of all Parties hereto. Accordingly, this Amendment shall not be construed against either Party merely because of such Party's

involvement in the preparation hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Amendment to the S&O Agreement as of the date first above written.

J. ARON & COMPANY

By: /s/ Simon Collier
Name:
Title:

ALON SUPPLY, INC.

By: /s/ Shai Even
Name: Shai Even
Title: Senior Vice President and CFO

EXECUTION

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of July 31, 2012, by and between ALON REFINING KROTZ SPRINGS, INC., a Delaware corporation ("Borrower"), and GOLDMAN SACHS BANK USA, as Issuing Bank ("Issuing Bank").

W I T N E S S E T H:

WHEREAS, the Borrower and the Issuing Bank have entered into a Credit Agreement dated as of May 28, 2010 (as amended, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, the parties desire to amend the Credit Agreement and the Letter of Credit to extend the term of the Letter of Credit.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to amend the Credit Agreement as follows:

Section 1. Definitions and Interpretation. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Section 1.1 of the Credit Agreement.

Section 2. Amendment to Section 2.1(a). Section 2.1(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

2.1 Issuance of the Letter of Credit.

(a) Letter of Credit. Subject to the terms and conditions hereof, Issuing Bank agrees to issue the Letter of Credit for the account of Borrower in the face amount of $200,000,000. The Letter of Credit shall be issued for the benefit of J. Aron & Company and shall expire on July 31, 2013.

Section 3. Amendment of the Letter of Credit. The Borrower hereby requests that the Issuing Bank issue the amendment to the Letter of Credit in the form of Exhibit A hereto (the "LC Amendment") and subject to the satisfaction of the conditions precedent set forth in Section 5 hereof, the Issuing Bank agrees to issue the LC Amendment, and the Borrower and the Issuing Bank agree that all references to the Letter of Credit in the Credit Agreement and Credit Documents shall refer to the Letter of Credit as amended by the LC Amendment.

Section 4. Extension of Fee Letter. The Borrower and the Issuing Bank agree that the terms of the Letter of Credit Fee Letter dated May 28, 2010 shall remain in full force and

effect until the Letter of Credit has been terminated, has expired or has been fully drawn, and the Borrower agrees to pay the fees provided for therein for the period until such termination, expiration or drawing.

Section 5. Conditions Precedent. The obligation of Issuing Bank to issue the LC Amendment is subject to the satisfaction, or waiver by Issuing Bank, of the following conditions:

5.1 Amendment. Issuing Bank shall have received a counterpart of this Amendment originally executed and delivered by Borrower.

5.2 Organizational Documents; Incumbency. Issuing Bank shall have received (i) a copy of the certificate or articles of incorporation or other organizational documents, including all amendments thereto, of Borrower, certified as of a recent date by the Secretary of State of the State of Delaware, and a certificate as to the good standing of Borrower as of a recent date from such Secretary of State; (ii) a certificate of an officer of Borrower dated the date hereof and certifying (A) that attached thereto is a true and complete copy of the by-laws or comparable document of Borrower as in effect on the date hereof and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors or other governing body of Borrower authorizing the execution, delivery and performance of this Amendment and the issuance of the LC Amendment, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation or other organizational documents of Borrower have not been amended since the date of the copy certified by the Secretary of State furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing this Amendment or any other document delivered in connection herewith on behalf of Borrower; (iii) a certificate of another officer as to the incumbency and specimen signature of the officer executing the certificate pursuant to (ii) above; and (iv) such other documents as Issuing Bank may reasonably request.

5.3 Transaction Costs. Issuing Bank shall have received all amounts due and payable on or prior to the date of issuance of the LC Amendment, including, to the extent invoiced, reimbursement or payment of all out-of-pocket costs and expenses required to be reimbursed or paid by Borrower hereunder or under any other Credit Document.

5.4 Governmental Authorizations and Consents. Borrower shall have obtained all Governmental Authorizations and all consents of other Persons, in each case that are necessary or advisable in connection with the transactions contemplated by this Amendment and each of the foregoing shall be in full force and effect and in form and substance reasonably satisfactory to Issuing Bank.

5.5 Closing Date Certificate. Borrower shall have delivered to Issuing Bank an originally executed Closing Date Certificate, together with all attachments thereto.

5.6 No Litigation. There shall not exist any action, suit, investigation, litigation, proceeding, hearing or other legal or regulatory developments, pending or threatened in any court or before any arbitrator or Governmental Authority that, in the reasonable opinion of Issuing Bank,

singly or in the aggregate, materially impairs the transactions contemplated by this Amendment, or that could reasonably be expected to have a Material Adverse Effect.

5.7 Collateral Certificate. Issuing Bank shall have received a Collateral Certificate as of July 31, 2012.

Section 6. Miscellaneous.

6.1 Execution and Effectiveness of this Amendment. This Amendment is executed and shall be construed as an amendment to the Credit Agreement, and, as provided in the Credit Agreement, this Amendment forms a part thereof. This Amendment shall be effective as of the date hereof upon the execution and delivery of this Amendment by the Borrower and the Issuing Bank.

6.2 Representations and Warranties. The Borrower hereby represents and warrants to the Issuing Bank that (a) all consents, approvals and authorizations necessary for such party's execution, delivery and performance of this Amendment have been obtained or made, (b) this Amendment has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms and (c) no Default or Event of Default exists on the date hereof immediately prior to and after giving effect to the amendments and consents contemplated hereby.

6.3 Waiver. This Amendment is made in amendment and modification of, but not extinguishment of, the obligations set forth in the Credit Agreement and the other Credit Documents and, except as specifically modified pursuant to the terms of this Amendment, the terms and conditions of the Credit Agreement and the other Credit Documents remain in full force and effect. Nothing herein shall limit in any way the rights and remedies of the Issuing Bank under the Credit Agreement and the other Credit Documents. The execution, delivery and performance by the Issuing Bank and the other parties hereto of this Amendment shall not constitute a waiver, forbearance or other indulgence with respect to any Default or Event of Default now existing or hereafter arising.

6.4 Counterparts. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

6.5 Severability. Any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provisions in any other jurisdiction.

6.6 Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York.

6.7 Headings. Headings herein are for convenience only and shall not be relied upon in interpreting or enforcing this Amendment.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

ALON REFINING KROTZ SPRINGS, INC., as Borrower

By: /s/ Shai Even
Name: Shai Even
Title: Senior Vice President and CFO

GOLDMAN SACHS BANK USA, as Issuing Bank

By: /s/ Andrew J. Kaiser
Name: Andrew J. Kaiser
Title: Chief Operating Officer

Exhibit 31.1

CERTIFICATIONS

I, Paul Eisman, 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 9, 2012

By: /s/ Paul Eisman
Paul Eisman
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 9, 2012

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, 2012, 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 9, 2012

By: /s/ Paul Eisman
Paul Eisman
Chief Executive Officer

Date: August 9, 2012

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