

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

18 Can any resulting loss be recognized? ▶ See attachment.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Angela Pruitt

Date ▶ 10/11/18

Print your name ▶ Angela Pruitt

Title ▶ VP of Tax

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

Alon USA Energy, Inc.

EIN 74-2966572

Attachment to Form 8937

Report of Organizational Actions Affecting Basis of Securities

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any holder's specific circumstances. Holders are urged to consult their own tax advisors regarding U.S. tax consequences of the transaction described herein and the impact to tax basis resulting from such transaction.

Alon USA Energy, Inc.
EIN 74-2966572
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

Form 8937, Part II, Line 14

In September 2013, Alon USA Energy, Inc. ("Alon") issued \$150 million principal amount of 3.0% Convertible Senior Notes due 2018 (the "Notes"). In general, the Notes provided for interest of 3.0 percent per annum and a maturity date of September 15, 2018. The Notes were convertible into shares of Alon's common at an initial conversion rate of 67.627 shares per \$1000 Note, which was equal to a conversion price of \$14.79 per share.

On July 1, 2017, Alon was acquired by Delek US Holdings, Inc. ("Delek") in a tax free transaction with Alon surviving as a wholly owned subsidiary of Delek (the "Acquisition"). Alon shareholders received stock in Delek at a rate of 0.504 shares of Delek stock per share of Alon stock.

A supplemental indenture was executed on July 1, 2017, to (i) adjust the conversion feature of the Notes to provide holders the right to exchange the Notes into shares of Delek based on the 0.504 exchange rate in the Acquisition; and (ii) add Delek as a guarantor of the Notes. Immediately prior to the Acquisition, the conversion rate was 74.2405 shares (reflecting dilution adjustments) per \$1000 principal amount of Note. Therefore, the new exchange rate was approximately 37.41 shares per \$1000 principal amount of Note.

Certain holders of the Notes (the "Participating Holders") exercised the exchange rights described above. Alon elected to net-share settle the Notes under the "Combination Settlement" method and on September 17, 2018, the Notes were settled, in the aggregate, for cash equal to the stated principal amount (i.e., \$150 million) plus 2.69 million shares of Delek common stock (the "Settlement"). Taking into account certain holders that failed to exercise their exchange rights, the Participating Holders received approximately 17.96 shares of Delek stock for every \$1000 principal amount of Note exchanged.

In addition, but separate from the Settlement, Alon made a cash payment for accrued interest of \$2,250,000, a cash payment for dividends during the stock price averaging period of approximately \$267,000, and a \$283.87 payment in lieu of fractional shares (valuing such shares at approximately \$46.56 per share).

Form 8937, Part II, Line 15

Delek and Alon have consistently treated the Notes as obligations of Alon following the Acquisition. Under such treatment, the Settlement is a taxable exchange of the Notes for cash and Delek stock. Each Participating Holder's tax basis in its Notes is extinguished and the Participating Holder's tax basis in the Delek stock equals the fair market value of such stock at the time of the Settlement (see Line 16 below).

Delek and Alon cannot foreclose the possibility, however, that the Notes could be treated as obligations of Delek following the Acquisition. In such case, the Settlement may be treated as a recapitalization for U.S. federal income tax purposes under section 368(a)(1)(E) (a "Recapitalization"), or as a partially taxable event.

Participating Holders should consult their tax advisors to determine the tax consequences of the Settlement to them.

Form 8937, Part II, Line 16

Treating the Settlement as a taxable exchange, a Participating Holder's basis in the Delek stock equals the fair market value of such stock on the date of Settlement. One reasonable approach to determine the fair market value of such stock is to use the average of the highest and lowest quoted selling prices on the date of the Settlement. On September 17, 2018, the highest trading price of Delek stock was \$47.00 per share and the lowest trading price was \$45.50 per share (simple mean of \$46.25).

If the Notes were treated as obligations of Delek following the Acquisition a Participating Holder's tax basis in the exchanged Notes would depend on whether the Settlement is a Recapitalization.

Participating Holders should consult their tax advisors to determine the tax consequences of the Settlement to them.

Form 8937, Part II, Line 17

Sections 1001 and 1012 apply. If, however, the Settlement were treated as a Recapitalization, sections 354 and 358 would apply.

Form 8937, Part II, Line 18

Alon and Delek are treating the Settlement as a taxable event that may result in a loss to a Participating Holder to the extent such Participating Holder's tax basis in the Notes exceeds the fair market value of the property exchanged therefor.

If, however, the Notes were treated as obligations of Delek following the Acquisition, the Settlement generally should not result in a loss to Participating Holders to the extent the Settlement is a Recapitalization.

Participating Holders should consult their tax advisors to determine the tax consequences of the Settlement to them.