

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2018
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-36550

PAR PACIFIC HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>84-1060803</u> (I.R.S. Employer Identification No.)
800 Gessner Road, Suite 875 <u>Houston, Texas</u> (Address of principal executive offices)	<u>77024</u> (Zip Code)
(281) 899-4800 (Registrant's telephone number, including area code)	
(Former name, former address and former fiscal year, if changed since last report)	

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
	(Do not check if a smaller reporting company)	Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act. Yes No

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

45,881,918 shares of Common Stock, \$0.01 par value, were outstanding as of May 4, 2018 .

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
TABLE OF CONTENTS

PART I FINANCIAL INFORMATION		Page No.
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Statements of Operations	2
	Condensed Consolidated Statements of Cash Flows	3
	Notes to Condensed Consolidated Financial Statements	4
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	40
Item 4.	Controls and Procedures	42
PART II OTHER INFORMATION		
Item 1.	Legal Proceedings	42
Item 1A.	Risk Factors	42
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	42
Item 3.	Defaults Upon Senior Securities	43
Item 4.	Mine Safety Disclosures	43
Item 5.	Other Information	43
Item 6.	Exhibits	44

The terms “Par,” “Company,” “we,” “our,” and “us” refer to Par Pacific Holdings, Inc. and its consolidated subsidiaries unless the context suggests otherwise.

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share and per share data)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 64,957	\$ 118,333
Restricted cash	743	744
Total cash, cash equivalents, and restricted cash	65,700	119,077
Trade accounts receivable	128,123	121,831
Inventories	296,267	345,357
Prepaid and other current assets	98,137	17,279
Total current assets	588,227	603,544
Property and equipment		
Property, plant, and equipment	566,257	529,238
Proved oil and gas properties, at cost, successful efforts method of accounting	400	400
Total property and equipment	566,657	529,638
Less accumulated depreciation and depletion	(87,691)	(79,622)
Property and equipment, net	478,966	450,016
Long-term assets		
Investment in Laramie Energy, LLC	132,768	127,192
Intangible assets, net	25,940	26,604
Goodwill	152,884	107,187
Other long-term assets	29,340	32,864
Total assets	\$ 1,408,125	\$ 1,347,407
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Obligations under inventory financing agreements	\$ 383,806	\$ 363,756
Accounts payable	61,096	52,543
Deferred revenue	10,021	9,522
Accrued taxes	19,286	17,687
Other accrued liabilities	34,971	27,444
Total current liabilities	509,180	470,952
Long-term liabilities		
Long-term debt, net of current maturities	386,500	384,812
Common stock warrants	6,063	6,808
Long-term capital lease obligations	6,387	1,220
Other liabilities	36,196	35,896
Total liabilities	944,326	899,688
Commitments and contingencies (Note 12)		
Stockholders' equity		
Preferred stock, \$0.01 par value; 3,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized at March 31, 2018 and December 31, 2017, 46,018,511 shares and 45,776,087 shares issued at March 31, 2018 and December 31, 2017, respectively	459	458
Additional paid-in capital	594,189	593,295
Accumulated deficit	(132,993)	(148,178)
Accumulated other comprehensive income	2,144	2,144
Total stockholders' equity	463,799	447,719
Total liabilities and stockholders' equity	\$ 1,408,125	\$ 1,347,407

See accompanying notes to the condensed consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2018	2017
Revenues	\$ 765,439	\$ 605,253
Operating expenses		
Cost of revenues (excluding depreciation)	661,899	501,289
Operating expense (excluding depreciation)	51,010	50,348
Depreciation, depletion, and amortization	13,037	11,260
General and administrative expense (excluding depreciation)	11,205	12,914
Acquisition and integration expense	632	253
Total operating expenses	<u>737,783</u>	<u>576,064</u>
Operating income	27,656	29,189
Other income (expense)		
Interest expense and financing costs, net	(8,377)	(8,942)
Other income, net	119	130
Change in value of common stock warrants	745	(689)
Change in value of contingent consideration	(10,500)	—
Equity earnings from Laramie Energy, LLC	5,576	8,746
Total other income (expense), net	<u>(12,437)</u>	<u>(755)</u>
Income before income taxes	15,219	28,434
Income tax expense	(34)	(648)
Net income	<u>\$ 15,185</u>	<u>\$ 27,786</u>
Income per share		
Basic	\$ 0.33	\$ 0.60
Diluted	\$ 0.33	\$ 0.58
Weighted-average number of shares outstanding		
Basic	45,634	45,476
Diluted	45,677	51,865

See accompanying notes to the condensed consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 15,185	\$ 27,786
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation, depletion, and amortization	13,037	11,260
Non-cash interest expense	1,864	2,364
Change in value of common stock warrants	(745)	689
Deferred taxes	31	202
Stock-based compensation	1,439	2,536
Unrealized (gain) loss on derivative contracts	(846)	(1,488)
Equity (earnings) losses from Laramie Energy, LLC	(5,576)	(8,746)
Net changes in operating assets and liabilities:		
Trade accounts receivable	(6,086)	6,362
Prepaid and other assets	(79,117)	32,049
Inventories	53,484	(94,743)
Obligations under inventory financing agreements	(1,494)	76,515
Accounts payable and other accrued liabilities	21,465	(29,792)
Net cash provided by operating activities	12,641	24,994
Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(74,680)	—
Capital expenditures	(9,612)	(7,579)
Net cash used in investing activities	(84,292)	(7,579)
Cash flows from financing activities:		
Proceeds from borrowings	25,000	74,700
Repayments of borrowings	(27,655)	(91,636)
Net borrowings (repayments) on deferred payment arrangement	21,544	(1,912)
Payment of deferred loan costs	(72)	—
Other financing activities, net	(543)	(128)
Net cash provided by (used in) financing activities	18,274	(18,976)
Net decrease in cash, cash equivalents, and restricted cash	(53,377)	(1,561)
Cash, cash equivalents, and restricted cash at beginning of period	119,077	49,018
Cash, cash equivalents, and restricted cash at end of period	\$ 65,700	\$ 47,457
Supplemental cash flow information:		
Net cash received (paid) for:		
Interest	\$ 3,219	\$ (5,249)
Taxes	—	—
Non-cash investing and financing activities:		
Accrued capital expenditures	\$ 1,466	\$ 1,676

See accompanying notes to the condensed consolidated financial statements.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

Note 1 — Overview

Par Pacific Holdings, Inc. and its wholly owned subsidiaries (“Par” or the “Company”) own, manage, and maintain interests in energy and infrastructure businesses. Currently, we operate in three primary business segments:

1) **Refining** - Our refinery in Kapolei, Hawaii, produces ultra-low sulfur diesel (“ULSD”), gasoline, jet fuel, marine fuel, low sulfur fuel oil (“LSFO”), and other associated refined products primarily for consumption in Hawaii. Our refinery in Newcastle, Wyoming, produces gasoline, ULSD, jet fuel, and other associated refined products that are primarily marketed in Wyoming and South Dakota.

2) **Retail** - Our retail outlets in Hawaii sell gasoline, diesel, and retail merchandise throughout the islands of Oahu, Maui, Hawaii, and Kauai. Our Hawaii retail network includes Hele and “76” branded retail sites, company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock stations. We recently completed the rebranding of 10 of our 34 company-operated convenience stores in Hawaii to “nomnom,” a new proprietary brand. Our retail outlets in Washington and Idaho sell gasoline, diesel, and retail merchandise and operate under the “Cenex®” and “Zip Trip®” brand names.

3) **Logistics** - We own and operate terminals, pipelines, a single-point mooring (“SPM”), and trucking operations to distribute refined products throughout the islands of Oahu, Maui, Hawaii, Molokai, and Kauai. In addition, we own and operate a crude oil pipeline gathering system, a refined products pipeline, storage facilities, and loading racks in Wyoming. We also own and operate a jet fuel storage facility and pipeline that serve the Ellsworth Air Force Base in South Dakota.

We own a 39.1% equity investment in Laramie Energy, LLC (“Laramie Energy”). Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco Counties, Colorado.

Our Corporate and Other reportable segment includes administrative costs and several small non-operated oil and gas interests that were owned by our predecessor.

Note 2 — Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The condensed consolidated financial statements include the accounts of Par and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain amounts previously reported in our condensed consolidated financial statements for prior periods have been reclassified to conform with the current presentation.

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information, the instructions to Form 10-Q, and Article 10 of Regulation S-X of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, they do not include all of the information and notes required by GAAP for complete consolidated financial statements. The condensed consolidated financial statements contained in this report include all material adjustments of a normal recurring nature that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the complete fiscal year or for any other period. The condensed consolidated balance sheet as of December 31, 2017 was derived from our audited consolidated financial statements as of that date. These condensed consolidated financial statements should be read together with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Use of Estimates

The preparation of our condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. Actual amounts could differ from these estimates.

Inventories

Beginning in 2018, Inventories also include Renewable Identification Numbers (“RINs”). RINs are stated at the lower of cost or net realizable value. The net cost of RINs is recognized within Cost of revenues (excluding depreciation) in our condensed consolidated statements of operations.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

Cost Classifications

Cost of revenues (excluding depreciation) includes the hydrocarbon-related costs of inventory sold, transportation costs of delivering product to customers, crude oil consumed in the refining process, costs to satisfy our RINs obligations, and certain hydrocarbon fees and taxes. Cost of revenues (excluding depreciation) also includes the unrealized gains (losses) on derivatives and inventory valuation adjustments. Certain direct operating expenses related to our logistics segment are also included in Cost of revenues (excluding depreciation).

Operating expense (excluding depreciation) includes direct costs of labor, maintenance and services, energy and utility costs, property taxes, and environmental compliance costs as well as chemicals and catalysts and other direct operating expenses.

The following table summarizes depreciation expense excluded from each line item in our consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2018	2017
Cost of revenues	\$ 1,607	\$ 1,457
Operating expense	6,904	5,634
General and administrative expense	1,147	721

Recent Accounting Pronouncements

There have been no developments to recent accounting pronouncements, including the expected dates of adoption and estimated effects on our financial condition, results of operations, and cash flows, from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017, except for the following:

In February 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (“ASU 2018-02”). This ASU permits entities to elect to reclassify to retained earnings the stranded effects in Accumulated Other Comprehensive Income related to the changes in the statutory tax rate that were charged to income from continuing operations under the requirements of ASC 740. The guidance in ASU 2018-02 is effective for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. Management is still evaluating the effects of the available adoption methods and has not yet determined which method will be elected.

Accounting Principles Adopted

On January 1, 2018, we adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended by other ASUs issued since May 2014 (“ASU 2014-09”), using the modified retrospective method as permitted. Under this method, the cumulative effect of initially applying ASU 2014-09 is recognized as an adjustment to the opening balance of retained earnings (or accumulated deficit) and revenues reported in the periods prior to the date of adoption are not changed. Because the adoption of ASU 2014-09 did not have a material impact on the amount or timing of revenues recognized for the sale of refined products, we did not make such an adjustment to retained earnings. Please read Note 5—Revenue Recognition for further information.

On January 1, 2018, we adopted ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”) and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (“ASU 2016-18”). The primary purpose of ASU 2016-15 was to reduce the diversity in practice relating to eight specific cash flow issues: debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (including bank-owned life insurance policies); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. ASU 2016-18 required that an entity include restricted cash and restricted cash equivalents within its statement of cash flows and in the reconciliation to the statement of operations. As the new guidance must be applied using a retrospective transition method, we have also retrospectively revised the comparative period Statement of Cash Flows to reflect the adoption of these ASUs. The adoption of these ASUs did not have a material impact on our financial condition, results of operations, or cash flows.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

On January 1, 2018, we adopted ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* (“ASU 2017-01”). This ASU updated the definition of a business combination and provided a framework for determining whether a transaction involves an asset or a business. The adoption of this ASU changed the policy under which we perform our assessments and accounting for future acquisition or disposal transactions, including the Northwest Retail Acquisition. Please read Note 4—Acquisitions for further information.

On January 1, 2018, we adopted ASU 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (“ASU 2017-07”). This ASU required entities to (1) disaggregate the current-service-cost component from the other components of net benefit cost (the “other components”) and present it with other current compensation costs for related employees in the income statement and (2) present the other components elsewhere in the income statement and outside of income from operations if that subtotal is presented. In addition, the ASU required entities to disclose the income statement lines that contain the other components if they are not presented on appropriately described separate lines. As the other components of our net benefit cost are not material, we have not retrospectively revised our comparative periods presented in the statement of operations.

On January 1, 2018, we adopted ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting* (“ASU 2017-09”). The primary purpose of this ASU was to reduce the diversity in practice and cost and complexity in applying the guidance in Topic 718 related to the change to terms or conditions of a share-based payment award. The adoption of ASU 2017-09 did not have a material impact on our financial condition, results of operations, or cash flows.

In March 2018, the FASB issued ASU No. 2018-05, *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118* (“ASU 2018-05”). Under ASU 2018-05, an entity would estimate, to the extent possible, the impacts of the Tax Cut and Jobs Act enacted on December 22, 2017 (“U.S. tax reform”) and then adjust the estimates when better information is available or the amount becomes determinable over something similar to the measurement period under business combination guidance. This ASU was effective upon issuance. As of March 31, 2018, we believe the impacts of the U.S. tax reform have been reasonably estimated and recorded within our condensed consolidated financial statements.

Note 3 — Investment in Laramie Energy, LLC

We have a 39.1% ownership interest in Laramie Energy. Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco Counties, Colorado. On February 28, 2018, Laramie Energy closed on a purchase and contribution agreement with an unaffiliated third party that contributed all of its oil and gas properties located in the Piceance Basin and a \$23.5 million cash payment, collectively with a fair market value of \$28.1 million, into Laramie Energy in exchange for 70,227 of Laramie Energy's newly issued Class A Units. As a result of this transaction, our ownership interest in Laramie Energy decreased from 42.3% to 39.1%.

Laramie Energy has a \$400 million revolving credit facility with a borrowing base currently set at \$230 million that is secured by a lien on its natural gas and crude oil properties and related assets. As of March 31, 2018, the balance outstanding on the revolving credit facility was approximately \$172.5 million. We are guarantors of Laramie Energy's credit facility, with recourse limited to the pledge of our equity interest of our wholly owned subsidiary, Par Piceance Energy Equity, LLC. Under the terms of its credit facility, Laramie Energy is generally prohibited from making future cash distributions to its owners, including us.

The change in our equity investment in Laramie Energy is as follows (in thousands):

	Three Months Ended March 31, 2018	
Beginning balance	\$	127,192
Equity earnings from Laramie Energy		4,303
Accretion of basis difference		1,273
Ending balance	\$	132,768

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

Summarized financial information for Laramie Energy is as follows (in thousands):

	March 31, 2018		December 31, 2017	
Current assets	\$	23,626	\$	18,757
Non-current assets		776,181		720,444
Current liabilities		33,218		42,149
Non-current liabilities		270,150		237,497

	Three Months Ended March 31,			
	2018		2017	
Natural gas and oil revenues	\$	46,681	\$	40,612
Income from operations		6,044		1,163
Net income		7,290		17,528

Laramie Energy 's net income for the three months ended March 31, 2018 includes \$14.9 million of depreciation, depletion, and amortization (“DD&A”) and \$4.6 million of unrealized gain on derivative instruments. Laramie Energy ’s net income for the three months ended March 31, 2017 includes \$13.3 million of DD&A and \$24.2 million of unrealized gain on derivative instruments.

At March 31, 2018 and December 31, 2017 , our equity in the underlying net assets of Laramie Energy exceeded the carrying value of our investment by approximately \$61.5 million and \$67.2 million , respectively. This difference arose due to lack of control and marketability discounts and an other-than-temporary impairment of our equity investment in Laramie Energy in 2015. We attributed this difference to natural gas and crude oil properties and are amortizing the difference over 15 years based on the estimated timing of production of proved reserves.

Note 4 — Acquisitions

On January 9, 2018 , we entered into an Asset Purchase Agreement with CHS, Inc. to acquire twenty-one (21) owned retail gasoline, convenience store facilities and twelve (12) leased retail gasoline, convenience store facilities, all at various locations in Washington and Idaho (collectively, “ Northwest Retail ”). On March 23, 2018 , we completed the acquisition for cash consideration of approximately \$75 million (the “ Northwest Retail Acquisition ”).

As part of the Northwest Retail Acquisition , Par and CHS, Inc. entered into a multi-year branded petroleum marketing agreement for the continued supply of Cenex® -branded refined products to the acquired Cenex® Zip Trip convenience stores. In addition, the parties also entered into a multi-year supply agreement pursuant to which Par will supply refined products to CHS, Inc. within the Rocky Mountain and Pacific Northwest markets.

We accounted for the acquisition of Northwest Retail as a business combination whereby the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values on the date of acquisition. Goodwill recognized in the transaction was attributable to opportunities expected to arise from combining our operations with Northwest Retail and utilization of our net operating loss carryforwards, as well as trade names and other intangible assets that do not qualify for separate recognition. The acquired trade names will be amortized over their estimated useful lives on a straight-line basis, which approximates their consumptive life.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

A summary of the preliminary fair value of the assets acquired and liabilities assumed is as follows (in thousands):

Cash	\$ 128
Trade accounts receivable	152
Inventories	4,394
Prepaid and other current assets	198
Property, plant and equipment	30,254
Goodwill (1)	45,683
Accounts payable and other current liabilities	(757)
Long-term capital lease obligations	(5,244)
Total	\$ 74,808

(1) The total goodwill balance of \$45.7 million was allocated to our retail segment.

We have recorded a preliminary estimate of the fair value of the assets acquired and liabilities assumed and expect to finalize the purchase price allocation during 2018.

We incurred \$0.6 million of acquisition and integration costs related to the Northwest Retail Acquisition for the three months ended March 31, 2018. These costs are included in Acquisition and integration expense on our consolidated statement of operations.

Note 5 — Revenue Recognition

On January 1, 2018, we adopted ASU 2014-09 (ASC Topic 606) using the modified retrospective method applied to all contracts that were not completed as of January 1, 2018. As such, the comparative financial information for prior periods has not been adjusted and continues to be reported under ASC Topic 605. We did not identify any significant differences in our existing revenue recognition policies that require modification under the new standard; therefore, we did not recognize a cumulative adjustment on opening equity as of January 1, 2018.

As of March 31, 2018 and December 31, 2017, receivables from contracts with customers were \$112.5 million and \$112.3 million, respectively. Our refining segment recognizes deferred revenues when cash payments are received in advance of delivery of products to the customer. Deferred revenue was \$10.0 million and \$9.5 million as of March 31, 2018 and December 31, 2017, respectively. We have elected to apply a practical expedient to not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of less than one year.

Refining and Retail

Our refining and retail segment revenues are primarily associated with the sale of refined products. We recognize revenues upon delivery of refined products to a customer, which is the point in time at which title and risk of loss is transferred to the customer. The refining segment's contracts with its customers state the terms of the sale, including the description, quantity, delivery terms, and price of each product sold. Payments from customers are generally due in full within 2 to 30 days of product delivery or invoice date.

We account for certain transactions on a net basis under FASB ASC Topic 845, "Nonmonetary Transactions". These transactions include nonmonetary crude oil and refined product exchange transactions, certain crude oil buy/sell arrangements, and sale and purchase transactions entered into with the same counterparty that are deemed to be in contemplation with one another.

Upon adoption of Topic ASC 606, we made an accounting policy election to apply the sales tax practical expedient, whereby all taxes assessed by a governmental authority that are both imposed on and concurrent with a revenue-producing transaction and collected from our customers will be recognized on a net basis within Cost of revenues (excluding depreciation). This change in our accounting policy did not have a material impact on our consolidated financial information for the three months ended March 31, 2018.

Logistics

We recognize transportation and storage fees as services are provided to a customer. Substantially all of our logistics revenues represent intercompany transactions that are eliminated in consolidation.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

The following table provides information about disaggregated revenue by major product line and includes a reconciliation of the disaggregated revenue with reportable segments (in thousands):

Three Months Ended March 31, 2018	Refining	Logistics	Retail
<u>Product or service:</u>			
Gasoline	\$ 239,261	\$ —	\$ 58,202
Distillates (1)	398,529	—	6,996
Other refined products (2)	102,473	—	—
Merchandise	—	—	13,394
Transportation and terminalling services	—	33,067	—
Total segment revenues	\$ 740,263	\$ 33,067	\$ 78,592

(1) Distillates primarily include diesel and jet fuel.

(2) Other refined products include fuel oil, gas oil, and naphtha.

Note 6 — Inventories

Inventories at March 31, 2018 consisted of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreements (1)	Total
Crude oil and feedstocks	\$ 14,538	\$ 62,977	\$ 77,515
Refined products and blendstock	57,926	116,383	174,309
Warehouse stock and other (2)	44,443	—	44,443
Total	\$ 116,907	\$ 179,360	\$ 296,267

Inventories at December 31, 2017 consisted of the following (in thousands):

	Titled Inventory	Supply and Offtake Agreements (1)	Total
Crude oil and feedstocks	\$ 93,970	\$ 56,014	\$ 149,984
Refined products and blendstock	63,505	108,917	172,422
Warehouse stock and other	22,951	—	22,951
Total	\$ 180,426	\$ 164,931	\$ 345,357

(1) Please read Note 8—Inventory Financing Agreements for further information.

(2) Includes \$18.3 million of RINs.

As of March 31, 2018 and December 31, 2017, there was no reserve for the lower of cost or net realizable value of inventory.

Note 7 — Prepaid and Other Current Assets

Prepaid and other current assets at March 31, 2018 and December 31, 2017 consisted of the following (in thousands):

	March 31, 2018	December 31, 2017
Advances to suppliers for crude oil purchases	\$ 76,410	\$ —
Collateral posted with broker for derivative instruments	11	215
Prepaid insurance	5,306	7,547
Derivative assets	7,432	4,296
Other	8,978	5,221
Total	\$ 98,137	\$ 17,279

Note 8 — Inventory Financing Agreements

Supply and Offtake Agreements

On June 1, 2015, we entered into several agreements with J. Aron & Company (“J. Aron”) to support the operations of our Hawaii refinery (the “Supply and Offtake Agreements”). On May 8, 2017, we and J. Aron amended the Supply and Offtake Agreements and extended the term through May 31, 2021 with a

one -year extension option upon mutual agreement of the parties. As part of this amendment, J. Aron may enter into agreements with third parties whereby J. Aron will remit payments to these third parties for refinery procurement contracts for which we will become immediately obligated to reimburse J. Aron. As of March 31, 2018 , we had no obligations due to J. Aron under this letter of credit agreement. On December 21, 2017 , in connection with the issuance of the 7.75% Senior Secured Notes , we amended and restated the Supply and Offtake Agreements to update the terms of the collateral as noted below.

During the term of the Supply and Offtake Agreements, we and J. Aron will identify mutually acceptable contracts for the purchase of crude oil from third parties. Per the Supply and Offtake Agreements, J. Aron will provide up to 94 thousand barrels per day of crude oil to our Hawaii refinery. Additionally, we agreed to sell and J. Aron agreed to buy, at market prices, refined

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

products produced at our Hawaii refinery. We will then repurchase the refined products from J. Aron prior to selling the refined products to our retail operations or to third parties. The agreements also provide for the lease of crude oil and certain refined product storage facilities to J. Aron. Following the expiration or termination of the Supply and Offtake Agreements, we are obligated to purchase the crude oil and refined product inventories then owned by J. Aron and located at the leased storage facilities at then-current market prices.

Though title to the crude oil and certain refined product inventories resides with J. Aron, the Supply and Offtake Agreements are accounted for similar to a product financing arrangement; therefore, the crude oil and refined products inventories will continue to be included on our condensed consolidated balance sheets until processed and sold to a third party. Each reporting period, we record a liability in an amount equal to the amount we expect to pay to repurchase the inventory held by J. Aron based on current market prices.

For the three months ended March 31, 2018, we incurred approximately \$4.8 million in handling fees related to the Supply and Offtake Agreements, which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. For the three months ended March 31, 2017, we incurred approximately \$3.1 million in handling fees related to the Supply and Offtake Agreements. For the three months ended March 31, 2018, Interest expense and financing costs, net on our condensed consolidated statements of operations includes approximately \$0.7 million of expenses related to the Supply and Offtake Agreements. For the three months ended March 31, 2017, Interest expense and financing costs, net on our condensed consolidated statements of operations includes approximately \$0.8 million of expenses related to the Supply and Offtake Agreements.

The Supply and Offtake Agreements also include a deferred payment arrangement (“Deferred Payment Arrangement”) whereby we can defer payments owed under the agreements up to the lesser of \$125 million or 85% of the eligible accounts receivable and inventory. Upon execution of the Supply and Offtake Agreements, we paid J. Aron a deferral arrangement fee of \$1.3 million. The deferred amounts under the Deferred Payment Arrangement bear interest at a rate equal to three -month LIBOR plus 3.75% per annum. We also agreed to pay a deferred payment availability fee equal to 0.75% of the unused capacity under the Deferred Payment Arrangement. Amounts outstanding under the Deferred Payment Arrangement are included in Obligations under inventory financing agreements on our condensed consolidated balance sheets. Changes in the amount outstanding under the Deferred Payment Arrangement are included within Cash flows from financing activities on the condensed consolidated statements of cash flows. As of March 31, 2018 and December 31, 2017, the capacity of the Deferred Payment Arrangement was \$73.1 million and \$83.1 million, respectively. As of March 31, 2018 and December 31, 2017, we had \$62.7 million and \$41.1 million outstanding, respectively.

Under the Supply and Offtake Agreements, we pay or receive certain fees from J. Aron based on changes in market prices over time. In February 2016, we fixed the market fee for the period from December 1, 2016 through May 31, 2018 for \$14.6 million to be settled in eighteen equal monthly payments. In 2017, we fixed the market fee for the period from June 1, 2018 through May 2021 for an additional \$2.2 million. The receivable from J. Aron was recorded as a reduction to our Obligations under inventory financing agreements pursuant to our Master Netting Agreement. As of March 31, 2018 and December 31, 2017, the receivable was \$4.7 million and \$7.1 million, respectively.

The agreements also provide us with the ability to economically hedge price risk on our inventories and crude oil purchases. Please read Note 10—Derivatives for further information.

Note 9 — Debt

The following table summarizes our outstanding debt (in thousands):

	March 31, 2018	December 31, 2017
5.00% Convertible Senior Notes due 2021	\$ 115,000	\$ 115,000
7.75% Senior Secured Notes due 2025	300,000	300,000
ABL Credit Facility	—	—
Principal amount of long-term debt	415,000	415,000
Less: unamortized discount and deferred financing costs	(28,500)	(30,188)
Total debt, net of unamortized discount and deferred financing costs	386,500	384,812
Less: current maturities	—	—
Long-term debt, net of current maturities	\$ 386,500	\$ 384,812

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

Our debt is subject to various affirmative and negative covenants. As of March 31, 2018, we were in compliance with all debt covenants. Under the ABL Credit Facility and the indenture governing the 7.75% Senior Secured Notes, our subsidiaries are restricted from paying dividends or making other equity distributions, subject to certain exceptions.

7.75% Senior Secured Notes Due 2025

On December 21, 2017, Par Petroleum, LLC and Par Petroleum Finance Corp. (collectively, the "Issuers"), both our wholly-owned subsidiaries, completed the issuance and sale of \$300 million in aggregate principal amount of 7.75% Senior Secured Notes in a private placement under Rule 144A and Regulation S of the Securities Act of 1933, as amended. The net proceeds of \$289.2 million (net of financing costs and original issue discount of 1%) from the sale were used to repay our previous credit facilities and the forward sale agreement with J. Aron and for general corporate purposes.

The 7.75% Senior Secured Notes bear interest at a rate of 7.750% per year beginning December 21, 2017 (payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2018) and will mature on December 15, 2025.

ABL Credit Facility

On December 21, 2017, in connection with the issuance of the 7.75% Senior Secured Notes, Par Petroleum, LLC, Par Hawaii Inc., Mid Pac Petroleum, LLC ("Mid Pac"), HIE Retail, LLC, and Wyoming Refining Company ("WRC") (collectively, the "ABL Borrowers"), entered into a Loan and Security Agreement dated as of December 21, 2017 (the "ABL Credit Facility") with certain lenders and Bank of America, N.A., as administrative agent and collateral agent. The ABL Credit Facility provides for a revolving credit facility in the maximum principal amount at any time outstanding of \$75 million, subject to a borrowing base, which provides for revolving loans and for the issuance of letters of credit (the "ABL Revolver"). The ABL Revolver had no outstanding balance as of March 31, 2018 and had a borrowing base of approximately \$47.2 million at March 31, 2018.

5.00% Convertible Senior Notes Due 2021

As of March 31, 2018, the outstanding principal amount of the 5.00% Convertible Senior Notes was \$115.0 million, the unamortized discount and deferred financing cost was \$18.3 million, and the carrying amount of the liability component was \$96.7 million.

Cross Default Provisions

Included within each of our debt agreements are customary cross default provisions that require the repayment of amounts outstanding on demand should an event of default occur and not be cured within the permitted grace period, if any. As of March 31, 2018, we are in compliance with all of our debt agreements.

Guarantors

In connection with our shelf registration statement on Form S-3, which was filed with the Securities and Exchange Commission ("SEC") on September 2, 2016 and declared effective on September 16, 2016 ("Registration Statement"), we may sell non-convertible debt securities and other securities in one or more offerings with an aggregate initial offering price of up to \$750 million. Any non-convertible debt securities issued under the Registration Statement may be fully and unconditionally guaranteed (except for customary release provisions), on a joint and several basis, by some or all of our subsidiaries, other than subsidiaries that are "minor" within the meaning of Rule 3-10 of Regulation S-X (the "Guarantor Subsidiaries"). We have no "independent assets or operations" within the meaning of Rule 3-10 of Regulation S-X and certain of the Guarantor Subsidiaries may be subject to restrictions on their ability to distribute funds to us, whether by cash dividends, loans, or advances.

Note 10 — Derivatives

Commodity Derivatives

We utilize crude oil commodity derivative contracts to manage our price exposure in our inventory positions, future purchases of crude oil, future sales of refined products, and crude oil consumption in our refining process. The derivative contracts that we execute to manage our price risk include exchange traded futures, options, and over-the-counter ("OTC") swaps. Our futures, options, and OTC swaps are marked-to-market and changes in the fair value of these contracts are recognized within Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations.

We are obligated to repurchase the crude oil and refined products from J. Aron at the termination of the Supply and Offtake Agreements. We have determined that this obligation contains an embedded derivative, similar to forward purchase contracts of crude oil and refined products. As such, we have accounted for this embedded derivative at fair value with changes in the fair

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

value recorded in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. We are required under the Supply and Offtake Agreements to hedge the time spread between the period of crude oil cargo pricing and the month of delivery. We utilize OTC swaps to accomplish this.

We have entered into forward purchase contracts for crude oil and forward sales contracts of refined products. We elect the normal purchases normal sales (“NPNS”) exception for all forward contracts that meet the definition of a derivative and are not expected to net settle. Any gains and losses with respect to these forward contracts designated as NPNS are not reflected in earnings until the delivery occurs.

We elect to offset fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement. Our condensed consolidated balance sheets present derivative assets and liabilities on a net basis. Please read Note 11—Fair Value Measurements for the gross fair value and net carrying value of our derivative instruments. Our cash margin that is required as collateral deposits cannot be offset against the fair value of open contracts except in the event of default.

At March 31, 2018, our open commodity derivative contracts represented:

- OTC swap purchases of 210 thousand barrels that economically hedge our crude oil and refined products month-end target volumes related to our Supply and Offtake Agreements;
- futures and OTC swap contracts of 30 thousand barrels that economically hedge our purchases of ethanol;
- futures purchases contracts of 305 thousand barrels that economically hedge our sales of refined products; and
- option collars of 60 thousand barrels per month and OTC swaps of 15 thousand barrels per month, both through December 2018, that economically hedge our internally consumed fuel.

Interest Rate Derivatives

We are exposed to interest rate volatility in our outstanding debt and in the Supply and Offtake Agreements. We utilize interest rate swaps to manage our interest rate risk. As of March 31, 2018, we had locked in an average fixed rate of 0.97% in exchange for a floating interest rate indexed to the three-month LIBOR on an aggregate notional amount of \$100 million. The interest rate swaps mature in February 2019. In February 2018, we terminated a separate \$100 million floating interest rate swap originally maturing in March 2021, which resulted in a realized gain of \$3.7 million.

Our 5.00% Convertible Senior Notes include a redemption option and a related make-whole premium which represent an embedded derivative that is not clearly and closely related to the 5.00% Convertible Senior Notes. As such, we have accounted for this embedded derivative at fair value with changes in the fair value recorded in Interest expense and financing costs, net, on our condensed consolidated statements of operations. As of March 31, 2018, this embedded derivative was deemed to have a *de minimis* fair value.

The following table provides information on the fair value amounts (in thousands) of these derivatives as of March 31, 2018 and December 31, 2017 and their placement within our condensed consolidated balance sheets.

	<u>Balance Sheet Location</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
		<i>Asset (Liability)</i>	
Commodity derivatives (1)	Prepaid and other current assets	\$ 6,281	\$ 2,814
Commodity derivatives	Other accrued liabilities	—	(39)
J. Aron repurchase obligation derivative	Obligations under inventory financing agreements	(13,222)	(19,564)
Interest rate derivatives	Prepaid and other current assets	1,151	1,482
Interest rate derivatives	Other long-term assets	—	2,328

(1) Does not include cash collateral of \$11.0 thousand and \$0.2 million recorded in Prepaid and other current assets and \$7.0 million and \$7.0 million in Other long-term assets as of March 31, 2018 and December 31, 2017, respectively.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

The following table summarizes the pre-tax gains (losses) recognized in Net income (loss) on our condensed consolidated statements of operations resulting from changes in fair value of derivative instruments not designated as hedges charged directly to earnings (in thousands):

	Statement of Operations Location	Three Months Ended March 31,	
		2018	2017
Commodity derivatives	Cost of revenues (excluding depreciation)	\$ 4,932	\$ (6,367)
J. Aron repurchase obligation derivative	Cost of revenues (excluding depreciation)	6,342	10,607
Interest rate derivatives	Interest expense and financing costs, net	1,236	110

Note 11 — Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Common Stock Warrants

As of March 31, 2018 and December 31, 2017, we had 354,350 common stock warrants outstanding. We estimate the fair value of our outstanding common stock warrants using the difference between the strike price of the warrant and the market price of our common stock, which is a Level 3 fair value measurement. As of March 31, 2018 and December 31, 2017, the warrants had a weighted-average exercise price of \$0.09 and \$0.09 and a remaining term of 4.42 years and 4.67 years, respectively.

The estimated fair value of the common stock warrants was \$17.11 and \$19.21 per share as of March 31, 2018 and December 31, 2017, respectively.

Derivative Instruments

We utilize crude oil commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil, future sales of refined products, and cost of crude oil consumed in the refining process. We utilize interest rate swaps to manage our interest rate risk.

We classify financial assets and liabilities according to the fair value hierarchy. Financial assets and liabilities classified as Level 1 instruments are valued using quoted prices in active markets for identical assets and liabilities. These include our exchange traded futures. Level 2 instruments are valued using quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability. Our Level 2 instruments include OTC swaps and options. These commodity derivatives are valued using market quotations from independent price reporting agencies and commodity exchange price curves that are corroborated with market data. Level 3 instruments are valued using significant unobservable inputs that are not supported by sufficient market activity. The valuation of our J. Aron repurchase obligation derivative requires that we make estimates of the prices and differentials assuming settlement at the end of the reporting period; therefore, it is classified as a Level 3 instrument. We do not have other commodity derivatives classified as Level 3 at March 31, 2018 or December 31, 2017. Please read Note 10—Derivatives for further information on derivatives.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

Financial Statement Impact

Fair value amounts by hierarchy level as of March 31, 2018 and December 31, 2017 are presented gross in the tables below (in thousands):

March 31, 2018						
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)
Assets						
Commodity derivatives	\$ 1,114	\$ 32,452	\$ —	\$ 33,566	\$ (27,285)	\$ 6,281
Interest rate derivatives	—	1,151	—	1,151	—	1,151
Total	\$ 1,114	\$ 33,603	\$ —	\$ 34,717	\$ (27,285)	\$ 7,432
Liabilities						
Common stock warrants	\$ —	\$ —	\$ (6,063)	\$ (6,063)	\$ —	\$ (6,063)
Commodity derivatives	(149)	(27,136)	—	(27,285)	27,285	—
J. Aron repurchase obligation derivative	—	—	(13,222)	(13,222)	—	(13,222)
Total	\$ (149)	\$ (27,136)	\$ (19,285)	\$ (46,570)	\$ 27,285	\$ (19,285)
December 31, 2017						
	Level 1	Level 2	Level 3	Gross Fair Value	Effect of Counter-Party Netting	Net Carrying Value on Balance Sheet (1)
Assets						
Commodity derivatives	\$ 557	\$ 21,907	\$ —	\$ 22,464	\$ (19,650)	\$ 2,814
Interest rate derivatives	—	3,810	—	3,810	—	3,810
Total	\$ 557	\$ 25,717	\$ —	\$ 26,274	\$ (19,650)	\$ 6,624
Liabilities						
Common stock warrants	\$ —	\$ —	\$ (6,808)	\$ (6,808)	\$ —	\$ (6,808)
Commodity derivatives	(596)	(19,093)	—	(19,689)	19,650	(39)
J. Aron repurchase obligation derivative	—	—	(19,564)	(19,564)	—	(19,564)
Total	\$ (596)	\$ (19,093)	\$ (26,372)	\$ (46,061)	\$ 19,650	\$ (26,411)

(1) Does not include cash collateral of \$7.0 million and \$7.2 million as of March 31, 2018 and December 31, 2017, respectively, included within Prepaid and other current assets and Other long-term assets on our condensed consolidated balance sheets.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

A roll forward of Level 3 financial instruments measured at fair value on a recurring basis is as follows (in thousands):

	Three Months Ended March 31,	
	2018	2017
Balance, at beginning of period	\$ (26,372)	\$ (25,134)
Settlements	—	—
Total unrealized income (loss) included in earnings	7,087	9,919
Balance, at end of period	<u>\$ (19,285)</u>	<u>\$ (15,215)</u>

The carrying value and fair value of long-term debt and other financial instruments as of March 31, 2018 and December 31, 2017 are as follows (in thousands):

	March 31, 2018	
	Carrying Value	Fair Value
5.00% Convertible Senior Notes due 2021 (1) (3)	\$ 96,674	\$ 136,951
7.75% Senior Secured Notes due 2025 (1)	289,826	303,855
Common stock warrants (2)	6,063	6,063

	December 31, 2017	
	Carrying Value	Fair Value
5.00% Convertible Senior Notes due 2021 (1) (3)	\$ 95,486	\$ 149,007
7.75% Senior Secured Notes due 2025 (1)	289,326	300,423
Common stock warrants (2)	6,808	6,808

- (1) The fair values measurements of the 5.00% Convertible Senior Notes and the 7.75% Senior Secured Notes are considered Level 2 measurements as discussed below.
- (2) The fair value of the common stock warrants is considered a Level 3 measurement in the fair value hierarchy.
- (3) The carrying value of the 5.00% Convertible Senior Notes excludes the fair value of the equity component, which was classified as equity upon issuance.

The fair value of the 5.00% Convertible Senior Notes was determined by aggregating the fair value of the liability and equity components of the notes. The fair value of the liability component of the 5.00% Convertible Senior Notes was determined using a discounted cash flow analysis in which the projected interest and principal payments were discounted at an estimated market yield for a similar debt instrument without the conversion feature. The equity component was estimated based on the Black-Scholes model for a call option with strike price equal to the conversion price, a term matching the remaining life of the 5.00% Convertible Senior Notes, and an implied volatility based on market values of options outstanding as of March 31, 2018. The fair value of the 5.00% Convertible Senior Notes is considered a Level 2 measurement in the fair value hierarchy.

The fair value of the 7.75% Senior Secured Notes was determined using a market approach based on quoted prices. Because the 7.75% Senior Secured Notes may not be actively traded, the inputs used to measure the fair value are classified as Level 2 inputs within the fair value hierarchy.

The fair value of all non-derivative financial instruments recorded in current assets, including cash and cash equivalents, restricted cash, and trade accounts receivable, and current liabilities, including accounts payable, approximate their carrying value due to their short-term nature.

Note 12 — Commitments and Contingencies

In the ordinary course of business, we are a party to various lawsuits and other contingent matters. We establish accruals for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable. It is possible that an unfavorable outcome of one or more of these lawsuits or other contingencies could have a material impact on our financial condition, results of operations, or cash flows.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

Tesoro Earn-out Dispute

On June 17, 2013, a wholly owned subsidiary of Par entered into a membership interest purchase agreement with Andeavor Corporation, formerly known as Tesoro Corporation (“Tesoro”), pursuant to which the subsidiary purchased all of the issued and outstanding membership interests in Tesoro Hawaii, LLC, an entity that was renamed Hawaii Independent Energy, LLC, and thereafter renamed Par Hawaii Refining, LLC (“PHR”). The cash consideration for the acquisition was subject to an earn-out provision during the years 2014-2016, subject to, among other things, an annual earn-out cap of \$20 million and an overall cap of \$40 million. During 2016, we paid Tesoro a total of \$16.8 million to settle the 2014 and 2015 earn-out periods. Tesoro disputed our calculation of the 2015 and 2016 earn-out amounts and asserted that it was entitled to an additional earn-out amount of \$4.3 million for the 2015 earn-out period and a total earn-out amount of \$8.3 million for the 2016 earn-out period. On March 22, 2018, Tesoro agreed to settle the earnout dispute and release and discharge any related claims in exchange for our payment of \$10.5 million.

Mid Pac Earnout and Indemnity Dispute

Pursuant to a Stock Purchase Agreement dated August 3, 2011 and amended October 25, 2011 (the “SPA”), Mid Pac purchased all the issued and outstanding stock of Inter Island Petroleum, Inc. (“Inter Island”) from Brian J. and Wendy Barbata (collectively, the “Barbatas”). The SPA provides for an earn-out payment to be made to the Barbatas in an amount equal to four times the amount by which the average of Inter Island’s earnings before interest, taxes, depreciation, and amortization during the relevant earn-out period exceeds \$3.5 million. The earn-out payment is capped at a maximum of \$4.5 million. Mid Pac contends that there are no amounts owed to the Barbatas for the earn-out period, while the Barbatas contend they are entitled to \$4.5 million. Mid Pac intends to vigorously oppose any such claims.

Any claims by the Barbatas may be offset by Mid Pac’s claims for indemnification under the SPA. By letters dated December 31, 2013 and April 25, 2014, Mid Pac has asserted indemnification claims against the Barbatas exceeding \$1 million with respect to environmental losses arising from certain terminals operated by Inter Island and its subsidiaries. The Barbatas have disputed such claims. Arbitration for the earn-out and indemnification claims is scheduled to commence on November 27, 2018.

United Steelworkers Union Dispute

A portion of our employees at the Hawaii refinery are represented by the United Steelworkers Union (“USW”). On March 23, 2015, the union ratified a four -year extension of the collective bargaining agreement. On January 13, 2016, the USW filed a claim against PHR before the United States National Labor Relations Board (the “NLRB”) alleging a refusal to bargain collectively and in good faith. On March 29, 2016, the NLRB deferred final determination on the USW charge to the grievance/arbitration process under the extant collective bargaining agreement. Arbitration has been scheduled for the week of October 1, 2018. PHR denies the USW’s allegations and intends to vigorously defend itself in connection with such claim in the grievance/arbitration process and any subsequent proceeding before the NLRB.

Environmental Matters

Like other petroleum refiners and exploration and production companies, our operations are subject to extensive and periodically-changing federal and state environmental regulations governing air emissions, wastewater discharges, and solid and hazardous waste management activities. Many of these regulations are becoming increasingly stringent and the cost of compliance can be expected to increase over time.

Periodically, we receive communications from various federal, state, and local governmental authorities asserting violations of environmental laws and/or regulations. These governmental entities may also propose or assess fines or require corrective actions for these asserted violations. We intend to respond in a timely manner to all such communications and to take appropriate corrective action. Except as disclosed below, we do not anticipate that any such matters currently asserted will have a material impact on our financial condition, results of operations, or cash flows.

Our Hawaii refinery and our Wyoming refinery were each granted a one-year small refinery exemption for the year 2017 from the U.S. Environmental Protection Agency (“EPA”). Owing primarily to the receipt of these small refinery exemptions, our first quarter 2018 net income includes a \$13.2 million RINs benefit.

Wyoming refinery

Our Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the EPA and/or the Wyoming Department of Environmental Quality, some of which date back to the late 1970s and several of which remain in effect, requiring further actions at the Wyoming refinery. The largest cost component arising from these various decrees relates to the investigation, monitoring, and remediation of soil, groundwater, surface water, and sediment contamination associated with

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

the facility's historic operations. Investigative work by Wyoming Refining and negotiations with the relevant agencies as to remedial approaches remain ongoing on a number of aspects of the contamination, meaning that investigation, monitoring, and remediation costs are not reasonably estimable for some elements of these efforts. As of March 31, 2018, we have accrued \$17.8 million for the well-understood components of these efforts based on current information, approximately one-third of which we expect to incur in the next five years and the remainder being incurred over approximately 30 years.

Additionally, we believe the Wyoming refinery will need to modify or close a series of wastewater impoundments in the next several years and replace those impoundments with a new wastewater treatment system. Based on current information, reasonable estimates we have received suggest costs of approximately \$11.6 million to design and construct a new wastewater treatment system.

Finally, among the various historic consent decrees, orders, and settlement agreements into which WRC and its wholly owned subsidiary, Wyoming Pipeline Company (collectively, "Wyoming Refining") has entered, there are several penalty orders associated with exceedances of permitted limits by the Wyoming refinery's wastewater discharges. Although the frequency of these exceedances has declined over time, Wyoming Refining may become subject to new penalty enforcement action in the next several years, which could involve penalties in excess of \$100 thousand.

Regulation of Greenhouse Gases

The EPA regulates greenhouse gases ("GHG") under the federal Clean Air Act ("CAA"). New construction or material expansions that meet certain GHG emissions thresholds will likely require that, among other things, a GHG permit be issued in accordance with the federal CAA regulations and we will be required, in connection with such permitting, to undertake a technology review to determine appropriate controls to be implemented with the project in order to reduce GHG emissions.

Furthermore, the EPA is currently developing refinery-specific GHG regulations and performance standards that are expected to impose GHG emission limits and/or technology requirements. These control requirements may affect a wide range of refinery operations. Any such controls could result in material increased compliance costs, additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial condition, results of operations, or cash flows.

On September 29, 2015, the EPA announced a final rule updating standards that control toxic air emissions from petroleum refineries, addressing, among other things, flaring operations, fence-line air quality monitoring, and additional emission reductions from storage tanks and delayed coking units. Affected existing sources will be required to comply with the new requirements no later than 2018, with certain refiners required to comply earlier depending on the relevant provision and refinery construction date. We do not anticipate that compliance with this rule will have a material impact on our financial condition, results of operations, or cash flows.

In 2007, the State of Hawaii passed Act 234, which required that GHG emissions be rolled back on a statewide basis to 1990 levels by the year 2020. Although delayed, the Hawaii Department of Health has issued regulations that would require each major facility to reduce CO₂ emissions by 16% by 2020 relative to a calendar year 2010 baseline (the first year in which GHG emissions were reported to the EPA under 40 CFR Part 98). Those rules are pending final approval by the Hawaii State Government. The Hawaii refinery's capacity to reduce fuel use and GHG emissions is limited. However, the state's pending regulation allows, and the Hawaii refinery expects to be able to demonstrate, that additional reductions are not cost-effective or necessary in light of the state's current GHG inventory and future year projections. The pending regulation allows for "partnering" with other facilities (principally power plants) that have already dramatically reduced greenhouse emissions or are on schedule to reduce CO₂ emissions in order to comply with the state's Renewable Portfolio Standards.

Fuel Standards

In 2007, the U.S. Congress passed the Energy Independence and Security Act of 2007 (the "EISA") that, among other things, set a target fuel economy standard of 35 miles per gallon for the combined fleet of cars and light trucks in the U.S. by model year 2020 and contained a second Renewable Fuel Standard (the "RFS2"). In August 2012, the EPA and National Highway Traffic Safety Administration jointly adopted regulations that establish an average industry fuel economy of 54.5 miles per gallon by model year 2025. The RFS2 requires an increasing amount of renewable fuel usage, up to 36 billion gallons by 2022. In the near term, the RFS2 will be satisfied primarily with fuel ethanol blended into gasoline. The RFS2 may present production and logistics challenges for both the renewable fuels and petroleum refining and marketing industries in that we may have to enter into arrangements with other parties or purchase credits from the EPA to meet our obligations to use advanced biofuels, including biomass-based diesel and cellulosic biofuel, with potentially uncertain supplies of these new fuels.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

In October 2010, the EPA issued a partial waiver decision under the CAA to allow for an increase in the amount of ethanol permitted to be blended into gasoline from 10% (“E10”) to 15% (“E15”) for 2007 and newer light duty motor vehicles. In January 2011, the EPA issued a second waiver for the use of E15 in vehicles model years 2001-2006. There are numerous issues, including state and federal regulatory issues, that need to be addressed before E15 can be marketed on a large scale for use in traditional gasoline engines. Consequently, unless either the state or federal regulations are revised, RINs will be required to fulfill the federal mandate for renewable fuels.

In March 2014, the EPA published a final Tier 3 gasoline standard that lowers the allowable sulfur level in gasoline to 10 parts per million (“ppm”) and also lowers the allowable benzene, aromatics, and olefins content of gasoline, with the most recent rulemaking addressing certain technical corrections and clarifications effective June 21, 2016. The effective date for the new standard was January 1, 2017, however, approved small volume refineries have until January 1, 2020 to meet the standard. As noted above, our refineries were granted small volume refinery status by the EPA for 2017.

There will be compliance costs and uncertainties regarding how we will comply with the various requirements contained in the EISA and other fuel-related regulations. Along with credit and trading options, potential capital upgrades for the Hawaii and Wyoming refineries are being evaluated. We may also experience a decrease in demand for refined petroleum products due to an increase in combined fleet mileage or due to refined petroleum products being replaced by renewable fuels.

Environmental Agreement

On September 25, 2013, Par Petroleum, LLC (formerly Hawaii Pacific Energy, a wholly owned subsidiary of Par created for purposes of the PHR acquisition), Tesoro, and PHR entered into an Environmental Agreement (“Environmental Agreement”) that allocated responsibility for known and contingent environmental liabilities related to the acquisition of PHR, including the Consent Decree as described below.

Consent Decree

On July 18, 2016, PHR and subsidiaries of Tesoro entered into a consent decree with the EPA, the U.S. Department of Justice (“DOJ”), and other state governmental authorities concerning alleged violations of the federal CAA related to the ownership and operation of multiple facilities owned or formerly owned by Tesoro and its affiliates (“Consent Decree”), including our Hawaii refinery. As a result of the Consent Decree, PHR expanded its previously-announced 2016 Hawaii refinery turnaround to undertake additional capital improvements to reduce emissions of air pollutants and to provide for certain nitrogen oxide and sulfur dioxide emission controls and monitoring and to install certain lock detection and repair equipment required by the Consent Decree. Although the turnaround was completed during the third quarter of 2016, work related to the Consent Decree is ongoing. This work subjects us to risks associated with engineering, procurement, and construction of improvements and repairs to our facilities and related penalties and fines to the extent applicable deadlines under the Consent Decree are not satisfied, as well as risks related to the performance of equipment required by, or affected by, the Consent Decree. Each of these risks could have a material adverse effect on our business, financial condition, or results of operations.

Tesoro is responsible under the Environmental Agreement for directly paying, or reimbursing PHR, for all reasonable third-party capital expenditures incurred pursuant to the Consent Decree to the extent related to acts or omissions prior to the date of the closing of the PHR acquisition. Tesoro is obligated to pay all applicable fines and penalties related to the Consent Decree. Through March 31, 2018, Tesoro has reimbursed us for \$12.2 million of the total capital expenditures of \$12.9 million incurred in connection with the Consent Decree. Net capital expenditures and reimbursements related to the Consent Decree for the three months ended March 31, 2018 and 2017 are presented within Capital expenditures on our condensed consolidated statement of cash flows for the related periods. As of March 31, 2018, we estimate the remaining capital expenditures associated with the Consent Decree to be approximately \$1 million, which we have not yet requested Tesoro to reimburse under the Environmental Agreement, subject to their rights thereunder.

Indemnification

In addition to its obligation to reimburse us for capital expenditures incurred pursuant to the Consent Decree, Tesoro agreed to indemnify us for claims and losses arising out of related breaches of Tesoro’s representations, warranties, and covenants in the Environmental Agreement, certain defined “corrective actions” relating to pre-existing environmental conditions, third-party claims arising under environmental laws for personal injury or property damage arising out of or relating to releases of hazardous materials that occurred prior to the date of the closing of the PHR acquisition, any fine, penalty, or other cost assessed by a governmental authority in connection with violations of environmental laws by PHR prior to the date of the closing of the PHR acquisition, certain groundwater remediation work, fines, or penalties imposed on PHR by the Consent Decree related to acts or omissions of Tesoro prior to the date of the closing of the PHR acquisition, and claims and losses related to the Pearl City Superfund Site.

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

Tesoro's indemnification obligations are subject to certain limitations as set forth in the Environmental Agreement. These limitations include a deductible of \$1 million and a cap of \$15 million for certain of Tesoro's indemnification obligations related to certain pre-existing conditions, as well as certain restrictions regarding the time limits for submitting notice and supporting documentation for remediation actions.

Recovery Trusts

We emerged from the reorganization of Delta Petroleum Corporation ("Delta") on August 31, 2012 ("Emergence Date") when the plan of reorganization ("Plan") was consummated. On the Emergence Date, we formed the Delta Petroleum General Recovery Trust ("General Trust"). The General Trust was formed to pursue certain litigation against third parties, including preference actions, fraudulent transfer and conveyance actions, rights of setoff and other claims, or causes of action under the U.S. Bankruptcy Code and other claims and potential claims that Delta and its subsidiaries (collectively, "Debtors") hold against third parties. On February 27, 2018, the Bankruptcy Court entered its final decree closing the Chapter 11 bankruptcy cases of Delta and the other Debtors, discharging the trustee for the General Trust, and finding that all assets of the General Trust were resolved, abandoned, or liquidated and have been distributed in accordance with the requirements of the Plan. In addition, the final decree required the Company or the General Trust, as applicable, to maintain the current accruals owed on account of the remaining claims of the U.S. Government and Noble Energy, Inc.

As of March 31, 2018, two related claims totaling approximately \$22.4 million remained to be resolved and we have accrued approximately \$0.5 million representing the estimated value of claims remaining to be settled which are deemed probable and estimable at period end.

One of the two remaining claims was filed by the U.S. Government for approximately \$22.4 million relating to ongoing litigation concerning a plugging and abandonment obligation in Pacific Outer Continental Shelf Lease OCS-P 0320, comprising part of the Sword Unit in the Santa Barbara Channel, California. The second unliquidated claim, which is related to the same plugging and abandonment obligation, was filed by Noble Energy Inc., the operator and majority interest owner of the Sword Unit. We believe the probability of issuing stock to satisfy the full claim amount is remote, as the obligations upon which such proof of claim is asserted are joint and several among all working interest owners and Delta, our predecessor, only owned an approximate 3.4% aggregate working interest in the unit.

The settlement of claims is subject to ongoing litigation and we are unable to predict with certainty how many shares will be required to satisfy all claims. Pursuant to the Plan, allowed claims were settled at a ratio of 54.4 shares per \$1,000 of claim.

Note 13 — Stockholders' Equity

Incentive Plan

The following table summarizes our compensation costs recognized in General and administrative expense (excluding depreciation) and Operating expense (excluding depreciation) under the Amended and Restated Par Pacific Holdings, Inc. 2012 Long-term Incentive Plan and Stock Purchase Plan (in thousands):

	Three Months Ended March 31,	
	2018	2017
Restricted Stock Awards	\$ 843	\$ 1,703
Restricted Stock Units	150	84
Stock Option Awards	446	750

During the three months ended March 31, 2018, we granted 229 thousand shares of restricted stock and restricted stock units with a fair value of approximately \$4.0 million. As of March 31, 2018, there were approximately \$8.7 million of total unrecognized compensation costs related to restricted stock awards and restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 3.0 years.

During the three months ended March 31, 2018, we granted 252 thousand stock option awards with a weighted-average exercise price of \$17.34 per share. As of March 31, 2018, there were approximately \$4.7 million of total unrecognized compensation costs related to stock option awards, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.9 years.

During the three months ended March 31, 2018, we granted 49 thousand performance restricted stock units to executive officers. These performance restricted stock units had a fair value of approximately \$0.8 million and are subject to certain annual

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

performance targets as defined by our Board of Directors. As of March 31, 2018, there were approximately \$1.3 million of total unrecognized compensation costs related to the performance restricted stock units, which are expected to be recognized on a straight-line basis over a weighted-average period of 2.6 years.

Note 14 — Income (Loss) per Share

Basic income (loss) per share is computed by dividing net income (loss) by the sum of the weighted-average number of common shares outstanding and the weighted-average number of shares issuable under the common stock warrants, representing 354 thousand shares during the three months ended March 31, 2018 and 352 thousand shares during the three months ended March 31, 2017, respectively. The common stock warrants are included in the calculation of basic income (loss) per share because they are issuable for minimal consideration. The following table sets forth the computation of basic and diluted income (loss) per share (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2018	2017
Net income	\$ 15,185	\$ 27,786
Less: Undistributed income allocated to participating securities (1)	192	299
Net income attributable to common stockholders	14,993	27,487
Plus: Net income effect of convertible securities	—	2,509
Numerator for diluted income per common share	\$ 14,993	\$ 29,996
Basic weighted-average common stock shares outstanding	45,634	45,476
Plus: dilutive effects of common stock equivalents	43	6,389
Diluted weighted-average common stock shares outstanding	45,677	51,865
Basic income per common share	\$ 0.33	\$ 0.60
Diluted income per common share	\$ 0.33	\$ 0.58

(1) Participating securities include restricted stock that has been issued but has not yet vested.

For the three months ended March 31, 2018, our calculation of diluted shares outstanding excluded 46 thousand shares of unvested restricted stock and 1.3 million stock options. For the three months ended March 31, 2017, our calculation of diluted shares outstanding excluded 120 thousand shares of unvested restricted stock and 2.0 million stock options.

As discussed in Note 9—Debt, we have the option of settling the 5.00% Convertible Senior Notes in cash or shares of common stock, or any combination thereof, upon conversion. For the three months ended March 31, 2018 and March 31, 2017, diluted income (loss) per share was determined using the if-converted method. Our calculation of diluted shares outstanding for the three months ended March 31, 2018 excluded 6.4 million common stock equivalents assuming our 5.00% Convertible Senior Notes had been converted on January 1, 2018.

Note 15 — Income Taxes

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future results of operations, and tax planning strategies in making this assessment. Based upon the level of historical taxable income, significant book losses during recent prior periods, and projections for future results of operations over the periods in which the deferred tax assets are deductible, among other factors, management continues to conclude that we did not meet the “more likely than not” requirement in order to recognize deferred tax assets and a valuation allowance has been recorded for substantially all of our net deferred tax assets at March 31, 2018.

During the three months ended March 31, 2018 and 2017, no adjustments were recognized for uncertain tax positions.

As of December 31, 2017, we had approximately \$1.6 billion in net operating loss carryforwards (“NOL carryforwards”); however, we currently have a valuation allowance against this and substantially all of our other deferred taxed assets. We will

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

continue to assess the realizability of our deferred tax assets based on consideration of actual and projected operating results and tax planning strategies. Should actual operating results continue to improve, the amount of the deferred tax asset considered more likely than not to be realizable could be increased.

Our net taxable income must be apportioned to various states based upon the income tax laws of the states in which we derive our revenue. Our NOL carryforwards will not always be available to offset taxable income apportioned to the various states. The states from which our refining, retail, and logistics revenues are derived are not the same states in which our NOLs were incurred; therefore, we expect to incur state tax liabilities on the net income of our refining, retail, and logistics operations.

Note 16 — Segment Information

We report the results for the following four business segments: (i) Refining, (ii) Retail, (iii) Logistics, and (iv) Corporate and Other. Beginning in the first quarter of 2018, the results of operations of Northwest Retail are included in our retail segment.

Summarized financial information concerning reportable segments consists of the following (in thousands):

Three Months Ended March 31, 2018	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	\$ 740,263	\$ 33,067	\$ 78,592	\$ (86,483)	\$ 765,439
Cost of revenues (excluding depreciation)	668,479	20,810	59,147	(86,537)	661,899
Operating expense (excluding depreciation)	37,349	1,822	11,839	—	51,010
Depreciation, depletion, and amortization	8,362	1,642	1,868	1,165	13,037
General and administrative expense (excluding depreciation)	—	—	—	11,205	11,205
Acquisition and integration expense	—	—	—	632	632
Operating income (loss)	\$ 26,073	\$ 8,793	\$ 5,738	\$ (12,948)	\$ 27,656
Interest expense and financing costs, net					(8,377)
Other income, net					119
Change in value of common stock warrants					745
Change in value of contingent consideration					(10,500)
Equity earnings from Laramie Energy, LLC					5,576
Income before income taxes					15,219
Income tax expense					(34)
Net income					\$ 15,185
Capital expenditures	\$ 4,974	\$ 2,683	\$ 701	\$ 1,254	\$ 9,612

PAR PACIFIC HOLDINGS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
For the Interim Periods Ended March 31, 2018 and 2017

Three Months Ended March 31, 2017	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	\$ 574,079	\$ 29,995	\$ 77,682	\$ (76,503)	\$ 605,253
Cost of revenues (excluding depreciation)	503,044	15,298	59,799	(76,852)	501,289
Operating expense (excluding depreciation)	36,216	3,797	10,315	20	50,348
Depreciation, depletion, and amortization	7,403	1,487	1,448	922	11,260
General and administrative expense (excluding depreciation)	—	—	—	12,914	12,914
Acquisition and integration expense	—	—	—	253	253
Operating income (loss)	\$ 27,416	\$ 9,413	\$ 6,120	\$ (13,760)	\$ 29,189
Interest expense and financing costs, net					(8,942)
Other income, net					130
Change in value of common stock warrants					(689)
Equity earnings from Laramie Energy, LLC					8,746
Income before income taxes					28,434
Income tax expense					(648)
Net income					\$ 27,786
Capital expenditures	\$ 1,009	\$ 1,197	\$ 3,497	\$ 1,876	\$ 7,579

(1) Includes eliminations of intersegment revenues and cost of revenues of \$85.9 million and \$77.2 million for the three months ended March 31, 2018 and 2017, respectively.

Note 17 — Related Party Transactions

Equity Group Investments (“EGI”) - Service Agreement

On September 17, 2013, we entered into a letter agreement (“Services Agreement”) with Equity Group Investments (“EGI”), an affiliate of Zell Credit Opportunities Fund, LP (“ZCOF”), which owns 10% or more of our common stock directly or through affiliates. Pursuant to the Services Agreement, EGI agreed to provide us with ongoing strategic, advisory, and consulting services that may include (i) advice on financing structures and our relationship with lenders and bankers, (ii) advice regarding public and private offerings of debt and equity securities, (iii) advice regarding asset dispositions, acquisitions, or other asset management strategies, (iv) advice regarding potential business acquisitions, dispositions, or combinations involving us or our affiliates, or (v) such other advice directly related or ancillary to the above strategic, advisory, and consulting services as may be reasonably requested by us.

EGI does not receive a fee for the provision of the strategic, advisory, or consulting services set forth in the Services Agreement, but may be periodically reimbursed by us, upon request, for (i) travel and out-of-pocket expenses, provided that, in the event that such expenses exceed \$50 thousand in the aggregate with respect to any single proposed matter, EGI will obtain our consent prior to incurring additional costs, and (ii) provided that we provide prior consent to their engagement with respect to any particular proposed matter, all reasonable fees and disbursements of counsel, accountants, and other professionals incurred in connection with EGI’s services under the Services Agreement. In consideration of the services provided by EGI under the Services Agreement, we agreed to indemnify EGI for certain losses relating to or arising out of the Services Agreement or the services provided thereunder.

The Services Agreement has a term of one year and will be automatically extended for successive one -year periods unless terminated by either party at least 60 days prior to any extension date. There were no significant costs incurred related to this agreement during the three months ended March 31, 2018 or 2017.

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

Overview

We are a growth-oriented company headquartered in Houston, Texas, that manages and maintains interests in energy and infrastructure businesses. We were created through the successful reorganization of Delta in August 2012. The reorganization converted approximately \$ 265 million of unsecured debt to equity and allowed us to preserve significant tax attributes.

Our business is organized into three primary operating segments:

- 1) **Refining** - Our refinery in Kapolei, Hawaii, produces ULSD, gasoline, jet fuel, marine fuel, LSFO, and other associated refined products primarily for consumption in Hawaii. Our refinery in Newcastle, Wyoming, produces gasoline, ULSD, jet fuel, and other associated refined products that are primarily marketed in Wyoming and South Dakota.
- 2) **Retail** - Our retail outlets in Hawaii sell gasoline, diesel, and retail merchandise throughout the islands of Oahu, Maui, Hawaii, and Kauai. Our Hawaii retail network includes Hele and "76" branded retail sites, company-operated convenience stores, 7-Eleven operated convenience stores, other sites operated by third parties, and unattended cardlock locations. We recently completed the rebranding of 10 of our 34 company-operated convenience stores in Hawaii to "nomnom," a new proprietary brand. Our retail outlets in Washington and Idaho sell gasoline, diesel, and retail merchandise and operate under the "Cenex®" and "Zip Trip®" brand names.
- 3) **Logistics** - We own and operate terminals, pipelines, a single-point mooring ("SPM"), and trucking operations to distribute refined products throughout the islands of Oahu, Maui, Hawaii, Molokai, and Kauai. In addition, we own and operate a crude oil pipeline gathering system, a refined products pipeline, storage facilities, and loading racks in Wyoming. We also own and operate a jet fuel storage facility and pipeline that serve the Ellsworth Air Force Base in South Dakota.

We own a 39.1% equity investment in Laramie Energy. Laramie Energy is focused on producing natural gas in Garfield, Mesa, and Rio Blanco Counties, Colorado.

We have four reportable segments: (i) Refining, (ii) Retail, (iii) Logistics, and (iv) Corporate and Other. Beginning in the first quarter of 2018, the results of operations of Northwest Retail are included in our retail segment. Our Corporate and Other reportable segment includes administrative costs and several small non-operated oil and gas interests that were owned by our predecessor. Please read Note 16—Segment Information to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for detailed information on our operating results by segment.

Results of Operations

Three months ended March 31, 2018 compared to the three months ended March 31, 2017

Net Income (Loss). During 2018, our financial performance was primarily driven by a \$10.5 million charge related to the Tesoro earn-out settlement and declining crack spreads and crude oil differentials, partially offset by a \$13.2 million of RINs benefit primarily due to our refineries obtaining a small refinery exemption. Our net income (loss) changed from a net income of \$27.8 million for the three months ended March 31, 2017 to a net income of \$15.2 million for the three months ended March 31, 2018. Other factors impacting our results period over period include the decrease in our Equity earnings (losses) from Laramie Energy and the change in value of common stock warrants.

Adjusted EBITDA and Adjusted Net Income (Loss). For the three months ended March 31, 2018, Adjusted EBITDA was \$26.1 million compared to \$32.3 million for the three months ended March 31, 2017. The change was primarily related to declining crack spreads and crude oil differentials, offset by a \$13.2 million of RINs benefit primarily due to our refineries obtaining a small refinery exemption.

For the three months ended March 31, 2018, Adjusted Net Income (Loss) was approximately \$8.2 million compared to \$10.0 million for the three months ended March 31, 2017. The change was primarily related to declining crack spreads and crude oil differentials, and a decrease in our Equity earnings (losses) from Laramie Energy. The decreases were partially offset by a \$13.2 million of RINs benefit primarily due to our refineries obtaining a small refinery exemption.

The following tables summarize our consolidated results of operations for the three months ended March 31, 2018 compared to the three months ended March 31, 2017 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report.

	Three Months Ended March 31,		\$ Change	% Change ⁽¹⁾
	2018	2017		
Revenues	\$ 765,439	\$ 605,253	\$ 160,186	26 %
Cost of revenues (excluding depreciation)	661,899	501,289	160,610	32 %
Operating expense (excluding depreciation)	51,010	50,348	662	1 %
Depreciation, depletion, and amortization	13,037	11,260	1,777	16 %
General and administrative expense (excluding depreciation)	11,205	12,914	(1,709)	(13)%
Acquisition and integration expense	632	253	379	150 %
Total operating expenses	<u>737,783</u>	<u>576,064</u>		
Operating income	27,656	29,189		
Other income (expense)				
Interest expense and financing costs, net	(8,377)	(8,942)	565	6 %
Other income, net	119	130	(11)	(8)%
Change in value of common stock warrants	745	(689)	1,434	208 %
Change in value of contingent consideration	(10,500)	—	(10,500)	NM
Equity earnings from Laramie Energy, LLC	5,576	8,746	(3,170)	(36)%
Total other income (expense), net	<u>(12,437)</u>	<u>(755)</u>		
Income before income taxes	15,219	28,434		
Income tax expense	(34)	(648)	614	95 %
Net income	<u>\$ 15,185</u>	<u>\$ 27,786</u>		

⁽¹⁾ NM - Not meaningful

The following tables summarize our operating income (loss) by segment for the three months ended March 31, 2018 and 2017 (in thousands). The following should be read in conjunction with our condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report.

Three months ended March 31, 2018	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	\$ 740,263	\$ 33,067	\$ 78,592	\$ (86,483)	\$ 765,439
Cost of revenues (excluding depreciation)	668,479	20,810	59,147	(86,537)	661,899
Operating expense (excluding depreciation)	37,349	1,822	11,839	—	51,010
Depreciation, depletion, and amortization	8,362	1,642	1,868	1,165	13,037
General and administrative expense (excluding depreciation)	—	—	—	11,205	11,205
Acquisition and integration expense	—	—	—	632	632
Operating income (loss)	\$ 26,073	\$ 8,793	\$ 5,738	\$ (12,948)	\$ 27,656

Three months ended March 31, 2017	Refining	Logistics	Retail	Corporate, Eliminations and Other (1)	Total
Revenues	\$ 574,079	\$ 29,995	\$ 77,682	\$ (76,503)	\$ 605,253
Cost of revenues (excluding depreciation)	503,044	15,298	59,799	(76,852)	501,289
Operating expense (excluding depreciation)	36,216	3,797	10,315	20	50,348
Depreciation, depletion, and amortization	7,403	1,487	1,448	922	11,260
General and administrative expense (excluding depreciation)	—	—	—	12,914	12,914
Acquisition and integration expense	—	—	—	253	253
Operating income (loss)	\$ 27,416	\$ 9,413	\$ 6,120	\$ (13,760)	\$ 29,189

(1) Includes eliminations of intersegment Revenues and Cost of revenues (excluding depreciation) of \$85.9 million and \$77.2 million for the three months ended March 31, 2018 and 2017, respectively.

Below is a summary of key operating statistics for the refining segment for the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,	
	2018	2017
Total Refining Segment		
Feedstocks Throughput (Mbpd)	92.7	91.1
Refined product sales volume (Mbpd)	102.3	94.8
Hawaii Refinery		
Feedstocks Throughput (Mbpd)	76.2	76.8
Source of Crude Oil:		
North America	39.7%	44.2%
Latin America	—%	0.3%
Africa	39.9%	22.8%
Asia	6.7%	25.8%
Middle East	13.7%	6.9%
Total	<u>100.0%</u>	<u>100.0%</u>
Yield (% of total throughput)		
Gasoline and gasoline blendstocks	28.2%	27.5%
Distillate	47.2%	45.0%
Fuel oils	16.3%	18.4%
Other products	5.2%	5.9%
Total yield	<u>96.9%</u>	<u>96.8%</u>
Refined product sales volume (Mbpd)		
On-island sales volume	69.4	61.8
Exports sale volume	14.6	18.2
Total refined product sales volume	<u>84.0</u>	<u>80.0</u>
4-1-2-1 Singapore Crack Spread (1) (\$ per barrel)	\$ 6.38	\$ 6.74
4-1-2-1 Mid Pacific Crack Spread (1) (\$ per barrel)	7.38	7.69
Mid Pacific Crude Oil Differential (2) (\$ per barrel)	(0.02)	(1.21)
Operating income (loss) per bbl (\$/throughput bbl)	2.96	4.01
Adjusted Gross Margin per bbl (\$/throughput bbl) (3)	5.20	7.06
Production costs per bbl (\$/throughput bbl) (4)	3.64	3.71
DD&A per bbl (\$/throughput bbl)	0.71	0.64

	Three Months Ended March 31,	
	2018	2017
Wyoming Refinery		
Feedstocks Throughput (Mbpd)	16.5	14.3
Yield (% of total throughput)		
Gasoline and gasoline blendstocks	49.9%	54.2%
Distillate	44.8%	39.8%
Fuel oil	2.5%	2.7%
Other products	0.4%	1.4%
Total yield	<u>97.6%</u>	<u>98.1%</u>
Refined product sales volume (Mbpd)	18.3	14.8
Wyoming 3-2-1 Index (5)	\$ 15.65	\$ 16.51
Operating income (loss) per bbl (\$/throughput bbl)	3.89	(0.24)
Adjusted Gross Margin per bbl (\$/throughput bbl) (3)	13.96	9.45
Production costs per bbl (\$/throughput bbl) (4)	7.74	7.46
DD&A per bbl (\$/throughput bbl)	2.33	2.31

- (1) The profitability of our Hawaii business is heavily influenced by crack spreads in both the Singapore and U.S. West Coast markets. These markets reflect the closest liquid market alternatives to source refined products for Hawaii. We believe the Singapore and Mid Pacific crack spreads (or four barrels of Brent crude oil converted into one barrel of gasoline, two barrels of distillate (diesel and jet fuel) and one barrel of fuel oil) best reflect a market indicator for our Hawaii operations. The Mid Pacific crack spread is calculated using a ratio of 80% Singapore and 20% San Francisco indexes.
- (2) Weighted-average differentials, excluding shipping costs, of a blend of crude oils with an API of 31.98 and sulfur weight percentage of 0.65% that is indicative of our typical crude oil mix quality compared to Brent crude oil.
- (3) Please see discussion of Adjusted Gross Margin below. We calculate Adjusted Gross Margin per barrel by dividing Adjusted Gross Margin by total refining throughput.
- (4) Management uses production costs per barrel to evaluate performance and compare efficiency to other companies in the industry. There are a variety of ways to calculate production costs per barrel; different companies within the industry calculate it in different ways. We calculate production costs per barrel by dividing all direct production costs, which include the costs to run the refinery including personnel costs, repair and maintenance costs, insurance, utilities, and other miscellaneous costs, by total refining throughput. Our production costs are included in Operating expense (excluding depreciation) on our condensed consolidated statement of operations, which also includes costs related to our bulk marketing operations.
- (5) The profitability of our Wyoming refinery is heavily influenced by crack spreads in nearby markets. We believe the Wyoming 3-2-1 Index is the best market indicator for our operations in Wyoming. The Wyoming 3-2-1 Index is computed by taking two parts gasoline and one part distillate (ultra-low sulfur diesel) as created from three barrels of West Texas Intermediate Crude Oil ("WTI"). Pricing is based 50% on applicable product pricing in Rapid City, South Dakota, and 50% on applicable product pricing in Denver, Colorado.

Below is a summary of key operating statistics for the retail and logistics segments for the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,	
	2018	2017
Retail Segment		
Retail sales volumes (thousands of gallons) (1)	22,190	22,058
Logistics Segment		
Pipeline throughput (Mbpd)		
Crude oil pipelines	88.4	91.1
Refined product pipelines	90.9	90.5
Total pipeline throughput	179.3	181.6

(1) Retail sales volumes for the three months ended March 31, 2018 , includes the nine days of retail sales volumes from Northwest Retail since acquisition on March 23, 2018 .

Non-GAAP Performance Measures

Management uses certain financial measures to evaluate our operating performance that are considered non-GAAP financial measures. These measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP and our calculations thereof may not be comparable to similarly titled measures reported by other companies.

Adjusted Gross Margin

Adjusted Gross Margin is defined as (i) operating income (loss) plus operating expense (excluding depreciation), depreciation, depletion, and amortization, inventory valuation adjustments (which adjusts for timing differences to reflect the economics of our inventory financing agreements, including lower of cost or net realizable value adjustments, the impact of the embedded derivative repurchase obligation, and purchase price allocation adjustments), and unrealized losses (gains) on derivatives or (ii) revenues less cost of revenues (excluding depreciation) less inventory valuation adjustments and unrealized losses (gains) on derivatives. We define cost of revenues (excluding depreciation) as the hydrocarbon-related costs of inventory sold, transportation costs of delivering product to customers, crude oil consumed in the refining process, costs to satisfy our RINS obligations, and certain hydrocarbon fees and taxes. Cost of revenues (excluding depreciation) also includes the unrealized gains (losses) on derivatives and inventory valuation adjustments that we exclude from Adjusted Gross Margin.

Management believes Adjusted Gross Margin is an important measure of operating performance and uses Adjusted Gross Margin per barrel to evaluate operating performance and compare profitability to other companies in the industry and to industry benchmarks. Management believes Adjusted Gross Margin provides useful information to investors because it eliminates the gross impact of volatile commodity prices and adjusts for certain non-cash items and timing differences created by our inventory financing agreements and lower of cost or net realizable value adjustments to demonstrate the earnings potential of the business before other fixed and variable costs, which are reported separately in Operating expense (excluding depreciation) and Depreciation, depletion, and amortization .

Adjusted Gross Margin should not be considered an alternative to operating income (loss), net cash flows from operating activities, or any other measure of financial performance or liquidity presented in accordance with GAAP. Adjusted Gross Margin presented by other companies may not be comparable to our presentation since each company may define this term differently as they may include other manufacturing costs and depreciation expense in cost of revenues.

The following tables present a reconciliation of Adjusted Gross Margin to the most directly comparable GAAP financial measure, operating income (loss), on a historical basis, for selected segments, for the periods indicated (in thousands):

Three months ended March 31, 2018	Refining	Logistics	Retail
Operating income	\$ 26,073	\$ 8,793	\$ 5,738
Operating expense (excluding depreciation)	37,349	1,822	11,839
Depreciation, depletion, and amortization	8,362	1,642	1,868
Inventory valuation adjustment	(11,887)	—	—
Unrealized gain on derivatives	(3,505)	—	—
Adjusted Gross Margin	\$ 56,392	\$ 12,257	\$ 19,445

Three months ended March 31, 2017	Refining	Logistics	Retail
Operating income	\$ 27,416	\$ 9,413	\$ 6,120
Operating expense (excluding depreciation)	36,216	3,797	10,315
Depreciation, depletion, and amortization	7,403	1,487	1,448
Inventory valuation adjustment	(8,792)	—	—
Unrealized loss on derivatives	(1,287)	—	—
Adjusted Gross Margin	\$ 60,956	\$ 14,697	\$ 17,883

Adjusted Net Income (Loss) and Adjusted EBITDA

Adjusted Net Income (Loss) is defined as Net income excluding changes in the value of contingent consideration and common stock warrants, acquisition and integration expense, unrealized (gains) losses on derivatives, loss on termination of financing agreements, release of tax valuation allowance, inventory valuation adjustment, and severance costs. Beginning in 2018, Adjusted Net Income (Loss) also excludes Par's share of Laramie Energy's unrealized loss (gain) on derivatives. The exclusion of Par's share of Laramie Energy's unrealized loss (gain) on derivatives from Adjusted Net Income (Loss) is consistent with our treatment of Par's unrealized (gains) losses on derivatives, which are also excluded from Adjusted Net Income (Loss). We have recast the non-GAAP information for the three months ended March 31, 2017 to conform to the current period presentation.

Adjusted EBITDA is Adjusted Net Income (Loss) excluding interest expense and financing costs, taxes, DD&A, and, beginning in 2018, equity losses (earnings) from Laramie Energy, excluding Par's share of unrealized loss (gain) on derivatives. We believe Adjusted Net Income (Loss) and Adjusted EBITDA are useful supplemental financial measures that allow investors to assess:

- The financial performance of our assets without regard to financing methods, capital structure, or historical cost basis;
- The ability of our assets to generate cash to pay interest on our indebtedness; and
- Our operating performance and return on invested capital as compared to other companies without regard to financing methods and capital structure.

Adjusted Net Income (Loss) and Adjusted EBITDA should not be considered in isolation or as a substitute for operating income (loss), net income (loss), cash flows provided by operating, investing, and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. Adjusted Net Income (Loss) and Adjusted EBITDA presented by other companies may not be comparable to our presentation as other companies may define these terms differently.

The following table presents a reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to the most directly comparable GAAP financial measure, Net income, on a historical basis for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2018	2017
Net income	\$ 15,185	\$ 27,786
Inventory valuation adjustment	(11,887)	(8,792)
Unrealized loss (gain) on derivatives	(3,505)	(1,287)
Acquisition and integration expense	632	253
Change in value of common stock warrants	(745)	689
Change in value of contingent consideration	10,500	—
Severance costs	—	1,595
Par's share of Laramie Energy's unrealized loss (gain) on derivatives (1)	(1,988)	(10,237)
Adjusted Net Income	8,192	10,007
Depreciation, depletion, and amortization	13,037	11,260
Interest expense and financing costs, net	8,377	8,942
Equity losses (earnings) from Laramie Energy, LLC, excluding Par's share of unrealized loss (gain) on derivatives	(3,588)	1,491
Income tax expense	34	648
Adjusted EBITDA	\$ 26,052	\$ 32,348

(1) Included in Equity earnings from Laramie Energy, LLC on our Condensed Consolidated Statements of Operations.

Factors Impacting Segment Results

Three months ended March 31, 2018 compared to the three months ended March 31, 2017

Refining. Operating income for our refining segment was \$26.1 million for the three months ended March 31, 2018, a decrease of \$1.3 million compared to an operating income of \$27.4 million for the three months ended March 31, 2017. The decrease in profitability was primarily driven by lower crack spreads and crude oil differentials. The combined Mid Pacific crack spread decreased 17% from \$8.90 per barrel for the three months ended March 31, 2017 to \$7.40 per barrel for the three months ended March 31, 2018. The Wyoming Index decreased 5% from \$16.51 per barrel for the three months ended March 31, 2017 to \$15.65 per barrel for the three months ended March 31, 2018. These decreases were partially offset by a \$13.2 million of RINs benefit primarily due to our refineries obtaining a small refinery exemption.

Logistics. Operating income for our logistics segment was \$8.8 million for the three months ended March 31, 2018, a decrease of \$0.6 million compared to operating income of \$9.4 million for the three months ended March 31, 2017. The decrease in profitability is primarily due to higher repair and maintenance costs during the quarter.

Retail. Operating income for our retail segment was \$5.7 million for the three months ended March 31, 2018, which was relatively consistent with our operating income of \$6.1 million for the three months ended March 31, 2017.

Adjusted Gross Margin

Three months ended March 31, 2018 compared to the three months ended March 31, 2017

Refining. For the three months ended March 31, 2018, our refining Adjusted Gross Margin was approximately \$56.4 million, a decrease of \$4.6 million compared to \$61.0 million for the three months ended March 31, 2017. The decrease was primarily due to lower crack spreads and crude oil differentials. The combined Mid Pacific crack spread decreased 17% from \$8.90 per barrel for the three months ended March 31, 2017 to \$7.40 per barrel for the three months ended March 31, 2018. The Wyoming Index decreased 5% from \$16.51 per barrel for the three months ended March 31, 2017 to \$15.65 per barrel for the three months ended March 31, 2018. These decreases were partially offset by a \$13.2 million of RINs benefit primarily due to our refineries obtaining a small refinery exemption.

Logistics. For the three months ended March 31, 2018, our logistics Adjusted Gross Margin was approximately \$12.3 million, a decrease of \$2.4 million compared to \$14.7 million for the three months ended March 31, 2017. The decrease was primarily driven by higher transportation costs.

Retail. For the three months ended March 31, 2018, our retail Adjusted Gross Margin was approximately \$19.4 million, an increase of \$1.5 million when compared to approximately \$17.9 million for the three months ended March 31, 2017. The increase was primarily due to an increase in sales prices of 9%, partially offset by a 8% increase in fuel costs.

Discussion of Consolidated Results

Three months ended March 31, 2018 compared to the three months ended March 31, 2017

Revenues. For the three months ended March 31, 2018, revenues were \$765.4 million, a \$160.1 million increase compared to \$605.3 million for the three months ended March 31, 2017. The increase was primarily due to an increase of \$160.1 million in third-party revenues at our refining segment primarily as a result of increased prices and volumes sold. Average Brent prices increased from \$54.57 per barrel in the three months ended March 31, 2017 to \$67.19 per barrel in the three months ended March 31, 2018. Average WTI prices increased from \$51.82 per barrel in the three months ended March 31, 2017 to \$62.89 per barrel in the three months ended March 31, 2018. Refined product sales volumes increased 7.9% from 94.8 Mbpd in the three months ended March 31, 2017 to 102.3 Mbpd in the three months ended March 31, 2018.

Cost of Revenues (Excluding Depreciation). For the three months ended March 31, 2018, cost of revenues (excluding depreciation), was \$661.9 million, a \$160.6 million increase compared to \$501.3 million for the three months ended March 31, 2017. The increase was primarily due to the increase in feedstock prices and volumes sold and was partially offset by a \$13.2 million of RINs benefit primarily due to our refineries obtaining a small refinery exemption. Refined product sales volumes increased 7.9% from 94.8 Mbpd in the three months ended March 31, 2017 to 102.3 Mbpd in the three months ended March 31, 2018.

Operating Expense (Excluding Depreciation). For the three months ended March 31, 2018, operating expense (excluding depreciation) was approximately \$51.0 million, an increase of \$0.7 million compared to \$50.3 million for the three months ended March 31, 2017. The increase was primarily due to operating expenses for the acquired Northwest Retail assets for the nine-day period since acquisition on March 23, 2018.

Depreciation, Depletion, and Amortization. For the three months ended March 31, 2018, DD&A was approximately \$13.0 million, an increase of \$1.7 million when compared to \$11.3 million for the three months ended March 31, 2017. The increase was primarily due to accelerated depreciation associated with equipment and storage tanks that were retired during the quarter.

General and Administrative Expense (Excluding Depreciation). For the three months ended March 31, 2018, general and administrative expense (excluding depreciation) was approximately \$11.2 million, a decrease of \$1.7 million when compared to \$12.9 million for the three months ended March 31, 2017. The decrease was primarily due to severance costs and professional fees incurred in 2017 that were not incurred in 2018.

Acquisition and Integration Expense. For the three months ended March 31, 2018, we incurred approximately \$0.6 million of acquisition and integration costs related to the Northwest Retail Acquisition. For the three months ended March 31, 2017, we incurred approximately \$0.3 million of integration costs related to the Wyoming Refining acquisition completed in July 2016.

Interest Expense and Financing Costs, Net. For the three months ended March 31, 2018, our interest expense and financing costs were approximately \$8.4 million, a decrease of \$0.5 million when compared to \$8.9 million for the three months ended March 31, 2017. The decrease was primarily due to a net increase in gains on interest rate derivatives of \$1.1 million and

lower interest expense of \$5.7 million related to the debt and credit agreements terminated in December 2017, partially offset by higher interest expense of \$6.1 million related to the 7.75% Senior Secured Notes entered into in December 2017.

Change in Value of Common Stock Warrants . For the three months ended March 31, 2018 , the change in value of common stock warrants resulted in a gain of approximately \$0.7 million , a change of \$1.4 million when compared to a loss of \$0.7 million for the three months ended March 31, 2017 . For the three months ended March 31, 2018 , our stock price decreased from \$19.28 per share as of December 31, 2017 to \$17.17 per share as of March 31, 2018 , which resulted in a decrease in the fair value of the common stock warrants. During the three months ended March 31, 2017 , our stock price increased from \$14.54 per share on December 31, 2016 to \$16.49 per share on March 31, 2017 , which resulted in an increase in the value of the common stock warrants.

Change in Value of Contingent Consideration . For the three months ended March 31, 2018 , the change in the value of our contingent consideration liability resulted in a loss of \$10.5 million as a result of the settlement agreement reached with Tesoro. For the three months ended March 31, 2017 , there was no change in value of our contingent consideration liability. Please read Note 12—Commitments and Contingencies for more information.

Equity Earnings (Losses) From Laramie Energy . For the three months ended March 31, 2018 , equity earnings from Laramie Energy were approximately \$5.6 million , a change of \$3.1 million compared to equity earnings of \$8.7 million for the three months ended March 31, 2017 . The change was primarily due to a decrease in realized natural gas prices and a decrease in gains on derivative instruments of \$14.4 million, partially offset by an increase in NGL prices and production volumes during the three months ended March 31, 2018 compared to the same period in 2017 . In addition, our ownership percentage decreased from 42.3% to 39.1% on February 28, 2018 due to an investment made by a third-party.

Income Taxes. For the three months ended March 31, 2018 , we recorded income tax expense of \$34 thousand primarily due to deferred federal income taxes. For the three months ended March 31, 2017 , we recorded income tax expense of \$0.6 million primarily due to alternative minimum tax of \$446 thousand .

Consolidating Condensed Financial Information

On December 21, 2017, Par Petroleum, LLC (the “Issuer”), issued its 7.75% Senior Secured Notes due 2025 in a private offering under Rule 144A and Regulation S of the Securities Act. The notes were co-issued by Par Petroleum Finance Corp., which has no independent assets or operations. The notes are guaranteed on a senior unsecured basis only as to payment of principal and interest by Par Pacific Holdings, Inc. (the “Parent”) and are guaranteed on a senior secured basis by all of the subsidiaries of Par Petroleum, LLC (other than Par Petroleum Finance Corp.).

The following supplemental condensed consolidating financial information reflects (i) the Parent's separate accounts, (ii) Par Petroleum, LLC and its consolidated subsidiaries' accounts, (iii) the accounts of subsidiaries of the Parent that are not guarantors of the 7.75% Senior Secured Notes and consolidating adjustments and eliminations, and (iv) the Parent's consolidated accounts for the dates and periods indicated. For purposes of the following condensed consolidating information, the Parent's investment in its subsidiaries is accounted for under the equity method of accounting (dollar amounts in thousands).

As of March 31, 2018

	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	\$ 51,945	\$ 12,656	\$ 356	\$ 64,957
Restricted cash	743	—	—	743
Trade accounts receivable	—	127,179	944	128,123
Inventories	—	296,267	—	296,267
Prepaid and other current assets	8,093	89,699	345	98,137
Due from related parties	22,402	25,510	(47,912)	—
Total current assets	83,183	551,311	(46,267)	588,227
Property and equipment				
Property, plant, and equipment	17,125	548,974	158	566,257
Proved oil and gas properties, at cost, successful efforts method of accounting	—	—	400	400
Total property and equipment	17,125	548,974	558	566,657
Less accumulated depreciation and depletion	(7,339)	(79,980)	(372)	(87,691)
Property and equipment, net	9,786	468,994	186	478,966
Long-term assets				
Investment in Laramie Energy, LLC	—	—	132,768	132,768
Investment in subsidiaries	576,060	—	(576,060)	—
Intangible assets, net	—	25,940	—	25,940
Goodwill	—	150,286	2,598	152,884
Other long-term assets	3,579	25,761	—	29,340
Total assets	\$ 672,608	\$ 1,222,292	\$ (486,775)	\$ 1,408,125
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Obligations under inventory financing agreements	\$ —	\$ 383,806	\$ —	\$ 383,806
Accounts payable	2,662	56,941	1,493	61,096
Advances from customers	—	10,021	—	10,021
Accrued taxes	62	19,224	—	19,286
Other accrued liabilities	7,197	30,136	(2,362)	34,971
Due to related parties	95,583	—	(95,583)	—
Total current liabilities	105,504	500,128	(96,452)	509,180
Long-term liabilities				
Long-term debt, net of current maturities	96,674	289,826	—	386,500
Common stock warrants	6,063	—	—	6,063
Long-term capital lease obligations	568	5,819	—	6,387
Other liabilities	—	41,480	(5,284)	36,196
Total liabilities	208,809	837,253	(101,736)	944,326
Stockholders' equity				
Preferred stock, \$0.01 par value; 3,000,000 shares authorized, none issued	—	—	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized and 46,018,511 shares issued	459	—	—	459
Additional paid-in capital	594,189	345,825	(345,825)	594,189
Accumulated earnings (deficit)	(132,993)	36,240	(36,240)	(132,993)
Accumulated other comprehensive income	2,144	2,974	(2,974)	2,144
Total stockholders' equity	463,799	385,039	(385,039)	463,799
Total liabilities and stockholders' equity	\$ 672,608	\$ 1,222,292	\$ (486,775)	\$ 1,408,125

	As of December 31, 2017			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
ASSETS				
Current assets				
Cash and cash equivalents	\$ 65,615	\$ 51,429	\$ 1,289	\$ 118,333
Restricted cash	744	—	—	744
Trade accounts receivable	—	120,032	1,799	121,831
Inventories	—	345,072	285	345,357
Prepaid and other current assets	11,768	7,115	(1,604)	17,279
Due from related parties	8,113	32,171	(40,284)	—
Total current assets	86,240	555,819	(38,515)	603,544
Property and equipment				
Property, plant, and equipment	15,773	513,307	158	529,238
Proved oil and gas properties, at cost, successful efforts method of accounting	—	—	400	400
Total property and equipment	15,773	513,307	558	529,638
Less accumulated depreciation and depletion	(6,226)	(73,029)	(367)	(79,622)
Property and equipment, net	9,547	440,278	191	450,016
Long-term assets				
Investment in Laramie Energy, LLC	—	—	127,192	127,192
Investment in subsidiaries	552,748	—	(552,748)	—
Intangible assets, net	—	26,604	—	26,604
Goodwill	—	104,589	2,598	107,187
Other long-term assets	1,976	30,888	—	32,864
Total assets	\$ 650,511	\$ 1,158,178	\$ (461,282)	\$ 1,347,407
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Obligations under inventory financing agreements	\$ —	\$ 363,756	\$ —	\$ 363,756
Accounts payable	4,510	46,273	1,760	52,543
Advances from customers	—	9,522	—	9,522
Accrued taxes	—	20,227	(2,540)	17,687
Other accrued liabilities	12,913	14,420	111	27,444
Due to related parties	82,524	—	(82,524)	—
Total current liabilities	99,947	454,198	(83,193)	470,952
Long-term liabilities				
Long-term debt, net of current maturities	95,486	289,326	—	384,812
Common stock warrants	6,808	—	—	6,808
Long-term capital lease obligations	551	669	—	1,220
Other liabilities	—	41,253	(5,357)	35,896
Total liabilities	202,792	785,446	(88,550)	899,688
Commitments and contingencies				
Stockholders' equity				
Preferred stock, \$0.01 par value: 3,000,000 shares authorized, none issued	—	—	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized and 45,776,087 shares issued	458	—	—	458
Additional paid-in capital	593,295	345,825	(345,825)	593,295
Accumulated earnings (deficit)	(148,178)	23,933	(23,933)	(148,178)
Accumulated other comprehensive income	2,144	2,974	(2,974)	2,144
Total stockholders' equity	447,719	372,732	(372,732)	447,719
Total liabilities and stockholders' equity	\$ 650,511	\$ 1,158,178	\$ (461,282)	\$ 1,347,407

Three Months Ended March 31, 2018

	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	\$ —	\$ 764,927	\$ 512	\$ 765,439
Operating expenses				
Cost of revenues (excluding depreciation)	—	661,579	320	661,899
Operating expense (excluding depreciation)	—	51,010	—	51,010
Depreciation, depletion, and amortization	1,113	11,919	5	13,037
General and administrative expense (excluding depreciation)	5,225	5,905	75	11,205
Acquisition and integration expense	431	201	—	632
Total operating expenses	6,769	730,614	400	737,783
Operating income (loss)	(6,769)	34,313	112	27,656
Other income (expense)				
Interest expense and financing costs, net	(2,654)	(5,723)	—	(8,377)
Other income (expense), net	155	(30)	(6)	119
Change in value of common stock warrants	745	—	—	745
Change in value of contingent consideration	—	(10,500)	—	(10,500)
Equity earnings (losses) from subsidiaries	23,708	—	(23,708)	—
Equity earnings from Laramie Energy, LLC	—	—	5,576	5,576
Total other income (expense), net	21,954	(16,253)	(18,138)	(12,437)
Income (loss) before income taxes	15,185	18,060	(18,026)	15,219
Income tax benefit (expense)	—	(5,753)	5,719	(34)
Net income (loss)	\$ 15,185	\$ 12,307	\$ (12,307)	\$ 15,185
Adjusted EBITDA	\$ (5,070)	\$ 31,011	\$ 111	\$ 26,052

Three Months Ended March 31, 2017

	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Revenues	\$ —	\$ 604,618	\$ 635	\$ 605,253
Operating expenses				
Cost of revenues (excluding depreciation)	—	501,048	241	501,289
Operating expense (excluding depreciation)	—	50,348	—	50,348
Depreciation, depletion, and amortization	713	10,360	187	11,260
General and administrative expense (excluding depreciation)	5,308	6,443	1,163	12,914
Acquisition and integration expense	253	—	—	253
Total operating expenses	6,274	568,199	1,591	576,064
Operating income (loss)	(6,274)	36,419	(956)	29,189
Other income (expense)				
Interest expense and financing costs, net	(4,686)	(4,256)	—	(8,942)
Other income (expense), net	118	9	3	130
Change in value of common stock warrants	(689)	—	—	(689)
Equity earnings (losses) from subsidiaries	39,317	—	(39,317)	—
Equity earnings from Laramie Energy, LLC	—	—	8,746	8,746
Total other income (expense), net	34,060	(4,247)	(30,568)	(755)
Income (loss) before income taxes	27,786	32,172	(31,524)	28,434
Income tax benefit (expense)	—	(10,116)	9,468	(648)
Net income (loss)	\$ 27,786	\$ 22,056	\$ (22,056)	\$ 27,786
Adjusted EBITDA	\$ (3,990)	\$ 37,104	\$ (766)	\$ 32,348

Non-GAAP Financial Measures

Adjusted EBITDA for the supplemental consolidating condensed financial information, which is segregated at the “Parent Guarantor,” “Issuer”, and “Non-Guarantor Subsidiaries and Eliminations” levels, is calculated in the same manner as for the Par Pacific Holdings, Inc. Adjusted EBITDA calculations. See “Results of Operations — Non-GAAP Performance Measures — Adjusted Net Income (Loss) and Adjusted EBITDA” above.

The following tables present a reconciliation of Adjusted EBITDA to the most directly comparable GAAP financial measure, net income (loss), on a historical basis for the periods indicated (in thousands):

	Three Months Ended March 31, 2018			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	\$ 15,185	\$ 12,307	\$ (12,307)	\$ 15,185
Inventory valuation adjustment	—	(11,887)	—	(11,887)
Unrealized loss (gain) on derivatives	—	(3,505)	—	(3,505)
Acquisition and integration expense	431	201	—	632
Change in value of common stock warrants	(745)	—	—	(745)
Change in value of contingent consideration	—	10,500	—	10,500
Par's share of Laramie Energy's unrealized loss (gain) on derivatives	—	—	(1,988)	(1,988)
Depreciation, depletion, and amortization	1,113	11,919	5	13,037
Interest expense and financing costs, net	2,654	5,723	—	8,377
Equity losses (earnings) from Laramie Energy, LLC, excluding Par's share of unrealized loss (gain) on derivatives	—	—	(3,588)	(3,588)
Equity losses (income) from subsidiaries	(23,708)	—	23,708	—
Income tax expense (benefit)	—	5,753	(5,719)	34
Adjusted EBITDA	\$ (5,070)	\$ 31,011	\$ 111	\$ 26,052

	Three Months Ended March 31, 2017			
	Parent Guarantor	Issuer	Non-Guarantor Subsidiaries and Eliminations	Par Pacific Holdings, Inc. and Subsidiaries
Net income (loss)	\$ 27,786	\$ 22,056	\$ (22,056)	\$ 27,786
Inventory valuation adjustment	—	(8,792)	—	(8,792)
Unrealized loss (gain) on derivatives	—	(1,287)	—	(1,287)
Acquisition and integration expense	253	—	—	253
Change in value of common stock warrants	689	—	—	689
Severance costs	1,200	395	—	1,595
Par's share of Laramie Energy's unrealized loss (gain) on derivatives	—	—	(10,237)	(10,237)
Depreciation, depletion, and amortization	713	10,360	187	11,260
Interest expense and financing costs, net	4,686	4,256	—	8,942
Equity losses (earnings) from Laramie Energy, LLC, excluding Par's share of unrealized loss (gain) on derivatives	—	—	1,491	1,491
Equity losses (income) from subsidiaries	(39,317)	—	39,317	—
Income tax expense (benefit)	—	10,116	(9,468)	648
Adjusted EBITDA	\$ (3,990)	\$ 37,104	\$ (766)	\$ 32,348

Liquidity and Capital Resources

Our liquidity and capital requirements are primarily a function of our debt maturities and debt service requirements, fixed capacity payments and contractual obligations, capital expenditures, and working capital needs. Examples of working capital needs include purchases and sales of commodities and associated margin and collateral requirements, facility maintenance costs, and other costs such as payroll. Our primary sources of liquidity are cash flows from operations, cash on hand, amounts available under our credit agreements, and access to capital markets.

Our liquidity position as of March 31, 2018 was \$122.6 million and consisted of \$70.3 million at Par Petroleum, LLC and subsidiaries, \$51.9 million at Par Pacific Holdings, and \$0.4 million at all our other subsidiaries. Our consolidated liquidity position as of May 4, 2018 was \$156.6 million. The change in our liquidity position from March 31, 2018 to May 4, 2018 was primarily attributable to changes in working capital.

As of March 31, 2018, we had access to the J. Aron Deferred Payment Arrangement, the ABL Credit Facility, and cash on hand of \$65.0 million. In addition, we have the Supply and Offtake Agreements with J. Aron, which are used to finance the majority of the inventory at our Hawaii refinery. Generally, the primary uses of our capital resources have been in the operations of our refining and retail segments, payments related to acquisitions, to repay or refinance indebtedness, and cash capital contributions to Laramie Energy.

We believe our cash flows from operations and available capital resources will be sufficient to meet our current capital expenditures, working capital, and debt service requirements for the next 12 months. We may seek to raise additional debt or equity capital to fund any other significant changes to our business or to refinance existing debt. We cannot offer any assurances that such capital will be available in sufficient amounts or at an acceptable cost.

We may from time to time seek to retire or repurchase our outstanding 5.00% Convertible Senior Notes or 7.75% Senior Secured Notes through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material.

Cash Flows

The following table summarizes cash activities for the three months ended March 31, 2018 and 2017 (in thousands):

	Three Months Ended March 31,	
	2018	2017
Net cash provided by operating activities	\$ 12,641	\$ 24,994
Net cash used in investing activities	(84,292)	(7,579)
Net cash provided by (used in) financing activities	18,274	(18,976)

Net cash provided by operating activities was approximately \$12.6 million for the three months ended March 31, 2018, which resulted from net income of approximately \$15.2 million, non-cash charges to operations of approximately \$9.2 million and net cash used for changes in operating assets and liabilities of approximately \$11.7 million. The change in our operating assets and liabilities for the three months ended March 31, 2018 is primarily due to the timing of advances to suppliers for crude oil purchases and an overall decrease in inventory volumes at our Hawaii refinery. Net cash provided by operating activities was approximately \$25.0 million for the three months ended March 31, 2017, which resulted from net income of approximately \$27.8 million, non-cash charges to operations of approximately \$6.8 million, and net cash used for changes in operating assets and liabilities of approximately \$9.6 million.

For the three months ended March 31, 2018, net cash used in investing activities was approximately \$84.3 million and primarily related to \$74.7 million for the Northwest Retail Acquisition and additions to property and equipment totaling approximately \$9.6 million. Net cash used in investing activities was approximately \$7.6 million for the three months ended March 31, 2017 and related to additions to property and equipment.

Net cash provided by financing activities for the three months ended March 31, 2018 was approximately \$18.3 million which consisted primarily of net borrowings of approximately \$21.5 million associated with the J. Aron deferred payment. Net cash used in financing activities for the three months ended March 31, 2017 was approximately \$19.0 million and consisted primarily of net repayments from borrowings of approximately \$18.8 million.

Capital Expenditures

Our capital expenditures for the three months ended March 31, 2018 totaled approximately \$9.6 million and were primarily related to the first phase of our hydrotreater construction at our Hawaii refinery, other refinery equipment, and scheduled maintenance. Our capital expenditure budget for 2018 ranges from \$50 million to \$55 million and primarily relates to annual maintenance costs and growth projects at our refining and retail segments, including the first phase of our hydrotreater construction to increase ultra-low sulfur distillate production capacity at our Hawaii refinery and expansion projects at our Wyoming refinery.

We also continue to seek strategic investments in business opportunities, but the amount and timing of those investments are not predictable.

Commitments and Contingencies

Supply and Offtake Agreements. On June 1, 2015, we entered into the Supply and Offtake Agreements with J. Aron to support the operations of our Hawaii refinery. On May 8, 2017, we and J. Aron amended the Supply and Offtake Agreements and extended the term through May 31, 2021 with a one -year extension option upon mutual agreement of the parties. The Supply and Offtake Agreements were amended and restated on December 21, 2017 in connection with the issuance of the 7.75% Senior Secured Notes and the entry into the ABL Credit Facility . Please read Note 8—Inventory Financing Agreements for more information.

Consent Decree. On July 18, 2016, PHR and subsidiaries of Tesoro entered into a consent decree with the EPA, the DOJ, and other state governmental authorities concerning alleged violations of the federal CAA related to the ownership and operation of multiple facilities owned or formerly owned by Tesoro and its affiliates (“Consent Decree”), including our Hawaii refinery. As a result of the Consent Decree, PHR expanded its previously-announced 2016 Hawaii refinery turnaround to undertake additional capital improvements to reduce emissions of air pollutants, to provide for certain nitrogen oxide and sulfur dioxide emission controls and monitoring and to install certain leak detection and repair equipment required by the Consent Decree. Although the turnaround was completed during the third quarter of 2016, work related to the Consent Decree is ongoing.

Tesoro is responsible under the Environmental Agreement for directly paying, or reimbursing PHR, for all reasonable third-party capital expenditures incurred pursuant to the Consent Decree to the extent related to acts or omissions prior to the date of the closing of the PHR acquisition. Tesoro is obligated to pay all applicable fines and penalties related to the Consent Decree. Please read Note 12—Commitments and Contingencies for more information.

Wyoming refinery. Our Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the EPA and/or the Wyoming Department of Environmental Quality, some of which date back to the late 1970s and several of which remain in effect, requiring further actions at the Wyoming refinery. Please read Note 12—Commitments and Contingencies for more information.

Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (“PSLRA”) or in releases made by the SEC, all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors including, without limitation, our beliefs with regard to available capital resources, our beliefs regarding the likelihood or impact of any potential fines or penalties and of the fair value of certain assets and our expectations with respect to laws and regulations, including environmental regulations and related compliance costs and any fines or penalties related thereto, including potential fines and penalties related to Wyoming Refining; our expectations regarding the sufficiency of our cash flows and liquidity; our expectations regarding anticipated capital improvements and the timing and cost of work that remains to be completed related to the Consent Decree; our expectations regarding the impact of the adoption of certain accounting standards; our beliefs as to the impact of changes to inputs regarding the valuation of our stock warrants, as well as our estimates regarding the fair value of such warrants and certain indebtedness; the anticipated results of the Mid Pac earn-out and indemnity dispute; estimated costs to settle claims from the Delta bankruptcy; the estimated value of, and our ability to settle, legal claims remaining to be settled against third parties; our expectations regarding certain tax liabilities and debt obligations; our expectations and estimates regarding our Supply and Offtake Agreements; management’s assumptions about future events; our ability to raise additional debt or equity capital; our ability to make strategic investments in business opportunities; and the estimates, assumptions and projections regarding future financial condition, results of operations, liquidity, and cash flows. These and other forward-looking statements could cause the actual results, performance or achievements of Par and its subsidiaries to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “will,” “would,” “could,” “should,” “seeks,” or “scheduled to,” or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control, including those set out in our most recent Annual Report on Form 10-K and this Quarterly Report on Form 10-Q under “Risk Factors.”

In addition, management’s assumptions about future events may prove to be inaccurate. All readers are cautioned that the forward-looking statements contained in this Quarterly Report on Form 10-Q are not guarantees of future performance; and we cannot assure any reader that such statements will be realized or that the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors described above and under Critical Accounting Policies and Risk Factors included in our most recent Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q. All forward-looking statements speak only as of the date they are made. We do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

Our earnings, cash flow, and liquidity are significantly affected by commodity price volatility. Our Revenues fluctuate with refined product prices and our Cost of revenues (excluding depreciation) fluctuates with movements in crude oil and feedstock prices. Assuming all other factors remain constant, a \$1 per barrel change in average gross refining margins, based on our throughput for the three months ended March 31, 2018 of 93 thousand barrels per day, would change annualized operating income by approximately \$33.4 million. This analysis may differ from actual results.

In order to manage commodity price risks, we utilize exchange-traded futures, options, and OTC swaps to manage commodity price risks associated with:

- the price for which we sell our refined products;
- the price we pay for crude oil and other feedstocks;
- our crude oil and refined products inventory; and
- our fuel requirements for our Hawaii refinery.

Our Supply and Offtake Agreements with J. Aron require us to hedge our exposure based on the time spread between the crude oil cargo pricing period and the expected delivery month. We manage this exposure by entering into swaps with J. Aron. Please read Note 8—Inventory Financing Agreements for more information.

All of our futures and OTC swaps are executed to economically hedge our physical commodity purchases, sales, and inventory. Our open futures and OTC swaps expire at various dates through December 30, 2018. At March 31, 2018, these open commodity derivative contracts represent:

- OTC swap purchases of 210 thousand barrels that economically hedge our crude oil and refined products month-end target inventory under our Supply and Offtake Agreements;
- futures and OTC swap contracts of 30 thousand barrels that economically hedge our purchases of ethanol;
- futures purchases contracts of 305 thousand barrels that economically hedge our sales of refined products; and
- option collars of 60 thousand barrels per month and OTC swaps of 15 thousand barrels per month, both through December 2018, that economically hedge our internally consumed fuel.

Based on our net open positions at March 31, 2018, a \$1 change in the price of crude oil, assuming all other factors remain constant, would result in a change of approximately \$0.5 million to the fair value of these derivative instruments and Cost of revenues (excluding depreciation).

Our predominant variable operating cost is the cost of fuel consumed in the refining process, which is included in Cost of revenues (excluding depreciation) on our condensed consolidated statements of operations. Assuming normal operating conditions, we consume approximately 76 thousand barrels per day of crude oil during the refining process at our Hawaii refinery. We internally consume approximately 3% of this throughput in the refining process, which is accounted for as a fuel cost. We have economically hedged our internally consumed fuel cost at our Hawaii refinery by purchasing option collars and swaps. These option collars have a weighted-average strike price ranging from a floor of \$37.49 per barrel to a ceiling of \$68.33 per barrel. The OTC swaps have a weighted-average price of \$34.84. We do not economically hedge our internally consumed fuel cost at our Wyoming refinery.

Compliance Program Price Risk

We are exposed to market risks related to the volatility in the price of RINs required to comply with the Renewable Fuel Standard. Our overall RINs obligation is based on a percentage of our domestic shipments of on-road fuels as established by the EPA. To the degree we are unable to blend the required amount of biofuels to satisfy our RINs obligation, we must purchase RINs on the open market. To mitigate the impact of this risk on our results of operations and cash flows, we may purchase RINs when the price of these instruments is deemed favorable. Some of these contracts are derivative instruments, however, we elect the normal purchases normal sales exception and do not record these contracts at their fair values.

Interest Rate Risk

As of March 31, 2018, we had no outstanding debt that was subject to floating interest rates. We had interest rate exposure in connection with our liability under the J. Aron Supply and Offtake Agreements for which we pay a charge based on three-month LIBOR. An increase of 1% in the variable rate on our indebtedness, after considering the instruments subject to minimum interest rates, would result in an increase to our Cost of revenues (excluding depreciation) and Interest expense and financing costs, net, of approximately \$1.4 million and \$0.3 million per year, respectively.

We utilize interest rate swaps to manage our interest rate risk. As of March 31, 2018, we had locked in an average fixed rate of 0.97% in exchange for a floating interest rate indexed to the three-month LIBOR on an aggregate notional amount of \$100 million. The interest rate swap matures in February 2019. In February 2018, we terminated a separate \$100 million floating interest rate swap originally maturing in March 2021, which resulted in a realized gain of \$3.7 million.

Credit Risk

We are subject to risk of losses resulting from nonpayment or nonperformance by our counterparties. We will continue to closely monitor the creditworthiness of customers to whom we grant credit and establish credit limits in accordance with our credit policy.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Quarterly Report on Form 10-Q, as of March 31, 2018, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2018, these disclosure controls and procedures were effective and designed to ensure that the information required to be disclosed in our reports filed with the SEC is recorded, processed, summarized, and reported on a timely basis and accumulated and reported to management as appropriate to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

There were no changes during the quarter ended March 31, 2018 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of our business. Please read Note 12—Commitments and Contingencies to our condensed consolidated financial statements for more information.

Item 1A. RISK FACTORS

We are subject to certain risks. For a discussion of these risks, see “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K.

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

Dividends

We have not paid dividends on our common stock and we do not expect to do so in the foreseeable future. In addition, under the ABL Credit Facility and the indenture governing the 7.75% Senior Secured Notes, our subsidiaries are restricted from paying dividends or making other equity distributions, subject to certain exceptions.

Stock Repurchases

The following table sets forth certain information with respect to repurchases of our common stock during the quarter ended March 31, 2018 :

Period	Total number of shares (or units) purchased (1)	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
January 1 - January 31, 2018	1,989	\$ 18.83	—	—
February 1 - February 28, 2018	22,388	17.24	—	—
March 1 - March 31, 2018	4,644	18.11	—	—
Total	29,021	\$ 17.49	—	—

(1) All shares repurchased were surrendered by employees to pay taxes withheld upon the vesting of restricted stock awards.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURE

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

- 2.1 [Third Amended Joint Chapter 11 Plan of Reorganization of Delta Petroleum Corporation and Its Debtor Affiliates dated August 16, 2012. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on September 7, 2012. @](#)
- 2.2 [Contribution Agreement, dated as of June 4, 2012, among Piceance Energy, LLC, Laramie Energy, LLC and the Company. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 8, 2012. @](#)
- 2.3 [Purchase and Sale Agreement dated as of December 31, 2012, by and among the Company, SEACOR Energy Holdings Inc., SEACOR Holdings Inc., and Gateway Terminals LLC. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 3, 2013. @](#)
- 2.4 [Membership Interest Purchase Agreement dated as of June 17, 2013, by and among Tesoro Corporation, Tesoro Hawaii, LLC and Hawaii Pacific Energy, LLC Incorporated by reference to Exhibit 2.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, filed on August 14, 2013. @](#)
- 2.5 [Agreement and Plan of Merger dated as of June 2, 2014, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc., and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 2.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed on August 11, 2014. @](#)
- 2.6 [Amendment of Agreement and Plan of Merger dated as of September 9, 2014, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc. and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 10, 2014. @](#)
- 2.7 [Second Amendment of Agreement and Plan of Merger dated as of December 31, 2014, by and among Par Petroleum Corporation, Bogey, Inc., Koko'oha Investments, Inc. and Bill D. Mills, in his capacity as the Shareholder's Representative. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 7, 2015. @](#)
- 2.8 [Third Amendment to Agreement and Plan of Merger dated as of March 31, 2015, by and among the Company, Bogey, Inc., Koko'oha Investments, Inc. and Bill D. Mills, in his capacity as the Shareholders' Representative. Incorporated by reference to Exhibit 2.4 to the Company's Current Report on Form 8-K filed on April 2, 2015. @](#)
- 2.9 [Unit Purchase Agreement, dated as of June 13, 2016, between Par Wyoming, LLC and Black Elk Refining, LLC. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 15, 2016. @](#)
- 2.10 [First Amendment to Unit Purchase Agreement dated as of July 14, 2016, between Par Wyoming, LLC and Black Elk Refining, LLC. Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on July 15, 2016. @](#)
- 3.1 [Restated Certificate of Incorporation of the Company dated October 20, 2015. Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 20, 2015.](#)
- 3.2 [Second Amended and Restated Bylaws of the Company dated October 20, 2015. Incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed on October 20, 2015.](#)
- 4.1 [Form of the Company's Common Stock Certificate. Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on March 31, 2014.](#)
- 4.2 [Stockholders Agreement dated April 10, 2015. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 13, 2015.](#)
- 4.3 [Registration Rights Agreement effective as of August 31, 2012, by and among the Company, Zell Credit Opportunities Master Fund, L.P., Waterstone Capital Management, L.P., Pandora Select Partners, LP, Jam Mini-Fund 14 Limited, Whitebox Multi-Strategy Partners, LP, Whitebox Credit Arbitrage Partners, LP, HFR RVA Combined Master Trust, Whitebox Concentrated Convertible Arbitrage Partners, LP and Whitebox Asymmetric Partners, LP. Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on September 7, 2012.](#)
- 4.4 [Registration Rights Agreement dated as of September 25, 2013, by and among the Company and the Purchasers party thereto. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 27, 2013.](#)

- 4.5 [Warrant Issuance Agreement dated as of August 31, 2012, by and among the Company and WB Delta, Ltd., Waterstone Offshore ER Fund, Ltd., Prime Capital Master SPC, Waterstone Market Neutral MAC51, Ltd., Waterstone Market Neutral Master Fund, Ltd., Waterstone MF Fund, Ltd., Nomura Waterstone Market Neutral Fund, ZCOF Par Petroleum Holdings, L.L.C. and Highbridge International, LLC. Incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 7, 2012.](#)
- 4.6 [Form of Common Stock Purchase Warrant dated as of June 4, 2012. Incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 7, 2012.](#)
- 4.7 [Indenture, dated June 21, 2016, between Par Pacific Holdings, Inc. and Wilmington Trust, National Association, as Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 22, 2016.](#)
- 4.8 [Registration Rights Agreement, dated June 21, 2016, between Par Pacific Holdings, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Initial Purchasers. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 22, 2016.](#)
- 4.9 [Registration Rights Agreement dated as of July 14, 2016, by and among Par Pacific Holdings, Inc. and the purchasers party thereto. Incorporated by Reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 15, 2016.](#)
- 4.10 [First Amendment to Registration Rights Agreement dated as of September 27, 2016, by and among the Company and the purchasers party thereof. Incorporated by reference to Exhibit 4.14 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.11 [Second Amendment to Registration Rights Agreement dated as of September 30, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.15 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.12 [Third Amendment to Registration Rights Agreement dated as of October 7, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.16 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.13 [Fourth Amendment to Registration Rights Agreement dated as of October 14, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.17 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.14 [Fifth Amendment to Registration Rights Agreement dated as of October 21, 2016, by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.18 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.15 [Sixth Amendment to Registration Rights Agreement dated as of October 28, 2016 by and among the Company and the holders party thereto. Incorporated by reference to Exhibit 4.19 to the Company's Quarterly Report on Form 10-Q filed on November 4, 2016.](#)
- 4.16 [Second Amended and Restated Par Pacific Holdings, Inc. 2012 Long Term Incentive Plan. Incorporated by reference to Appendix A to the Company's Proxy Statement on Schedule 14A filed on March 28, 2018.](#)
- 4.17 [Par Pacific Holdings, Inc. 2018 Employee Stock Purchase Plan. Incorporated by reference to Appendix B to the Company's Proxy Statement on Schedule 14A filed on March 28, 2018.](#)
- 10.1 [First Amendment to Loan and Security Agreement dated as of April 3, 2018 by and among Par Petroleum, LLC, Par Hawaii, Inc., Mid Pac Petroleum, LLC, HIE Retail, LLC, Hermes Consolidated, LLC, and Wyoming Pipeline Company LLC and Bank of America, N.A. *](#)
- 10.2 [Asset Purchase Agreement dated as of January 9, 2018 by and among CHS Inc., Par Hawaii, Inc., and Par Pacific Holdings, Inc. * #](#)
- 10.3 [First Amendment to Asset Purchase Agreement dated as of March 23, 2018 by and among CHS Inc., Par Hawaii, Inc., and Par Pacific Holdings, Inc. * #](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *](#)
- 32.1 [Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.*](#)
- 32.2 [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350. *](#)
- 101.INS XBRL Instance Document.**
- 101.SCH XBRL Taxonomy Extension Schema Documents.**

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.**
101.LAB XBRL Taxonomy Extension Label Linkbase Document.**
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.**
101.DEF XBRL Taxonomy Extension Definition Linkbase Document.**

* Filed herewith.

** These interactive data files are furnished and deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

@ Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish supplementally a copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

Confidential treatment has been requested for portions of this exhibit. Omissions are designated with brackets containing asterisks. As part of our confidential treatment request, a complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

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.

PAR PACIFIC HOLDINGS, INC.
(Registrant)

By: /s/ William Pate
William Pate
President and Chief Executive Officer

By: /s/ William Monteleone
William Monteleone
Chief Financial Officer

Date: May 10, 2018

**FIRST AMENDMENT
TO
LOAN AND SECURITY AGREEMENT**

among

**PAR PETROLEUM, LLC
PAR HAWAII, INC.,
MID PAC PETROLEUM, LLC,
HIE RETAIL, LLC,
HERMES CONSOLIDATED, LLC, and
WYOMING PIPELINE COMPANY LLC
as Borrowers,**

**Certain Subsidiaries of the Borrowers,
as Guarantors,**

**BANK OF AMERICA, N.A.,
as Administrative Agent**

and

the Lenders Party Hereto

Dated as of April 3, 2018

THIS FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT (this “*First Amendment*”), dated as of April 3, 2018, is by and among PAR PETROLEUM, LLC, a Delaware limited liability company (the “*Company*”), PAR HAWAII, INC., a Hawaii corporation (“*PHI*”), MID PAC PETROLEUM, LLC, a Delaware limited liability company (“*Mid Pac*”), HIE RETAIL, LLC, a Hawaii limited liability company (“*HIE*”), HERMES CONSOLIDATED, LLC (d/b/a Wyoming Refining Company), a Delaware limited liability company (“*Hermes*”), and WYOMING PIPELINE COMPANY LLC, a Wyoming limited liability company (“*WPC*” and collectively, with the Company, PHI, Mid Pac, HIE, and Hermes, “*Borrowers*”), the Guarantors party hereto, the Lenders party hereto and BANK OF AMERICA, N.A., a national banking association, as administrative agent and collateral agent for the Lenders (in such capacity, “*Agent*”).

RECITALS:

A. The Borrowers, the Guarantors, the Lenders and the Agent are parties to that certain Loan and Security Agreement dated as of December 21, 2017 (as amended, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the “*Existing Agreement*”; the Existing Credit Agreement as amended hereby and as may be amended, amended and restated, supplemented or otherwise modified from time to time, the “*Credit Agreement*”), pursuant to which the Lenders have made certain credit available to and on behalf of the Borrowers.

B. The Borrowers, the Guarantors, the Lenders and the Agent desire to amend certain provisions of the Existing Credit Agreement.

C. NOW, THEREFORE, to induce the Agent and the Lenders to enter into this First Amendment and in consideration of the promises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term used herein but not otherwise defined herein has the meaning given such term in the Credit Agreement, as amended by this First Amendment (unless otherwise indicated). Unless otherwise indicated, all section references in this First Amendment refer to sections of the Credit Agreement.

Section 2. Amendments to Credit Agreement.

2.1 Amendment to Section 1.1. Section 1.1 is hereby amended by amending clause (b)(vi) of the definition of “Borrowing Base” to read:

(vi) the lesser of (A) 80% of Eligible Refinery Hydrocarbon Inventory at the Borrowers’ and the Restricted Subsidiaries’ service stations and cardlocks (provided that tank heels or tank bottoms (excluding sludge, water and asphalt) will be eligible up to 50% (before application of the advance rate)) and (B) an amount equal to 10% of the Borrowing Base; plus

2.2 Amendment to Section 1.1. Section 1.1 is hereby amended by amending clause (b)(vii) of the definition of “Borrowing Base” to read:

(vii) the least of (A) 65% of Eligible Lubricants Inventory (other than Inventory consisting of tank heels or tank bottoms), (B) 85% of the NOLV Percentage of such Eligible Lubricants Inventory and (C) an amount equal to 10% of the Borrowing Base; plus

2.3 Amendment to Section 1.1. Section 1.1 is hereby amended by amending clause (b)(xi) of the definition of “Borrowing Base” to read:

(xi) the least of (A) 50% of Eligible Merchandise Inventory, (B) 85% of the NOLV Percentage of such Eligible Merchandise Inventory, and (C) an amount equal to 10% of the Borrowing Base; plus

2.4 Amendment to Section 10.1.1. Section 10.1.1 is hereby amended by amending the last sentence of clause (b) to read:

No Borrowing Base calculation shall include Collateral acquired in a Permitted Acquisition or otherwise outside the Ordinary Course of Business (i) until completion of applicable field examinations and appraisals (which shall not be included in the limits of provided above) satisfactory to Administrative Agent or (ii) as agreed to by the Administrative Agent in its sole discretion.

Section 3. Conditions Precedent. This First Amendment shall become effective on the date (such date, the “First Amendment Effective Date”), when each of the following conditions is satisfied (or waived in accordance with Section 15.1 of the Credit Agreement):

3.1 The Agent shall have received from the Lenders, the Borrowers and the Guarantors, counterparts (in such number as may be requested by the Agent) of this First Amendment signed on behalf of such Person.

The Agent is hereby authorized and directed to declare this First Amendment to be effective when it has received documents confirming or certifying, to the satisfaction of the Agent, compliance with the conditions set forth in this Section 3 or the waiver of such conditions as permitted in Section 15.1 of the Credit Agreement. Such declaration shall be final, conclusive and binding upon all parties to the Credit Agreement for all purposes.

Section 4. Miscellaneous.

4.1 Confirmation. The provisions of the Credit Agreement, as amended by this First Amendment, shall remain in full force and effect following the effectiveness of this First Amendment. On and after the First Amendment Effective Date, this First Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents. On and after the First Amendment Effective Date, the terms “Agreement”, “this Agreement”, “herein”, “hereinafter”, “hereto”, “hereof” and words of similar import, as used in the Credit Agreement, shall, unless the context otherwise requires, mean the Credit Agreement, as amended by this First Amendment. Each reference to the Credit Agreement in the other Loan Documents shall mean the Credit Agreement, as amended by this First Amendment.

4.2 Ratification and Affirmation; Representations and Warranties. Each Borrower and each Guarantor hereby (a) ratifies and affirms its obligations under, and acknowledges its continued liability under, each Loan Document to which it is a party and agrees that each Loan Document to which it is a party remains in full force and effect as expressly amended hereby and (b) represents and warrants to the Lenders that as of the date hereof, after giving effect to the terms of this First Amendment:

(i) all of the representations and warranties contained in each Loan Document to which it is a party are true and correct in all material respects (except that any such representations and warranties that are qualified as to materiality shall be true and correct in all respects), except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, such representations and warranties shall continue to be true and correct in all material respects (except that any such representations and warranties that are qualified as to materiality shall be true and correct in all respects) as of such specified earlier date;

(ii) no Default or Event of Default has occurred and is continuing; and

(iii) no development, event or circumstance has occurred which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

4.3 Counterparts. This First Amendment may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission or in portable document format (.pdf) shall be effective as delivery of a manually executed counterpart hereof.

4.4 Payment of Expenses. The Borrowers agree to pay or reimburse the Agent for its out-of-pocket expenses and expenses incurred in connection with this First Amendment, any other documents prepared herewith and the transactions contemplated hereby, in each case, in accordance with Section 3.4 of the Credit Agreement.

4.5 NO ORAL AGREEMENT. THIS FIRST AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HERewith AND THEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES.

4.6 GOVERNING LAW. THIS FIRST AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[*Signature Page to Follow*]

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

BORROWERS :

PAR PETROLEUM, LLC

Name: William Monteleone
Title: Chief Financial Officer

MID PAC PETROLEUM, LLC

Name: William Monteleone
Title: Vice President

HERMES CONSOLIDATED, LLC

Name: William Monteleone
Title: Chief Financial Officer

WYOMING PIPELINE COMPANY LLC

Name: William Monteleone
Title: Chief Financial Officer

HIE RETAIL, LLC

Name: William Monteleone
Title: Chief Financial Officer

PAR HAWAII, LLC

Name: William Monteleone
Title: Chief Financial Officer

[Signature Page to First Amendment]

GUARANTORS :

PAR HAWAII REFINING, LLC

Name: William Monteleone —
Title: Chief Financial Officer

PAR HAWAII SHARED SERVICES, LLC

Name: William Monteleone —
Title: Vice President

PAR WYOMING HOLDINGS, LLC

Name: William Monteleone —
Title: Chief Financial Officer

PAR WYOMING, LLC

Name: William Monteleone —
Title: Vice President

PAR PETROLEUM FINANCE CORP.

Name: William Monteleone —
Title: Chief Financial Officer

[Signature Page to First Amendment]

AGENT AND LENDERS :

BANK OF AMERICA, N.A. ,
as Administrative Agent, Issuing Bank
and Lender

Name:

Title:

[Signature Page to First Amendment]

KeyBank National Association,
as a Lender

Name:
Title:

[Signature Page to First Amendment]

Deutsche Bank AG New York Branch ,
as a Lender

Name:
Title:

[Signature Page to First Amendment]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

ASSET PURCHASE AGREEMENT

by and among

**CHS INC.
as Seller,**

**PAR HAWAII, INC.,
as Buyer**

and

Solely for purposes of Section 4.10,

**PAR PACIFIC HOLDINGS, INC.,
as Buyer Parent**

Dated as of

January 9, 2018

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

TABLE OF CONTENTS

	Page
1. ASSETS AND ASSUMED LIABILITIES	1
1.1 Sale of Assets	1
1.2 Excluded Assets	2
1.3 Excluded Liabilities; Assumed Liabilities	3
1.4 Deposit	4
1.5 Purchase Price	4
1.6 Allocation	5
1.7 Agreed Location Value	6
1.8 Purchase Price Adjustments	6
1.9 Physical Count Inventory Procedures	7
1.10 Closing Date	9
1.11 Withholding	9
2. REPRESENTATIONS AND WARRANTIES	10
2.1 Representations and Warranties of Seller	10
2.2 Representations and Warranties of Buyer	20
3. COVENANTS PRIOR TO CLOSING	22
3.1 Access to Information; Confidentiality	22
3.2 Conduct of Business Pending the Closing	23
3.3 Further Actions; Consents	24
3.4 Certain Filings; Permits	25
3.5 Exclusivity	25
3.6 Environmental Insurance	26
3.7 Title	26
3.8 No Physical Inspections	27
3.9 No License to Intellectual Property	27
3.10 Notice of Developments	27
3.11 Termination of Contracts	27
3.12 Monthly Financial Statements	27
4. ADDITIONAL COVENANTS	27
4.1 Tax Matters and Proration of Expenses	27
4.2 Employee Matters	29
4.3 Post-Closing Access to Information	30
4.4 Insurance and Casualty	31
4.5 Condemnation	31
4.6 Further Assurances	31
4.7 Contact with Business Relations	31
4.8 Assignment of Assets	32
4.9 Rejected Properties	32
4.10 Buyer Parent Guaranty	33

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

TABLE OF CONTENTS
(continued)

	Page
4.11 Confidentiality	34
4.12 Financial Statement Assistance	34
4.13 Cash Drawer; ATM	35
4.14 [***]	35
4.15 Data Room Documentation	35
4.16 Transition Matters	35
5. CONDITIONS TO THE CLOSING	36
5.1 Conditions of Buyer's Obligations	36
5.2 Conditions of Seller's Obligation	38
6. INDEMNIFICATION	39
6.1 Survival of Representations and Warranties and Covenants	39
6.2 Indemnification Obligations	40
6.3 Limitations	40
6.4 Procedures Relating to Indemnification Between Buyer and Seller	41
6.5 Procedures Relating to Indemnification for Third-Party Claims	41
6.6 Insurance	43
6.7 Effect of Investigation	43
6.8 Duty to Mitigate	43
6.9 Exclusive Remedy	44
6.10 No Double Recovery	44
6.11 Manner of Payment	44
6.12 Tax Treatment of Indemnity Payments	44
7. TERMINATION	44
7.1 General	44
7.2 Effect of Termination	45
7.3 Fees and Expenses	45
8. MISCELLANEOUS	46
8.1 Publicity	46
8.2 Assignment	46
8.3 Parties in Interest	46
8.4 Amendment	47
8.5 Waiver	47
8.6 Notices	47
8.7 Expenses	48
8.8 Section Headings; Table of Contents	48
8.9 Severability	48
8.10 No Strict Construction	48
8.11 Governing Law; Jurisdiction; Venue; Waiver of Jury Trial	48
8.12 Entire Agreement	49

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

TABLE OF CONTENTS
(continued)

	Page
8.13 Time of Essence	49
8.14 Prevailing Party	50
8.15 Counterparts	50
8.16 Specific Performance	50
8.17 Schedules and Exhibits	50
9. Definitions	51

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

SCHEDULES

Schedule 1.1(d) Assumed Contracts
Schedule 1.1(e) Permits and Licenses
Schedule 1.1(f) Prepaid Assets
Schedule 1.2(b) Excluded Equipment
Schedule 1.2(c) Excluded Inventory
Schedule 1.3(b)(iv) Assumed Liabilities
Schedule 1.7 Agreed Location Value
Schedule 1.9(b)(iv)(D) Petroleum Inventory
Schedule 2.1(c) Violation
Schedule 2.1(d) Financial Information
Schedule 2.1(e) Tax Matters
Schedule 2.1(f) Litigation
Schedule 2.1(g) Compliance with Laws and Orders
Schedule 2.1(i) Environmental Matters
Schedule 2.1(j) Title to Tangible Assets
Schedule 2.1(k) Title to Owned Real Property
Schedule 2.1(l) Contracts
Schedule 2.1(m) Employee Matters
Schedule 2.1(p) Absence of Certain Events
Schedule 2.1(q) Seller's Systems
Schedule 2.1(r) Warranty; Fuel Inventory
Schedule 2.1(s) Zoning
Schedule 2.1(t) Access Sewer/Water
Schedule 2.1(v) Power of Attorney/Bonds
Schedule 3.3(b) Lease Consents
Schedule 4.14 Station Property Work
Schedule 5.1(d) Required Consents
Schedule 6.2(a)(iv) Indemnification Obligations
Schedule 9.1 Vendor List

EXHIBITS

Exhibit A-1 Owned Real Properties
Exhibit A-2 Leased Real Properties
Exhibit B Form of Bill of Sale
Exhibit C Forms of Limited Warranty Deed
Exhibit D Form of Assignment and Assumption Agreement
Exhibit E Forms of Fuel Supply Agreements
Exhibit F Form of Non-Competition and Non- Solicitation Agreement
Exhibit G Merchandise Inventory and Food Service Items Measurement and Valuation Procedures

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”) is entered into and dated effective as of January 9, 2018 (the “Effective Date”) by and among CHS Inc., a Minnesota cooperative corporation (“Seller”), Par Hawaii, Inc., a Hawaii corporation (“Buyer”), and solely for purposes of Section 4.10, Par Pacific Holdings, Inc., a Delaware corporation (“Buyer Parent”). Capitalized terms used but not defined in the context of the Sections in which such terms appear shall have the meanings ascribed to such terms in Article 9.

RECITALS

WHEREAS, Seller owns and operates various assets used in connection with (a) twenty-one (21) owned retail gasoline, convenience store facilities (together with all of Seller’s right, title and interest in and to all land, buildings, structures, easements, appurtenances, improvements (including construction in progress) and fixtures located thereon, the “Owned Real Properties”) at the various locations identified on Exhibit A-1 attached hereto and (b) twelve (12) leased retail gasoline, convenience store facilities (the “Leased Real Properties”) at the various locations identified on Exhibit A-2 attached hereto (collectively, the “Business”);

WHEREAS, Buyer Parent directly or indirectly owns all of the issued and outstanding equity interests of Buyer and will benefit, directly or indirectly, from the transactions contemplated by this Agreement; and

WHEREAS, subject to the terms and conditions hereof, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, substantially all of the properties, assets, rights and claims of the Business owned or held by Seller for the consideration specified herein (collectively, the “Transactions”).

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. ASSETS AND ASSUMED LIABILITIES

1.1 Sale of Assets. Upon the terms and subject to the conditions set forth in this Agreement, at Closing, Seller shall sell, transfer and assign to Buyer, and Buyer shall purchase, assume and receive, all of Seller’s right, title and interest in and to only the following assets of Seller, free and clear of all Liens (other than Permitted Liens), as the same may exist at Closing (collectively, the “Assets”):

- (a) All of the Personal Property;

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(b) All of Seller's right, title and interest in, to and under the Owned Real Properties;

(c) All of the Inventory owned by Seller that is present at the Station Properties as of the Cut-over Time, as more fully described in Section 1.9;

(d) All of the Contracts set forth on Schedule 1.1(d), including each of the Real Property Leases with respect to a Leased Real Property (the "Assumed Contracts");

(e) All permits and/or licenses which are held by Seller and associated with any of the Assets or the Business on the Closing Date which are assignable, if any, but only to the extent that such permits and/or licenses are assignable and set forth on Schedule 1.1(e);

(f) All advance payments, escrows, bonds, certificates of deposit and security deposits, all to the extent assignable and to the extent set forth on Schedule 1.1(f);

(g) All Books and Records;

(h) To the extent transferable, all rights of Seller under or pursuant to all warranties, representation and guarantees made by suppliers, distributors, manufacturers and contractors to the extent relating to products sold to Seller that constitute Assets, or services provided to Seller that primarily relate to any Assets, or to the extent affecting any Assets;

(i) All claims, counterclaims, causes of action, and rights of recourse of Seller against third parties to the extent relating to the Assets or Assumed Liabilities (but excluding any claims, counterclaims, causes of action, and rights of recourse that relate to any Excluded Liabilities or Excluded Assets) whether choate or inchoate, known or unknown, contingent or non-contingent; and

(j) All keys and access codes to the Station Properties.

1.2 Excluded Assets. For the avoidance of doubt and notwithstanding anything to the contrary herein, Seller shall not convey, assign, transfer or deliver to Buyer, and Buyer shall not acquire from Seller (and the Assets shall not include) any assets of Seller not included in the Assets, including the following property which shall remain the property of Seller after the Closing (collectively, the "Excluded Assets");

(a) All tangible and intangible assets of Seller that are not included in the Assets;

(b) Improvements and equipment not owned by Seller or subject to this Agreement that may be situated at the Station Properties which are all specifically set forth on Schedule 1.2(b);

(c) All of the inventory not owned by Seller that is present at the Station Properties which are specifically described on Schedule 1.2(c);

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

- (d) All of Seller's right, title and interest in goodwill and intellectual property rights that are owned by Seller, whether or not related to the Business (including, without limitation, all trademarks, tradenames and service marks of Seller);
- (e) Seller's Tax Returns and supporting documentation related thereto, corporate franchise, stock record books, record books containing minutes of meetings of directors, stockholders, managers or members and such other records as have to do exclusively with Seller's organization or stock capitalization and any other documentation of Seller to the extent it contains information of Seller not exclusively related to the Business (collectively, the "Seller's Records");
- (f) Any of Seller's rights or claims to any refunds of any Seller Taxes;
- (g) Except to the extent set forth on Schedule 1.1(f), other than cash included in Inventory, any and all cash, cash equivalents, vendor rebates, uncollected checks, cash contained in any automated teller machine, deposits, bank deposits, prepaid expenses, and accounts, certificates of deposit, governmental obligations, marketable securities, and all other securities and monies of Seller;
- (h) Any notes or accounts receivable;
- (i) All personnel records and other records that are part of the Books and Records that Seller is required by Law to retain in its possession (copies of any such records shall be provided to Buyer at the Closing, to the extent permitted by Law);
- (j) All reimbursements to which Seller is entitled under any state petroleum storage tank fund for any costs incurred with respect to the Station Properties prior to or after Closing except as otherwise provided herein;
- (k) All rights which accrue or will accrue to Seller under this Agreement or any documents executed or delivered in connection herewith; and
- (l) All insurance policies of Seller and its Affiliates, and all rights to applicable claims and proceeds thereunder.
- (m) All Benefit Plans, including without limitation, any Business Benefit Plan.

1.3 Excluded Liabilities; Assumed Liabilities.

[***]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

1.4 Deposit. Upon the execution and delivery of this Agreement and the Deposit Escrow Agreement (defined below) by the Parties, Buyer shall deliver Three Million Five Hundred Thousand Dollars (\$3,500,000.00) (the “Deposit”) by wire transfer of immediately available funds to First American Title Insurance Company, as escrow agent (the “Escrow Agent”), which shall be deposited in an account established pursuant to the terms of a mutually agreeable escrow agreement (the “Deposit Escrow Agreement”), to be entered into on the date hereof by Seller, Buyer, and the Escrow Agent. If the Closing occurs, Buyer and Seller shall notify the Escrow Agent in writing of the occurrence of the Closing and instruct the Escrow Agent to distribute the Deposit to an account designated by Seller as a credit towards the Purchase Price. If the Closing does not occur, the Deposit will be distributed pursuant to Section 7.3.

1.5 Purchase Price.

(a) Total Purchase Price. The aggregate consideration for the sale, assignment, transfer, conveyance and delivery by Seller of the Assets to Buyer at the Closing shall be (i) an aggregate purchase price (collectively, the “Purchase Price”), which shall be adjusted in accordance with Section 1.8, equal to the sum of, (A) Seventy Million Dollars (\$70,000,000.00) (the “Base Price”); plus (B) the Estimated Inventory Value; plus or minus (C) the prorated amounts as calculated pursuant to Sections 4.1(c), 4.1(d) and 4.1(e); and minus (D) the Agreed Location Value of any Rejected Properties (collectively, the “Closing Cash Payment”) and (ii) the assumption of the Assumed Liabilities, in each case without duplication.

(b) Estimated Purchase Price. No later than five (5) Business Days prior to the Closing Date, Seller will deliver in writing to Buyer the Estimated Inventory Value Statement setting forth in reasonable detail Seller’s reasonable and good faith estimate of the Inventory Value (the “Estimated Inventory Value”), each of the components of the Closing Cash Payment and any documentation reasonably requested by Buyer to verify each of the components of the Estimated Inventory Value and the Closing Cash Payment, and shall reasonably respond to questions and comments from Buyer prior to the Closing Date. The amounts set forth in the Estimated Inventory Value Statement will be used to calculate the Closing Cash Payment to be paid by Buyer to Seller at the Closing, which will be subject to adjustment after the Closing as set forth in Section 1.8. At the Closing, Buyer shall pay Seller the Closing Cash Payment, minus the Deposit, and minus the amount, if any, to be deposited in the Lease Consent Escrow, in U.S. Dollars via wire transfer of immediately available funds to one or more accounts specified in writing by Seller.

1.6 Allocation.

(a) Seller and Buyer shall allocate the Purchase Price (and any Assumed Liabilities or other items required to be treated as purchase price for U.S. federal income tax purposes) among the Assets in accordance with Section 1060 of the Code, the Treasury Regulations thereunder, and the Purchase Price Allocation Schedule. Seller and Buyer also shall allocate and report any adjustments to the Purchase Price in accordance with Treasury Regulations Section 1.1060-1(e), and any allocations made as a result of such adjustments shall become part of the allocation pursuant to this Section 1.6. Seller and Buyer further acknowledge and agree that they will file all Tax Returns and related forms (including IRS Form 8594) in accordance with this Section 1.6, and will not make any inconsistent statement or take any inconsistent position on any tax return, in any refund claim or during the course of any IRS or other Tax proceeding, except as otherwise required pursuant to a “determination” within the meaning of Code Section 1313(a). Each Party will notify the other if it receives notice that the IRS proposes any allocation that is different from the allocation contemplated in this Section 1.6; provided, however, that the Parties acknowledge and agree that (a) Buyer’s cost for the Assets may differ from the total amount allocated under this Section 1.6 to reflect the inclusion in the total cost of items (for example, capitalized acquisition costs) not included in the amount so allocated, (b) the amount realized by Seller may differ from the total amount allocated under this Section 1.6 to reflect transaction costs that reduce the amount realized for U.S. federal income tax purposes, and (c) neither Seller nor any of its

Affiliates nor Buyer nor any of its Affiliates will be obligated to litigate any challenge to such allocation of the Purchase Price by any Taxing Authority.

(b) Buyer shall, within thirty (30) days after the Closing Date, prepare and deliver to Seller a proposed schedule (the “Purchase Price Allocation Schedule”) allocating the Purchase Price (and any Assumed Liabilities or other items required to be treated as purchase price for U.S. federal income tax purposes) among the Assets in accordance with Section 1060 of the Code and the Treasury Regulations thereunder. Seller shall notify Buyer of any disagreement regarding such proposal within thirty (30) days after receiving such proposal from Buyer. If Seller does not notify Buyer of any disagreement within such time period, the Purchase Price Allocation Schedule as proposed by Buyer shall be final, conclusive, and binding hereunder. If Seller timely notifies Buyer of any disagreement, Seller and Buyer shall promptly use their respective commercially reasonable efforts to resolve such disagreement within thirty (30) days from the date of Buyer’s receipt of Seller’s notice of disagreement, or by such later date as agreed to by the Parties. In the event that Seller and Buyer are unable to agree on a complete Purchase Price Allocation Schedule within such time period, either Party may engage the Independent Auditors to resolve the disagreement in accordance with the procedures contemplated in Section 1.8, *mutatis mutandis*. The complete Purchase Price Allocation Schedule as finally determined under this Section 1.6(b), including pursuant to agreement of the Parties, acceptance by Seller, and/or final determination by the Independent Auditors, shall be final and binding on the Parties for all purposes under this Section 1.6

1.7 Agreed Location Value. In addition to, and independent of, the allocation schedule described in Section 1.6, upon execution of the Agreement, Buyer has assigned a portion of the Base Price as the value (the “Agreed Location Value”) of each of the Station Properties on Schedule 1.7 attached hereto. The Agreed Location Values have been assigned for the sole purpose of (a) making any necessary adjustments to the Base Price and the Closing Cash Payment, as further specifically described in this Agreement, and (b) calculating the closing expenses, as applicable.

1.8 Purchase Price Adjustments.

(a) No later than the thirtieth (30) day after the Closing Date (or such later date as mutually agreed by Seller and Buyer), Seller shall deliver in writing (i) the final calculations of the Inventory Value (the “Final Inventory Value”), including the Inventory Firm’s calculation of the Physical Inventory, in accordance with the valuation procedures and other terms of Section 1.9, (ii) a worksheet showing Seller’s calculation of each of the components of Inventory Value and (iii) any documentation reasonably requested by Buyer to verify such calculations.

(b) Within thirty (30) days following Seller’s delivery of the Final Inventory Value to Buyer, Buyer will give Seller a written notice stating either (i) Buyer’s acceptance, without objection, of the Final Inventory Value (an “Acceptance Notice”) or (ii) Buyer’s objections to the Final Inventory Value (an “Objection Notice”). If Buyer gives Seller an Acceptance Notice or does not give Seller an Objection Notice within such 30-day period, then the Final Inventory Value will be conclusive and binding upon the Parties. If Buyer delivers an Objection Notice and the Parties are not able to resolve all issues in such Objection Notice with thirty (30) days after Seller receives the Objection Notice, Buyer and Seller will retain a nationally recognized independent auditing

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

firm (the “ Independent Auditors ”) mutually acceptable to both Parties to make the final determination of the Inventory Value. The Independent Auditors’ determination of the Inventory Value will be based on the terms of this Agreement (including all definitions contained herein). Assuming compliance with the immediately preceding sentence, the determination of the Inventory Value by the Independent Auditors will be conclusive and binding upon the Parties. The fees, costs and expenses of the Independent Auditors will be allocated to Buyer and Seller based upon the percentage that the portion of the contested amount not awarded bears to the amount actually contested, as determined by the Independent Auditors. By way of illustration, if Buyer claims that the Final Inventory Value is \$1,000,000, Seller claims that the Final Inventory Value is \$1,500,000, and the Independent Auditors determines that the Final Inventory Value is \$1,200,000, then the costs and expenses of the Independent Auditors will be allocated 60% (i.e., $300,000 \div 500,000$) to Seller and 40% (i.e., $200,000 \div 500,000$) to Buyer.

(c) After the final determination of the Inventory Value pursuant this Section 1.8 and pursuant to the terms of Section 1.9, the Purchase Price shall be recalculated based thereon with the Final Inventory Value being used in place of the Estimated Inventory Value. The term “ Final Purchase Price ” means the result of such recalculation of the Purchase Price. If the Final Purchase Price is greater than the Closing Cash Payment, then Buyer shall pay on a dollar-for-dollar basis such additional amount to Seller in accordance with Section 1.5 no later than three (3) Business Days after determination of the Final Purchase Price. If the Final Purchase Price is less than the Closing Cash Payment, then Seller shall pay on a dollar-for-dollar basis such additional amount to an account designated in writing by Buyer no later than three (3) Business Days after determination of the Final Purchase Price. Any payments made pursuant to this Section 1.8 shall be treated as an adjustment to the Purchase Price for Tax purposes, unless otherwise required under applicable Law.

1.9 Physical Count Inventory Procedures. Not more than five (5) days before the Closing, unless otherwise agreed in writing by Seller and Buyer, a physical count of the Inventory at each Station Property (the “ Physical Inventory ”) shall be taken by Retail Inventory Services Ltd. or, if such entity is not able or willing to serve in this role, an independent inventory company as identified by Seller and reasonably acceptable to Buyer (the “ Inventory Firm ”); provided however that the Petroleum Inventory shall be taken as close as possible to the Cut-over Time. The fee charged by the Inventory Firm will be borne equally by Seller and Buyer. Unless otherwise agreed in writing by Seller and Buyer, the procedures for conducting the Inventory count and valuing the Inventory are set forth in this Section 1.9.

(a) Cut-over Time. Transfer of Inventory and operations at each Station Property and transfer of ownership of any Assets in connection therewith will be effective as of the commencement of business on the day of the Closing or, if the Station Property operates on a 24-hour basis, as of its normal shift beginning as close as practicable to 5:00 a.m. local time on the day of the Closing (the “ Cut-over Time ”). All deliveries of Inventory to, and all sales of Inventory at, the Station Property before the Cut-over Time shall be for the benefit of and chargeable to the account of Seller and after the Cut-over Time shall be for the benefit of and chargeable to the account of Buyer. To the extent that the count of the Physical Inventory at the Station Property occurs before the Cut-over Time, the amount of Merchandise Inventory, Supplies Inventory and Petroleum Inventory determined for the Station Property shall be adjusted to reflect any deliveries and sales

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

between the time of the actual count or measurement of Merchandise Inventory, Supplies Inventory and Petroleum Inventory and the Cut-over Time.

(b) Physical Inventory Procedures. For the purposes of determining the Inventory Value, the results of the Physical Inventory shall be final and binding on the Parties (absent manifest error); provided, however, that the Inventory Value shall be adjusted as follows: (i) as deducts to Inventory Value, all of Seller's costs associated with the sales of non-Petroleum Inventory at each applicable Station Property between the time of the Physical Inventory at such Station Property and the Cut-over Time, and (ii) as additions to Inventory Value, all deliveries of non-Petroleum Inventory at each applicable Station Property between the time of the Physical Inventory and the Cut-over Time (collectively, the "Adjustments").

[***]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

1.10 Closing Date. Unless this Agreement shall have been terminated and the Transactions have been abandoned pursuant to Section 7.1, the closing with respect to the transactions contemplated hereby (the “Closing”) shall take place at the offices of the Escrow Agent at 10:00 a.m., local time on a Business Day that is not later than three (3) Business Days after the satisfaction or, to the extent permitted by applicable Law and the terms of this Agreement, waiver in writing of all of the conditions to the Closing set forth in Sections 5.1 and 5.2 (other than those conditions which by their terms are intended to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted by applicable Law and the terms of this Agreement, waiver of those conditions). The Closing may occur by the electronic exchange of documents, or at such other time and place as the Parties shall agree upon, but in no event later than the Outside Date. The actual date of the Closing is referred to in this Agreement as the “Closing Date.”

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

1.11 Withholding. Buyer is entitled to deduct and withhold from any amounts payable pursuant to this Agreement such amounts as may be required to be deducted or withheld therefrom pursuant to the Code or any other applicable Law. To the extent any such amounts are so deducted or withheld, such amounts will be treated for all purposes as having been paid to the Person to whom such amounts would otherwise have been paid absent such deduction or withholding. Prior to deducting and withholding any amounts pursuant to this Section 1.11 (and in any event no later than five (5) calendar days prior to making any payment hereunder), Buyer shall notify the payee of any amounts that Buyer, or any other applicable withholding agent on behalf of Buyer, intends to deduct or withhold from any payments hereunder and provide the payee with reasonable support for the basis on which Buyer, or other applicable withholding agent on behalf of Buyer, intends to deduct or withhold under applicable Law. The Parties shall cooperate with each other, as and to the extent reasonably requested by the other Party, to minimize or eliminate any potential deductions and withholdings that Buyer, or other applicable withholding agent on behalf of Buyer, may believe it is required to make under applicable Law.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer that the statements contained in this Section 2.1 are correct and complete as of the Effective Date and as of the Closing, except as set forth in the Disclosure Schedules delivered by Seller to Buyer on the date hereof.

(a) Due Organization and Power. Seller is duly formed and validly existing and in good standing under the laws of the state of Minnesota. Seller has all requisite power and authority to own and operate its properties (including the Assets) and to carry on the Business as and where the Business is currently conducted by it. Seller is duly qualified or licensed to do business as a foreign organization, and is in good standing, in each jurisdiction wherein the character of the properties owned by it and used in the Business, or the nature of the Business, makes such licensing or qualification necessary.

(b) Authority. Seller has the requisite power and authority necessary to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is a party. The execution, delivery and performance by Seller of each of the Transaction Documents to which it is a party and the consummation by Seller of the transactions contemplated thereby have been duly authorized by all necessary action on the part of Seller. This Agreement constitutes, and when executed and delivered, the other Transaction Documents to which Seller is a party, when executed and delivered by Seller, will constitute, valid and binding agreements of Seller, as the case may be, enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or other Laws affecting creditors' rights generally, and by general equitable principles.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(c) No Violation. Except as set forth in Schedule 2.1(c), neither the execution and delivery by Seller of this Agreement or the other Transaction Documents to be executed and delivered by Seller pursuant hereto nor the consummation by Seller of the transactions contemplated hereby and thereby (i) will conflict with, or result in a breach or violation of any Law or Order applicable to Seller, the Business or the Assets or any provision of its charter or bylaws, (ii) will require any authorization, consent, license, qualification, Permit, Order, declaration, filing, registration or approval by, filing with or notice to any Governmental Entity or other third party, (iii) will breach, violate or conflict with, or constitute a default (or an event that, with notice or lapse of time, or both, would constitute a default) under, or give any Party the right to terminate under, modify any material obligations under, or accelerate the performance required by, any Assumed Contract, (iv) result in the creation of any Liens (other than Permitted Liens) upon any of the Assets or (v) result in any Person having a right of first refusal, right of first offer, purchase option or other preferential right with respect to the Assets or the Business operations.

(d) Financial and Operating Information.

(i) The financial information set forth on Schedule 2.1(d), which has been delivered to Buyer, is true, correct and complete in all material respects, is based upon, and is in accordance with and accurately reflect in all material respects, the information contained in Seller's books and records, and fairly represents and presents the financial condition and sales history and costs and expenses of the Business for the periods referred to therein.

(ii) The Station Property-level fuel volume and gross sales data delivered or made available to Buyer with respect to the Station Properties for the year ended August 31, 2017 and the three (3) months ended November 30, 2017 have been prepared and maintained in the Ordinary Course of Business in accordance with Seller's historical practices and fairly present, in the aggregate, in all material respects, the fuel volume and gross sales for the Business on a combined basis for the period reflected therein.

(e) Tax Matters.

(i) Except for matters that will not result in any material Liability for Taxes or Loss to Seller, (A) all Tax Returns required to be filed by or on behalf of Seller with respect to the Business or Assets on or prior to the Effective Date (taking into account any valid extension of the tax due date for filing) have been timely filed and, when filed, were complete and accurate in all material respects, (B) Seller has timely paid all material Taxes due and payable (whether or not shown on any Tax Return) which it is required to pay under applicable Law with respect to the Business or Assets, and (C) Seller has deducted, withheld and timely paid to the appropriate Governmental Authority all material Taxes required to be deducted, withheld or paid in connection with amounts paid or owing to any employee, independent contractor, creditor, member or other third party with respect to the Business or Assets. There are no Liens (other than Permitted Liens) currently existing, pending or, to the Knowledge of Seller, threatened with respect to any Assets attributable to any unpaid Taxes. Seller is not currently the beneficiary of any extension of time within

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

which to file any Tax Returns with respect to the Business or Assets other than extensions of time to file Tax Returns obtained in the Ordinary Course of Business.

(ii) As of the Effective Date, except as disclosed on Schedule 2.1(e) (A) there is no audit, examination, or other tax proceeding, and no deficiency or proposed adjustment pending or, to the Knowledge of Seller, threatened with respect to any material Taxes relating to the Business or Assets, and (B) there are no outstanding agreements or waivers, or requests therefore, extending the statutory period of limitations for the assessment or collection of any Taxes relating to the Business or Assets with respect to a taxable period for which such statutes of limitation are still open.

(iii) Seller is not a “foreign person” for purposes of Section 1445 of the Code.

(iv) Seller (A) has not been a party to or participated in a transaction that is a “listed transaction,” within the meaning of Section 6707A(c)(2) of the Code and/or Section 1.6011-4(b)(2) with respect to the Business or Assets, (B) has not received a request from any Taxing Authority in a jurisdiction in which such Seller does not file Tax Returns with respect to the Business or Assets that Seller is or may be liable for Taxes in such jurisdiction with respect to the Business or Assets, and (C) has not received or requested any letter ruling from any Taxing Authority regarding non-income Taxes, or entered into any “closing agreement” within the meaning of Section 7121 of the Code (or applicable or analogous state Law) with any Taxing Authority, with respect to the Business or Assets.

[***]

(f) Litigation. Except as set forth in Schedule 2.1(f), there are no Proceedings pending or, to the Knowledge of Seller, threatened against or by Seller or any of its Affiliates (i) relating to or affecting the Business, the Assets or the Assumed Liabilities or (ii) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. None of the Proceedings set forth in Schedule 2.1(f) has or would reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. Except as set forth in Schedule 2.1(f), there are no outstanding Orders and no unsatisfied judgments, penalties or awards against, relating to or affecting the Business. Seller is in compliance in all material respects with the terms of each Order set forth in Schedule 2.1(f).

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(g) Compliance With Laws and Orders. Except as set forth in Schedule 2.1(g) but subject to the limitations set forth in Section 2.2(h), Seller (i) is not in violation in any material respect of any Law or Order with respect to its ownership, lease or operation of the Assets or the conduct or operation of the Business, or (ii) has not received any currently outstanding and unremedied written, or, to the Knowledge of Seller, oral notice of any alleged material violation of, or any currently outstanding and unremedied citation for material noncompliance with, any Law or Order with respect to its ownership, lease or operation of the Assets or the conduct or operation of the Business.

(h) Permits. Seller has all material Permits required for it to own, lease and operate the Assets and for the conduct of the Business as currently conducted by Seller and all such Permits are valid and in full force and effect. Seller is in compliance in all material respects with all such Permits. Seller has not received any written, or to the Knowledge of Seller oral, (i) currently outstanding and unremedied or uncured notice of suspension, cancellation, adverse modification, revocation, nonrenewal or termination relating to any of such Permits or (ii) notice, order, complaint or other communication claiming the existence of any material violation under any of such Permits, which material violation has not been cured or otherwise remedied, and to the Knowledge of Seller no other event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any such material Permits.

(i) Environmental Matters. [***]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(j) Title to Tangible Assets.

(i) Seller has good and valid title to all of the Assets (other than the Owned Real Properties which are exclusively addressed at Section 2.1(k)) and Seller has a valid leasehold interest in the Leased Real Property covered by the Real Property Leases. The Assets (other than the Owned Real Properties which are exclusively addressed at Section 2.1(k)) are held free and clear of any Liens other than Permitted Liens.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(ii) All of the Assets which are subject to a leasehold may be freely assigned without the consent or approval of any party and without any cost, except as specifically set forth on Schedule 2.1(j) attached hereto. With respect to each Asset (other than the Owned Real Properties which are exclusively addressed at Section 2.1(k)): (A) there are no written leases, licenses, concessions or other Contracts granting to any Person the right to use or occupy, as applicable, any Asset or any portion thereof, other than pursuant to an Assumed Contract and (B) there are no outstanding purchase and sale contracts, options, rights of first offer, rights of first refusal to purchase, or rights of repurchase or forfeiture of or other preferential rights with respect to any Asset (other than the Owned Real Properties which are exclusively addressed at Section 2.1(k)) or any portion thereof or interest therein, other than any rights that may be granted by Law and the right of Buyer pursuant to this Agreement. The delivery to Buyer of the Bill of Sale and other instruments of assignment, conveyance and transfer pursuant to this Agreement and the Transaction Documents will transfer to Buyer good and valid title to or a valid leasehold interest in all of the Assets, free and clear of any Liens (other than Permitted Liens).

(k) Real Property.

(i) Exhibit A-1 lists all of the Owned Real Property. With respect to each parcel of Owned Real Property, except as set forth on Schedule 2.1(k): (A) Seller has good and marketable title to the parcel of Owned Real Property, free and clear of any Lien (other than Permitted Liens); (B) there are no written leases, concessions or other Contracts granting to any Person the right to use or occupy any Owned Real Property or any portion thereof, other than pursuant to an Assumed Contract; (C) there are no outstanding purchase and sale contracts, options, rights of first offer, rights of first refusal to purchase, or rights of repurchase or forfeiture of or with respect to any Owned Real Property or any portion thereof or interest therein, other than any rights that may be granted by Law under the PMPA and the right of Buyer pursuant to this Agreement; and (D) Seller has not received any written notice of Proceedings pending and, to the Knowledge of Seller, there are no Proceedings threatened against or affecting, any of the Owned Real Properties or any portion thereof or interest therein.

(ii) Exhibit A-2 lists all Leased Real Property that is leased or subleased to Seller and which is part of the Assets as an Assumed Contract.

(l) Assumed Contracts. With respect to each Assumed Contract, except as set forth in Schedule 2.1(l), (i) such Assumed Contract is in full force and effect and is valid and enforceable against Seller, and, to the Knowledge of Seller, is valid and enforceable against the other party or parties thereto in accordance with its terms, except as such may be limited by bankruptcy, insolvency, reorganization or other Laws affecting creditors' rights generally, and by general equitable principles; (ii) in the twelve (12) months preceding the Effective Date, Seller has not received notice that Seller, and Seller has not delivered any notice that the other party or parties thereto, is in breach or default thereof; (iii) Seller has not received any notice, and Seller has not delivered any notice, of any modification, termination, cancellation or nonrenewal (but excluding expiration in accordance with its terms) of any Assumed Contract and, to the Knowledge of Seller,

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

any intent to effect the same, (iv) there is no current dispute with any Person under any such Assumed Contract, (v) Seller is in compliance in all material respects with its obligations under such Assumed Contract and (vi) to the Knowledge of Seller, no event has occurred which, with notice or lapse of time or both, would constitute a material default by Seller thereunder. Seller has delivered or made available to Buyer true, correct and complete copies of each Assumed Contract (or a written summary of any Assumed Contract that is an oral Contract) (together with all amendments, modifications or other agreements related thereto). Schedule 2.1(l) lists each Contract that contains a ROFR and identifies the Station Property or Assets subject thereto, and Seller has performed all obligations required to be performed by it as of the Effective Date with respect to each such ROFR.

(m) Employee Matters. Schedule 2.1(m) lists the employee numbers (“Employee Numbers”) used by Seller in connection with the employment identity of store-level employees and all other employees who will be made available to Buyer to hire pursuant to Section 4.2. Within five (5) Business Days after the Effective Date, Seller will timely provide a separate list of employee names coordinating to the numbers in order for the Buyer to make the offers of employment contemplated by Section 4.2 hereof (the “Business Employees”). Schedule 2.1(m) further provides job title or description of duties, salary or other wages, bonuses, classification (exempt or non-exempt) and years of service used for participation in any Benefit Plan. All Business Employees are correctly classified as employees for all purposes and no individual independent contractors provide services to the Business. No Business Employee is also employed by a non-Seller affiliate that is a co-employer with Seller or any Seller Affiliate and no Business Employee is a leased employee. Except as set forth on Schedule 2.1(m), there are no written contracts or agreements and no current negotiations pertaining thereto, with any of the Business Employees (excluding ordinary course employee benefits or employee policies related thereto), and all of such Business Employees are at-will employees. Seller is not party to or bound by any collective bargaining agreement, labor contract, or other written or oral agreement or understanding with any union or labor organization covering wages, hours, or terms or conditions of employment related to the Business Employees (excluding ordinary course employee benefits or employee policies). To the Knowledge of Seller, no union or labor organization claims to represent any Business Employee, and, to the Knowledge of Seller, there are no organizational campaigns, demands, petitions or proceedings pending or threatened by any union, labor organization, or group of Business Employees seeking recognition or certification as collective bargaining representative of any group of Business Employees. With respect to the Business Employees only, (i) Seller is not experiencing or affected by any labor strike, work stoppage, or lockout and, the Knowledge of Seller, no labor strike, work stoppage or lockout has been threatened against Seller; and (ii) there have been no disputes, complaints, arbitration, lawsuits or administrative proceedings relating to labor matters pending against Seller with respect to which Seller has received written notice or, to the Knowledge of Seller, threatened against Seller. Seller is in material compliance with all employment laws with respect to Business Employees and employment practices with respect thereto including, without limitation, wage and hour laws and has not engaged in any unfair labor practices. Seller has complied with the U.S. Immigration and Nationality Act and the qualifications for employment of the Business Employees under applicable immigration laws. To the Knowledge of Seller, no Business Employee is a party to, or is otherwise, bound by, any confidentiality, noncompetition, proprietary rights or similar agreement that would affect the ability of Buyer to conduct the Business immediately after

the Closing Date in substantially the same manner as conducted by Seller immediately prior to the Closing Date.

(n) Broker Fees. Except as to Matrix Capital Markets Group, Inc., Seller has not paid and is not obligated to pay any fees or commissions to any broker or finder in connection with the transactions provided for herein or in connection with the negotiation thereof.

(o) Benefit Plans.

(i) Except as could not have a Material Adverse Effect, none of the Benefit Plans is a plan that is subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code; none of the Business Benefit Plans is a “multiemployer plan” as defined in Section 3(37) of ERISA, a “multiple employer welfare arrangement” within the meaning of Section 3(40)(A) of ERISA, or a “voluntary employee benefits association” under Section 501 of the Code. Except that it could not have a Material Adverse Effect, neither Seller nor any ERISA Affiliate has within the six (6) years prior to the Closing, any liability, direct or indirect, under Title IV of ERISA or with respect to a multiemployer plan, multiple employer welfare arrangement or voluntary employee benefits association. None of the Benefit Plans provides for retiree medical or life insurance benefits to any current or former employee or other person providing services to the Business for which Buyer could reasonably be anticipated to have any Liability.

(ii) Each Business Benefit Plan is in compliance in all material respects with, and has been operated in accordance with, its terms and the requirements of all applicable Law, and Seller and the ERISA Affiliates have satisfied in all material respects all of their statutory, regulatory and contractual obligations with respect to each such Business Benefit Plan. No legal action, suit or claim is pending or, to the Seller’s Knowledge, threatened with respect to any Business Benefit Plan (other than claims for benefits in the Ordinary Course of Business).

(iii) Each Business Benefit Plan or trust which is intended to be qualified or exempt from taxation under Section 401(a), 401(k) or 501(a) of the Code has received a favorable determination letter from the IRS that it is so qualified or exempt or is entitled to rely on an opinion letter issued to a prototype sponsor.

(iv) No Business Employee or other person will become entitled to any bonus, retirement, severance, or similar benefit (including acceleration of vesting or exercise of an incentive award) under any Business Benefit Plan as a result of the transactions contemplated by this Agreement.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(v) None of the Assets are “plan assets” with the meaning of ERISA or are assets of any ERISA governed plan.

(p) Absence of Certain Events. Except as set forth on Schedule 2.1(p), since October 31, 2017, (i) except with respect to the transactions contemplated herein and pursuant to the Transaction Documents, Seller has conducted the Business in the Ordinary Course of Business and not disposed of any Assets (except for sales of Inventory and dispositions of obsolete items of Personal Property in the Ordinary Course of Business) and (ii) there has been no Material Adverse Effect. Without limiting the generality of the foregoing, except as set forth on Schedule 2.1(p), from October 31, 2017 until the Effective Date, Seller has not taken any action that, if taken during the period from the Effective Date through the Closing Date without Buyer’s consent, would constitute a breach of Section 3.2.

(q) Intellectual Property.

(i) Seller does not own any Intellectual Property that is used solely in connection with the Business. To the Knowledge of Seller, the conduct of the Business as currently conducted does not infringe, misappropriate, dilute or otherwise violate the Intellectual Property of any Person.

(ii) Seller has taken commercially reasonable actions, generally consistent with industry standards, to maintain the confidentiality, integrity and security of its material Business information, trade secrets, any personally identifiable information and customer financial information and any other information protected by Law or Contract that is collected, created, maintained, stored, transmitted, used, disclosed or otherwise processed by or for the Business (collectively, “Sensitive Data”).

(iii) Except as set forth on Schedule 2.1(q), in the two (2) years prior to the Effective Date, to the Knowledge of Seller, there has been no material failure, breakdown, errors, or other material substandard performance of any of Seller’s material computer system, networks, or electronic infrastructure that are included in the Assets and used in the operation of the Business as currently conducted (“Seller’s Systems”), that has caused any material disruption or interruption to the operation of the Business. Seller has adopted, implemented and maintained (i) an information technology security policy and procedures to protect the integrity and security of Seller’s Systems and the software information stored thereon, and to safeguard Seller’s Systems against the risk of business disruption arising from attacks (including virus, malware, worm and denial-of-service attacks), unauthorized activities or access of any employee, hackers or any other Person, (ii) commercially reasonable plans, policies and procedures for privacy, physical, and cyber security including reasonable and appropriate administrative, technical and physical safeguards to protect the confidentiality and security of Sensitive Data in Seller’s possession, custody or control against unauthorized access, use, modification, disclosure or other misuse and (iii) commercially reasonable disaster recovery systems to protect and securely store Sensitive Data of Seller as it pertains to the Business. Seller has complied in all material respects with its published privacy policies and internal privacy, data security, and cybersecurity policies

and procedures, and has taken commercially reasonable steps to test such policies and procedures on a periodic basis.

(iv) Seller has performed, or have caused to be performed, privacy and data security audits or assessments of the Business within the last two (2) years, and have remedied, in all material respects, any material privacy or data security issues raised in such audits or assessments.

(v) (i) Each Station Property has functioning point of sale systems and equipment that have been configured to be, and the operation of the Business is, in compliance in all material respects with the payment card industry standards currently in effect; and (ii) as of the Effective Date, Seller has not received written notice of any current or pending updates to such standards.

(r) Warranty; Fuel Inventory.

(i) All instances of product warranty claims involving any motor fuels sold by Seller with respect to the Station Properties and involving amounts in excess of an aggregate of One Hundred Thousand Dollars (\$100,000) with respect to any claim or group of related claims (related claims shall include any group of five (5) or more claims alleged to have arisen out of sales of motor fuels at the same Station Property (i) over a five (5) day period or (ii) that would reasonably be expected to be from the same fuel delivery) that have occurred and for which notice has been received by Seller in connection with the Business within the twelve-month period prior to the Effective Date are listed on Schedule 2.1(r).

(ii) All Fuel Inventory is in compliance in all material respects with all applicable federal, state and local Laws, including the rules and regulations promulgated pursuant to Section 211 of the Clean Air Act (or any other Environmental Law), 40 CFR 79-Registration of Fuels and Fuel Additives and 40 CFR 80-Regulation of Fuels and Fuel Additives.

(s) Zoning. Except as described in Schedule 2.1(s), (i) to the Knowledge of Seller, no zoning Law, building code, covenant, condition or restriction applicable to the Station Properties prohibits or restricts in any material respect (A) any of the Station Properties that is being operated by Seller as a 24-hour convenience store from being operated as a 24-hour convenience store or (B) any of the Station Properties being used by Seller in the engagement in the sale of motor fuels and beer and wine at the Station Property from being used in the engagement in the sale of motor fuels and beer and wine at the Station Property; provided, however, such use may be subject to applicable Laws and Permits, (ii) to the Knowledge of Seller, the current operation of the Business at the Station Properties does not violate in any material respect any applicable zoning Law, building code, covenant, condition or restriction and (iii) to the Knowledge of Seller, no zoning changes are pending which would restrict or otherwise materially impair Seller's current operation of the Station Property as 24-hour convenience stores with motor fuels and beer and wine sales.

(t) Access/Sewer and Water. To the Knowledge of Seller, the Owned Real Properties have access to a public right of way. To the Knowledge of Seller, except as set forth in

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

Schedule 2.1(t), there are no plans or proposals of any Governmental Entities that would restrict or redirect any traffic flow in a manner that would materially impact the Business at any Station Property. All Station Property is connected to municipal sewer and water and there are no potable water wells. To the Knowledge of Seller, no sewer moratorium or like order of any Governmental Entity is in effect with respect to any of the Station Properties. To the Knowledge of Seller, all utilities required by Law or for the normal operation of all buildings and other improvements located on each Station Property are available and, except as described in Schedule 2.1(t), are installed across public property or valid easements to the property lines of such Station Property, to the extent required, are all connected with valid Permits, and are adequate to service such Station Property for its current use.

(u) Insurance. In connection with the operation of the Business, Seller maintains such insurance (i) in such amounts and against such risks as Seller has in good faith determined to be sufficient for the conduct of the Business, and (ii) as is required by applicable Laws or Orders. To the Knowledge of Seller, all such policies of insurance (including insurance covering environmental remediation or other environmental risks) maintained by Seller and covering any of the Assets or the Business are legal, valid, binding and enforceable, and in full force and effect, subject to applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Laws relating to or affecting the enforcement creditors' rights generally, or by general equitable principles. With respect to the Assets and the Business, since January 1, 2015, Seller has not been denied coverage or had any coverage cancelled, nor is any such denial or cancellation pending or, to the Knowledge of Seller, threatened. There is no default with respect to any provisions contained in any such policies, nor has there been any failure to give notice of or present any claim under such policies in a due and timely fashion, except, in each case, to the extent as would not materially adversely affect Seller's ability to enforce its insurance benefits thereunder. No written notice of denial of coverage, cancellation or non-renewal of any insurance policy has been received, and to the Knowledge of Seller, none of the insurance providers has any current intent to cancel or decline to renew such policies. All premiums due and payable under such policies have been paid, and Seller is otherwise in compliance in all material respects with the terms and conditions of all such policies.

(v) Power of Attorney; Bonds. There are no third parties holding a power of attorney relating to the Real Property, the Assets or the Business. Except as described in Schedule 2.1(v), neither Seller nor any of its Affiliates maintains or has maintained any surety or other bonds in connection with its operation of the Business.

(w) No Additional Representations. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 2.1 (IN EACH CASE, AS MODIFIED BY THE DISCLOSURE SCHEDULES), ANY OTHER TRANSACTION DOCUMENT OR ANY OTHER CERTIFICATE DELIVERED PURSUANT HERETO AND THERETO, ABSENT INTENTIONAL FRAUD, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT, SELLER WILL SELL THE ASSETS TO BUYER "AS IS," AND SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF SELLER, THE BUSINESS, THE ASSETS, THE ASSUMED LIABILITIES OR OTHERWISE, OR WITH RESPECT TO ANY INFORMATION PROVIDED TO BUYER, INCLUDING WITH RESPECT

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND ABSENT INTENTIONAL FRAUD, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT, ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES ARE EXPRESSLY DISCLAIMED.

2.2 Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller that the statements contained in this Section 2.2 are correct and complete as of the Effective Date and as of the Closing, except as set forth in the Disclosure Schedules delivered by Buyer to Seller on the date hereof.

(a) Due Organization and Power. Buyer is a Hawaii corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) Authority. Buyer has the requisite power and authority necessary to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is a party. The execution, delivery and performance by Buyer of each of the Transaction Documents to which it is a party and the consummation by Buyer of the transactions contemplated thereby have been duly authorized by all necessary action on the part of Buyer. This Agreement constitutes, and when executed and delivered, the other Transaction Documents to which Buyer is a party, will constitute, valid and binding obligations of Buyer enforceable in accordance with their terms, except to the extent that their enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and to general equitable principles.

(c) No Violation. Neither the execution and delivery by Buyer of this Agreement or the other Transaction Documents to be executed and delivered by Buyer pursuant hereto nor the consummation by Buyer of the transactions contemplated hereby and thereby (i) will violate any Law or Order applicable to Buyer or any provision of its charter or bylaws or (ii) will require any authorization, consent or approval by, filing with or notice to any Governmental Entity.

(d) Broker Fees. Neither Buyer nor any of its Affiliates has paid or is obligated to pay any fees or commissions to any broker or finder in connection with the transactions provided for herein or in connection with the negotiation thereof.

(e) Litigation. There are no Proceedings pending or, to Buyer's knowledge, threatened against or by Buyer or any of its Affiliates that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(f) Financial Capacity. Buyer has sufficient cash on hand or access to other sources of immediately available funds to enable it to make payment of the Purchase Price and any other amounts due hereunder, and to consummate the Transactions. Buyer acknowledges that its obligations under this Agreement are not subject to a financing contingency.

(g) Solvency. As of the Closing and immediately after giving effect to all of the Transactions, including the payment of the Purchase Price and payment of all related fees and expenses of Buyer in connection therewith, Buyer will be solvent.

(h) [***]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

3. COVENANTS PRIOR TO CLOSING

3.1 Access to Information; Confidentiality.

(a) Access to Information. Seller shall, during the period commencing on the Effective Date and ending on the Closing Date, furnish or cause to be furnished to Buyer and its representatives, at reasonable times and upon reasonable notice, (i) such access, during normal business hours, to the Station Properties as Buyer from time to time reasonably requests with due regard to minimizing disruption of the conduct of the Business and (ii) such access to the books, records and other information and data that primarily relates to the Assets as Buyer from time to time reasonably requests, including, without limitation all of the following: any existing survey(s) of the Station Properties, environmental reports, studies, tests, data, assessments, and notices in Seller's possession or which Seller has the right to possess; any material documentation regarding utilities serving the Station Properties; utility information pertaining to the Station Properties; and any existing owners or leasehold title policies for the Station Properties; provided, however, the Parties agree that Seller may redact information to the extent the materials requested by Buyer include information not related to the Assets. Notwithstanding the foregoing, Seller shall not be required to provide access to or to disclose information where such access or disclosure would, in Seller's opinion based on advice of counsel, cause the loss of the attorney-client privilege of Seller or violate any Law, fiduciary duty or binding agreement applicable to Seller entered into before the Effective Date (except that Seller shall use commercially reasonable efforts to provide such materials in a manner that does not cause the loss of such attorney-client privilege or violate any such Law, fiduciary duty or binding agreement), or where such information is related to the business operated by Seller other than the Business at the Station Properties.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(b) Confidentiality. All of the information provided by Seller prior to the date hereof or pursuant to any provisions of this Agreement shall be treated as confidential information pursuant to the terms and for all purposes of the Confidentiality Agreement. Effective upon the Closing, the Confidentiality Agreement shall terminate automatically without further action by the Parties.

3.2 Conduct of Business Pending the Closing. From the Effective Date until the earlier to occur of the Closing Date or the termination hereof, except as required or contemplated by the Transactions or otherwise consented to by Buyer in writing (which shall not be unreasonably withheld), Seller will (i) operate the Business in the Ordinary Course of Business, (ii) use commercially reasonable efforts to maintain the properties and assets included in the Assets in substantially the same condition as they were on the Effective Date, subject to ordinary wear and tear; and (iii) notwithstanding Section 3.2(ii) above, use commercially reasonable efforts to preserve the rights, franchises, goodwill and relationships of its employees, customers, suppliers, regulators and others having relationships with the Business. Without limiting the foregoing, from the date of this Agreement until the earlier to occur of the Closing Date or the termination hereof, except as required or contemplated by the Transactions or otherwise consented to by Buyer in writing (which shall not be unreasonably withheld, conditioned or delayed), Seller will not, solely with respect to the Business:

- (a) take any affirmative action or fail to take any reasonable action within its control that would reasonably be expected to result in a Material Adverse Effect;
- (b) sell, license, transfer, assign, lease, sublease, encumber, abandon, remove or otherwise dispose of any Asset other than in the Ordinary Course of Business or create any Lien (other than Permitted Liens) on any Asset;
- (c) except in connection with a Lease Consent which is reasonably acceptable to the Parties, enter into, extend, amend in any material manner, terminate or voluntarily consent to the termination of any Real Property Lease with respect to a Leased Real Property or any other Assumed Contract;
- (d) enter into any Contract that would bind the owner of the Assets after Closing;
- (e) enter into (i) any arrangement containing any limitation or restriction of any nature on the ability of the Business to operate or compete, including exclusivity provisions, non-competition provisions, non-solicitation provisions or any other restrictive covenant or (ii) any arrangement containing or granting most favored nations or similar pricing provisions;
- (f) (i) grant any Business Employee any loan or, except in the Ordinary Course of Business, increase in wages, salary, commissions, bonuses, severance, termination payments, pension or other compensation, or increase in benefits, or accelerate the vesting or payment of any compensation or benefits for any Business Employee or (ii) enter into any employment arrangements with any Business Employee, which are not cancellable without penalty without more than 30 days' notice;

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

- (g) cancel or waive any material rights related to the Assets;
- (h) relocate any of the Assets to a location other than a Station Property at which such Assets are customarily located, other than in the Ordinary Course of Business;
- (i) fail to maintain Inventory at levels other than in the Ordinary Course of Business;
- (j) fail to make any capital expenditures of the Business that are customary, typical and expected to be made in the Ordinary Course of Business; or
- (k) authorize, contract, commit or otherwise agree whether in writing or otherwise to take any of the foregoing.

3.3 Further Actions; Consents.

(a) Subject to the terms and conditions of this Agreement, the Parties shall use commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate and make effective, as soon as practicable, the Transactions, including using all commercially reasonable efforts to obtain prior to the Closing Date all consents of parties to Contracts (other than with respect to the Lease Consents which are addressed in Section 3.3(b)) with Seller with respect to the Business that are necessary for the consummation of the Transactions. Notwithstanding the foregoing, neither Party shall not be required to make any payments or any other economic concessions to comply with this Section 3.3(a).

(b) Notwithstanding Section 3.3(a), Seller shall use commercially reasonable efforts to obtain the written consent of each counterparty to the Real Property Leases with respect to Leased Real Properties where such consent is required to assign such lease to Buyer at the Closing, which consent shall be in a form required by the applicable Real Property Lease or, if no form is provided, in a form reasonably acceptable to the Parties and the third-party landlord (each, a “Lease Consent”); provided that except as set forth on Schedule 3.3(b), neither Party shall be required to make any payments or any other economic concessions associated with obtaining the Lease Consent to comply with this Section 3.3(b). Seller shall keep Buyer reasonably informed with respect to the status of any such Lease Consents, including by providing Buyer with reasonable advance notice of and the opportunity, to the extent permitted by the counterparty to such Real Property Lease and, at Seller’s sole option, to participate in any meetings with any counterparty for the purpose of discussing such Lease Consent. If, despite the exercise of such commercially reasonable efforts, Seller is unable for any reason to obtain any required Lease Consent prior to the Closing, then (i) at Closing, the Agreed Location Value assigned to the applicable Station Property shall be delivered to the Escrow Agent to deposit in an account (the “Lease Consent Escrow”) established pursuant to the terms of a mutually agreeable escrow agreement to be entered into at the Closing by Seller, Buyer and the Escrow Agent, (ii) Seller will not transfer to Buyer at Closing the applicable Real Property Lease or any Assets (including Inventory) exclusively related to such Leased Real Property (or any Liabilities related thereto) and Seller will continue to own and operate for its own account such Real Property Lease and such Assets (and the Business associated therewith) unless and until

transferred to Buyer pursuant to this Section 3.3(b), and (iii) Seller shall continue to use commercially reasonable efforts to obtain and deliver to Buyer the applicable Lease Consent for one hundred eighty (180) days following Closing (or such longer term as agreed to by the Parties) (the “Lease Consent Deadline”). If Seller obtains and delivers to Buyer the applicable Lease Consent prior to the Lease Consent Deadline, then, within ten (10) days following receipt of the applicable Lease Consent, (A) Seller shall transfer to Buyer, and Buyer shall assume from Seller, the applicable Real Property Lease and all Assets (including Inventory utilizing the physical count inventory procedures set forth in Section 1.9) exclusively related to such Leased Real Property (and the Parties shall execute and deliver such documents and instruments as are reasonably necessary to effect such transfer and assumption, and Buyer and Seller shall each deliver to the other Party a certificate, dated as of the date of such transfer and signed by a duly authorized officer, that the representations and warranties of the certifying Party set forth in this Agreement, to the extent applicable to such transfer or such Real Property Lease, Assets and/or Leased Real Property, are true and correct in all material respects (subject to any amendment to the Disclosure Schedules and qualifications effected pursuant to Section 3.10)), and (B) Seller shall direct the Escrow Agent to disburse to Seller from the Lease Consent Escrow an amount equal to the Agreed Location Value assigned to the applicable Station Property. If Seller does not obtain and deliver to Buyer the applicable Lease Consent prior to the Lease Consent Deadline, then, (1) within ten (10) days following the Lease Consent Deadline, Buyer and Seller shall direct the Escrow Agent to disburse to Buyer an amount equal to the Agreed Location Value assigned to the applicable Station Property, and (2) Buyer shall have no further obligation to purchase, and Seller shall no further obligation to sell, the applicable Real Property Lease or the Assets (including Inventory) exclusively related to such Leased Real Property. Notwithstanding anything to the contrary in this Agreement, receipt of the Lease Consents shall not be a condition to Closing, except as set forth on Schedule 5.1(d).

3.4 Certain Filings; Permits. Seller shall provide reasonable cooperation to Buyer to permit Buyer to make or cause to be made, as promptly as practicable, all filings with Governmental Entities that are necessary to obtain all authorizations, consents, orders and approvals for the execution and delivery of this Agreement and the consummation of the Transactions. Buyer shall pay the cost of all filing and similar fees arising in connection with such filings. With respect to any Permits that are not transferable under applicable Law and cannot be conveyed to Buyer upon the Closing Date as part of the Assets, Buyer shall be responsible for obtaining such Permits and, upon Buyer’s request, Seller shall reasonably cooperate with Buyer’s actions in connection therewith, including by executing documents or applications required for such Permits, in each case at Buyer’s sole expense.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

3.5 Exclusivity.

(a) During the period commencing on the Effective Date and expiring on the earlier of the Closing Date or the date on which this Agreement is terminated, Seller (i) shall not, and shall cause its Affiliates and its or their directors, officers, employees and other representatives not to, directly or indirectly, encourage, solicit, initiate, accept, make, respond to (other than to decline), discuss with any third-party or negotiate the terms of any offer or proposal from or to any Person (other than from or to Buyer or its Affiliates) relating to any acquisition, in a single transaction or series of related transactions, of direct or indirect control of the Business, any purchase of the Assets (other than Inventory or equipment in the Ordinary Course of the Business), or any change-of-control or business combination or similar transaction involving the Business, including any merger, consolidation, acquisition, purchase, re-capitalization or other transaction that would have a similar result as the Transactions (an “Acquisition Proposal”). Seller shall immediately cease and cause to be terminated, and shall cause its Affiliates and all of its and their directors, officers, employees and other representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal.

(b) Seller agrees that the rights and remedies for noncompliance with this Section 3.5 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

3.6 Environmental Insurance.

(a) Buyer, at its expense, will obtain pollution liability (or similar) insurance policies for all environmental matters arising prior to or following Closing that require or may reasonably be expected to require any remediation; provided that the Parties acknowledge and agree that such policies may exclude Liabilities associated with the matters described on Schedule 1.3(b)(iv) (which Liabilities are and, regardless of any exclusions contained in such policies, will remain Assumed Liabilities). Seller will provide Buyer such information, as may be in its possession, that Buyer may reasonably require to obtain the foregoing insurance. Buyer will provide evidence of such insurance to Seller at Closing. [***]

Except as may be required to obtain the foregoing insurance (which shall not, in any event constitute a condition to the Closing), Buyer waives any and all right to conduct any intrusive on-site environmental review, inspection or testing of the Station Properties and acknowledges that Seller has conducted and provided the results of Phase I Environmental Site Assessments for each Station Property to Buyer.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(b) Seller will add Buyer as an additional insured under Seller's existing pollution liability insurance policies for the period between the Closing and the date that possession and control of all Fuel Equipment is transferred to Buyer.

3.7 Title. Seller, at its sole expense, has provided Buyer (i) a current commitment for title insurance (each, a "Commitment", and together, the "Commitments") issued by First American Title Insurance Company (the "Title Company") with regard to each of the Owned Real Properties as set forth on Schedule 2.1(k)(A) and (ii) a current as built, ALTA/ACSM survey (each, a "Survey", and together, the "Surveys") of each of the Owned Real Properties and any improvements located thereon as set forth on Schedule 2.1(k)(A), which Surveys shall be certified to the Buyer, Seller and the Title Company. Buyer may obtain owner and loan title insurance policies with respect to such Commitments, and Seller shall cooperate with and assist Buyer with any reasonable request in Buyer's efforts to obtain such policies and shall execute and deliver to the Title Company such affidavits, gap indemnity agreements and other documents reasonably and customarily required by the Title Company to induce the Title Company to issue its owner's policy of title insurance, with extended coverage, to Buyer (in each case, at Buyer's sole expense). The cost and expense of such owner and loan title insurance policies will be borne equally by Seller and Buyer.

3.8 No Physical Inspections. Except as contemplated by Section 3.1(a), the Parties agree that in no event shall Buyer be permitted to conduct any physical inspections of the Station Properties prior to the Closing, including any environmental site assessments, invasive testing or similar inspections or any inspections or testing of the Assets.

3.9 No License to Intellectual Property. Except to the extent set forth in the Fuel Supply Agreements delivered in connection with the Closing, after the Closing, Buyer will have no right or license to use any of Seller's Intellectual Property.

3.10 Notice of Developments. From the date hereof until the Closing, Seller shall disclose to Buyer in writing in reasonable detail (in the form of updated Disclosure Schedules) any development that would cause or constitute a material breach of any of Seller's representations and warranties in Section 2.1 and of any other development that would cause or constitute a material breach of Seller's covenants in this Agreement, in each case promptly upon discovery thereof, but in no event later than three (3) days prior to Closing. No such disclosures shall (i) be considered or given effect for purposes of determining the satisfaction of the conditions precedent of Buyer set forth in Section 5.1, (ii) affect in any respect Buyer's rights of termination set forth in Article 7 or (iii) affect in any respect Buyer's right or claim pursuant to the terms of this Agreement or otherwise, including pursuant to Article 6, with respect to such disclosures. Notwithstanding the foregoing, if such disclosures (A) would permit Buyer to terminate this Agreement pursuant to Article 7 and (B) Buyer does not do so and the Closing shall occur, then Buyer shall be deemed to have waived any right or claim pursuant to the terms of this Agreement or otherwise, including pursuant to Article 6, with respect to such disclosures.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

3.11 Termination of Contracts. Seller shall [***] terminate, effective prior to or as of the Closing, all Contracts with respect to their application to the applicable Station Properties which are not Assumed Contracts, except with respect to Contracts that are necessary for the continued operation of a Station Property in the Ordinary Course of Business and which are addressed by the Transition Services Agreement, which Contracts shall be terminated with respect to such Station Property as set forth in the Transition Services Agreement.

3.12 Monthly Financial Statements. During the period commencing on the Effective Date and expiring on the earlier of the Closing Date or the date on which this Agreement is terminated, Seller shall deliver to Buyer, as soon as reasonably practicable, but in no event later than twenty (20) calendar days after the end of each calendar month, the unadjusted profit and loss financial information for each Station Property as reported internally historically (the “Company Monthly Financial Statements”). The Company Monthly Financial Statements shall be prepared on a basis consistent with the manner in which the financial statements of Section 2.1(d) were prepared.

4. ADDITIONAL COVENANTS

4.1 Tax Matters and Proration of Expenses.

(a) Cooperation. After the Closing Date, until expiration of the statutes of limitation applicable with respect to all Pre-Closing Tax Periods and Straddle Periods, Buyer and Seller each shall make available to the other, as reasonably requested, and to any Governmental Entity (which such Governmental Entity is legally permitted to receive pursuant to its subpoena power or its equivalent) all information, records or documents relating to Liabilities for Taxes or potential Liabilities for Taxes of the Business or Assets for all Pre-Closing Tax Periods and Straddle Periods, and shall preserve all such information, records and documents until the expiration of any applicable statute of limitations for assessment or refund of Taxes or extensions thereof. Buyer shall prepare and provide to Seller such Tax information packages consistent with Seller’s past practice as Seller shall reasonably request for use in preparing any Tax Return that relates to Seller. Such Tax information packages shall be completed by Buyer and provided to Seller within the earlier of (i) forty-five (45) calendar days after Seller’s request therefor or (ii) thirty (30) calendar days prior to the due date of the Tax Return for which they relate, in the latter case, if less than thirty (30) days’ notice of the relevant Tax Return is provided to Buyer, Buyer shall provide such Tax information packages within a reasonable time. After the Closing Date, until expiration of the statutes of limitation applicable with respect to all Pre-Closing Tax Periods and Straddle Periods, Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by the other, in connection with the filing of Tax Returns and any audit, litigation, appeal, hearing, or other proceeding with respect to Taxes imposed on or relating to the Business and/or Assets. Such cooperation shall include providing the information, records, and documents described above and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided. Each Party shall bear its own expenses in complying with the foregoing provisions. Notwithstanding the provisions of this Section 4.1(a), while the existence of an adversarial proceeding between the Parties will not abrogate or suspend the provisions of this Section 4.1(a), as to such records or other information directly pertinent to such dispute, the Parties may not utilize this Section 4.1(a) but rather, absent agreement, must utilize the rules of discovery.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(b) Transfer Taxes. All Transfer Taxes shall be borne by Seller. Except as otherwise required by Law, Seller shall, at its own expense, timely prepare and file or cause to be prepared and filed any Tax Return or other document with respect to Transfer Taxes, and pay or cause to be paid the full amount of all Transfer Taxes. Seller and Buyer shall cooperate with each other with respect to the foregoing, and shall cooperate in good faith to reduce or eliminate any such Transfer Taxes, including obtaining any applicable documentation and certifications from applicable Taxing Authorities.

(c) Property Tax Adjustments. As applicable, all state, city, county and local real and personal property taxes and other such taxes and related charges constituting a Lien on any of the Station Properties (“Property Taxes”), including payments in-lieu-of Property Taxes, shall be adjusted on the basis of the fiscal year (regardless of the date of assessment) of the state, county, city or town in which any respective Assets are situated (the “Fiscal Year”). Property Taxes that relate to the Fiscal Year in which the Closing occurs (“Straddle Period Property Taxes”) shall be prorated between Seller and Buyer on a daily basis, with Seller being responsible for the portion of such Property Taxes equal to the product of (i) the amount of such Property Taxes for the entirety of the Fiscal Year, multiplied by (ii) a fraction, the numerator of which is the number of days in the Fiscal Year ending on and including the Closing Date and the denominator of which is the total number of days in the Fiscal Year, and (b) with Buyer being liable for the remainder of such Straddle Period Property Taxes. Property Taxes that relate to a Fiscal Year ending prior to the Closing Date shall be the responsibility of Seller. Property Taxes that relate to a Fiscal Year commencing after the Closing shall be the responsibility of Buyer. All installments of Property Taxes having a due date before the Closing Date shall be paid by Seller before the Closing Date, and Buyer shall pay all installments of Property Taxes having a due date on or after the Closing Date. At the Closing, the net amount of all Property Tax adjustments computed according to this Section 4.1(c), based upon which Party is responsible for such Property Taxes and which Party is to pay such Property Taxes, shall be added to or deducted from the Purchase Price. If current tax statements for all Straddle Period Property Taxes are not available as of the Closing Date, the prior year’s tax statements will be used for purposes of making an estimated proration at the Closing, and a final proration will be made promptly when the current tax statements for all Straddle Period Property Taxes are received. Seller shall remit to Buyer any additional amounts due to Buyer in such regard within ten (10) Business Days of receipt of written notice thereof from Buyer (which notice shall include reasonable evidence of the taxes owed and an explanation of the amounts owed by Seller). Buyer shall remit to Seller any excess amounts previously remitted by Seller to Buyer hereunder within ten (10) Business Days of receipt of written notice thereof from Seller (which notice shall include reasonable evidence of the taxes owed and an explanation of the amounts owed by Seller) . If Seller, from and after the Closing, receives any bill, assessment or other notice of any such Property Taxes due for any Straddle Period, Seller shall promptly forward a copy of such bill, assessment or other notice to Buyer.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(d) Rents and Prepaid Expenses. Rents, prepaid expenses, and similar items relating to the Assets and benefiting Buyer, if any, shall be prorated between the Parties as of the date of the Closing.

(e) Utilities. Charges for water, gas, power, light and other utility service shall be prorated as of the Closing Date utilizing the most current evidence of the amount due.

4.2 Employee Matters.

(a) Effective as of immediately prior to the Closing, Seller will terminate each Business Employee listed by Employee Number on Schedule 2.1(m). Buyer will make offers of employment to such Business Employees listed by Employee Number on Schedule 2.1(m) as determined by Buyer in its discretion subject to Buyer's employment hiring practices and policies, and Seller shall make the Business Employees available to Buyer at least 15 days prior to Closing and shall provide such information and assistance as reasonably necessary for Buyer to determine to make offers of employment. The Business Employees who accept employment with Buyer are referred to as the "Hired Employees." All Hired Employees will become employees of Buyer effective as of the Closing. Effective as of the Closing and for a period of twelve (12) months following the Closing, Buyer shall provide, or cause to be provided to, Hired Employees base salaries and hourly rates of pay at least substantially similar in the aggregate to those in effect immediately prior to the Closing.

(b) Effective as of the Closing, all Business Employees will cease participation in any Benefit Plan or any other employee benefit plans provided by Seller and Hired Employees will begin participation in the employee benefit plans of Buyer, as determined by Buyer ("Buyer Plans"). Buyer will give each Hired Employee credit for his or her years of service with Seller prior to the Closing for purposes of determining eligibility to participate in benefits, including, but not limited to, paid-time off and vacation, and vesting under the employee benefit plans of Buyer in which such Hired Employee becomes eligible to participate after the Closing.

(c) Seller will provide, and be responsible for, any COBRA benefits to Business Employees and any other employee of Seller and its ERISA Affiliates. Seller will be responsible for providing all notices and continuation coverage required under COBRA to all such employees (including any dependents or beneficiaries) who are or become "M&A Qualified Beneficiaries" (as such term is defined in Treasury Regulations §54.4980B-9) as a result of the consummation of this Agreement. Specifically, Seller agrees that all obligations to provide such continuation coverage to M&A Qualified Beneficiaries are being allocated to Seller.

(d) Seller shall be responsible for and retain all Liability under the WARN Act and shall indemnify and hold Buyer harmless with respect thereto for any current or former Seller employee and any Business Employee that is incurred or deemed to be incurred under the WARN Act due to employment terminations prior to or on the Closing Date including without limitation employees terminated as contemplated in Section 4.2(a), Buyer shall have no Liability under any Benefit Plan including, without limitation, any severance pay plan or program.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(e) No Change in Benefits or Rights to Employment. Without limiting the generality of the foregoing, nothing contained in this Section 4.3, either express or implied, shall be construed to (a) establish, amend or modify any benefit plan, program, agreement or arrangement or (b) limit the right of Buyer or Seller to amend, merge or terminate any Benefit Plan or any other employee benefit plan, policy or program. The Parties acknowledge and agree that the terms set forth in this Section 4.3 are included for the sole benefit of the respective Parties to this Agreement, and shall not create any right in any Hired Employee or any other Person to any continued employment with Buyer or any of its Affiliates or compensation or benefits of any nature or kind whatsoever.

4.3 Post-Closing Access to Information. For a period of seven (7) years after the Closing Date, Seller shall provide, and shall cause its appropriate personnel to provide, when reasonably requested to do so by Buyer, access to all Tax, financial and accounting records of or relating exclusively to the Assets, the Assumed Liabilities or the Business (excluding the Books and Records provided to Buyer in connection with the Closing) and the right to make copies or extracts therefrom at its expense, provided, however, notwithstanding anything to the contrary in this Agreement (including Section 4.1(a)), Buyer shall not have access to any documentation of Seller to the extent it contains information of Seller not exclusively related to the Business (and, for the avoidance of doubt, Buyer shall not have access to any information, records or documents relating to Liabilities for Taxes or potential Liabilities for Taxes of Seller except to the extent exclusively related to the Business). Likewise, Buyer shall maintain the Books and Records for a period of seven (7) years following the Closing Date and shall make such records available to Seller for inspection or copying at Seller's expense. During such seven (7) year period, neither Party shall, nor shall it permit its Affiliates to, intentionally dispose of, alter or destroy any such books, records and other data without giving thirty (30) calendar days' prior written notice to the other Party and permitting such other Party, at its expense, to examine, duplicate or repossess such records, files, documents and correspondence; provided, however, that the Parties shall be permitted to dispose of books, records and other data to the extent permitted by applicable Law and in compliance with such Party's ordinary course document retention policies and procedures. Notwithstanding the foregoing, neither Party shall be required to provide access to or to disclose information where such access or disclosure would jeopardize the attorney-client privilege of such Party or violate any Law applicable to such Party or the confidentiality provisions of any contract or agreement to which such Party is a party on the Effective Date.

4.4 Insurance and Casualty. Seller shall keep the Assets insured, at Seller's expense, with such policy types and coverage amounts as Seller maintains in the Ordinary Course of Business until the earlier of the Closing Date or termination of this Agreement. If there is any material damage to or destruction of the Station Properties or any portion thereof before Closing, Seller shall (i) notify Buyer in writing, which such notice shall specify the applicable Station Property, such damage or destruction incurred, and the cause thereof, in each case, to the extent then known, and (ii) as promptly as practicable, provide Buyer with (A) any information in clause (i) that was not known when the foregoing notice was given and (B) a good faith estimate of the cost to repair such damage or destruction on the particular Station Property by a reputable independent third party who is selected by Seller and is reasonably approved by Buyer (the "Damage Estimate"). Subject to the terms of Section 4.9, the Closing with respect to the applicable Station Property shall, at Seller's

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

sole discretion, nevertheless proceed; except, that unless before Closing the same shall have been remedied and restored to substantially the same condition as it was on the date hereof, at the Closing, Seller shall pay over or assign to Buyer any net insurance proceeds due Seller as a result of such damage or destruction (without recourse to Seller) and Buyer shall assume responsibility for such repair.

4.5 Condemnation. If, before Closing, any part of the Station Properties is taken, or noticed for taking, by eminent domain, Seller shall promptly give Buyer written notice thereof and, at the election of Buyer, either (i) Seller shall, at the Closing, deliver to Buyer the net proceeds of any award or other proceeds of such taking which may have been collected by Seller before the Closing or, if the award or other proceeds have not been fully collected, deliver to Buyer an assignment (without recourse to Seller) of the applicable Seller's right to any such award or other proceeds which may be payable as a result of any such taking, and Buyer shall pay the full Purchase Price without offset or reduction or (ii) such Station Property shall be designated as a Rejected Property, in which case the Base Price shall be reduced by the Agreed Location Value assigned to the applicable Rejected Property and such affected Rejected Property shall no longer be a part of the Assets being transferred hereunder and Buyer shall have no obligation to purchase any of the other Assets exclusively used in connection with such Rejected Property.

4.6 Further Assurances. From time to time after the Closing Date, upon request of the other Party and without further consideration, each Party shall execute and deliver to the requesting Party such documents and take such action as the requesting Party reasonably requests to consummate more effectively the intent and purpose of the Parties under this Agreement and the transactions contemplated hereby.

4.7 Contact with Business Relations. Except as otherwise contemplated by this Agreement, during the period from the Effective Date until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, Buyer hereby agrees that it is not authorized to and shall not (and shall not permit any of its employees, agents, representatives or Affiliates to) contact any employee (excluding executive officers, [***]

, customer, supplier, dealer, material supplier, distributor or other material business relation of Seller regarding Seller or the Business without the prior written consent of Seller.

4.8 Assignment of Assets. If the assignment of any Asset requires the consent of any Person and such consent is not obtained at or prior to the Closing (other than the Lease Consents which are addressed in Section 3.3(b)), then (a) Seller and Buyer will use their commercially reasonable efforts to obtain the written consent of such other Person to the assignment, (b) this Agreement will not constitute an agreement to assign such Asset until such consent is obtained, (c) at Buyer's election, for a period not to exceed 180 days following the Closing, Seller will continue to maintain and/or perform any such Asset (other than Assumed Contracts which are addressed in clause (d) below) at the direction and for the risk and benefit of Buyer and (d) during the period in which the applicable Assumed Contract is not capable of being assigned to Buyer due to the failure to obtain any required consent, Seller will make such arrangements as may be reasonably necessary

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

to enable Buyer to receive all the economic benefits under such Assumed Contract accruing on and after the Closing Date and Buyer will assume all of Seller's obligations under such Assumed Contract accruing on and after the Closing Date. The Parties agree to effectuate the foregoing arrangement, to the extent permissible, through a sub-contracting, sub-licensing, sub-participation or sub-leasing arrangement, or an arrangement under which Seller would enforce such Assumed Contract for the benefit of Buyer, with Buyer, to the extent permissible, assuming Seller's executory obligations and any and all rights of Seller against the other party thereto.

4.9 Rejected Properties.

[***]

4.10 Buyer Parent Guaranty.

(a) Buyer Parent hereby, unconditionally and irrevocably, guarantees (this “Buyer Parent Guaranty”), by way of an independent obligation to Seller (a) the due, prompt and faithful performance by Buyer of all undertakings, obligations, required acts and performances of the Buyer to Seller under or arising out of this Agreement; and (b) the due and punctual payment of all amounts due and payable by Buyer to Seller under or arising out of this Agreement after the date hereof, when and as the same shall arise and become due and payable in accordance with the terms of and subject to the conditions contained in this Agreement (the “Guaranteed Obligations”). Buyer Parent guarantees as principal obligor and not as surety the prompt performance and payment of all Guaranteed Obligations, this being a guarantee of payment and not a guarantee of collection. This Buyer Parent Guaranty is not contingent upon the pursuit by Seller of any rights or remedies against Buyer, such pursuit being hereby waived by Buyer Parent. The obligations, covenants, agreements and duties of Buyer Parent hereunder shall not be released, affected or impaired in any way by the voluntary or involuntary liquidation, sale or disposition of any assets of Buyer, or the merger or consolidation of Buyer with any other Person. This Buyer Parent Guaranty shall be binding upon all successors and assigns of Buyer Parent. Buyer Parent hereby expressly waives all (i) presentments, (ii) demands for payment or performance, (iii) diligence, (iv) demands of protest, dishonor, or reliance hereon, and (v) protests of nonpayment.

(b) Buyer Parent represents and warrants as follows: (i) it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, (ii) it has the requisite corporate power and authority to conduct its business as it is now being conducted and to own and use its properties and assets now owned, operated or leased by it, (iii) it has the requisite corporate power and authority to enter into and perform this Agreement and to carry out the transactions contemplated hereby, (iv) the execution, delivery and performance by Buyer Parent of this Agreement has been duly authorized, approved and adopted by it, (v) this Agreement is binding upon it and is enforceable against it in accordance with the terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights and remedies generally, and (vi) the execution, delivery and performance by Buyer Parent of this Agreement and the consummation by Buyer Parent of the transactions contemplated hereby will not (A) contravene any organizational documents of Buyer Parent or (B) result in a material breach of, or constitute a material default under, any material contract to which Buyer Parent is a party or by which its assets are bound or affected or violate any applicable Law.

4.11 Confidentiality. From and after the Closing, Seller shall, and shall cause its Affiliates to, hold, and shall use its reasonable best efforts to cause its or their respective representatives to hold, in confidence any and all information, whether written or oral, that primarily relates to the Business and the Assets, except to the extent that Seller can show that such information (a) is generally available to and known by the public through no fault of Seller, any of its Affiliates

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

or their respective representatives; or (b) is lawfully acquired by Seller, any of its Affiliates or their respective representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If Seller or any of its Affiliates or their respective representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information which Seller is advised by its counsel in writing is legally required to be disclosed, provided that Seller shall use reasonable best efforts to obtain, at the request and expense of Buyer, an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

4.12 Financial Statement Assistance. For so long as Buyer or its Affiliates are required under Regulation S-X of the Securities Act to separately include financial statements relating to Buyer's acquisition of the Assets or the Business in documents filed with the SEC by Buyer or its Affiliates pursuant to the Securities Act or the Exchange Act, Seller shall use its commercially reasonable efforts (a) to cause Seller's auditors, subject to Buyer's compliance with any reasonable request of Seller's auditors, to provide, at Buyer's sole cost and expense, such assistance as Buyer may reasonably request in connection with the preparation of such financial statements or to the inclusion or incorporation by reference of Seller's auditor's opinion with respect to such financial statements in documents filed with the SEC by Buyer or its Affiliates pursuant to the Securities Act or Exchange Act (including the delivery to Seller's auditors of customary representation letters of Seller) and, in connection with any issuance of securities, to deliver customary auditors' consents and "comfort letters" in connection therewith and (b) if requested by Buyer, to make available to Buyer such additional information with respect to the financial statements relating to Buyer's acquisition of the Assets or the Business in Seller's possession and control for the periods ending prior to the Closing as reasonably required by Buyer in order to prepare or, if required, audit financial statements relating to Buyer's acquisition of the Assets or the Business meeting the requirements of Regulation S-X of the Securities Act from time to time (provided that Buyer shall reimburse Seller for the reasonable, documented out-of-pocket costs and expenses incurred by Seller in connection with such cooperation); provided, however, that Seller shall not (i) be required to deliver any representation letter, certificate or other information with respect to any use of such financial statements by Buyer or its Affiliates subsequent to the Closing Date or (ii) be responsible for any misstatement or omission in any of Buyer's or its Affiliates' securities filings or in respect of any of Buyer's or its Affiliates' financings caused by or resulting from the use by Buyer or its Affiliates of such financial statements. Buyer will reimburse Seller, within ten Business Days after demand in writing therefor, for any reasonable costs and expenses incurred by Seller and its Affiliates in complying with the provisions of this Section 4.12.

4.13 Cash Drawer; ATM. Seller shall cause no less than \$ of cash to remain in the Cash Drawer of each Station Property as of the Closing. Prior to the Closing, Seller shall withdraw or remove, and keep for its own account, all of the cash contained in any automated teller machine at each Station Property.

4.14 [***]

4.15 Data Room Documentation. On the Effective Date, Seller shall, at its expense, authorize Matrix Capital Markets Group, Inc. to copy to a non-rewritable flash drive all documents posted to the Data Room as of 5 p.m. Central time on December 29, 2017, and deliver one (1) copy of such flash drive to each of Buyer, Seller and their respective counsel. Transition Matters.

(a) With respect to each Station Property, on or prior to the applicable Cut-over Time, Seller shall remove all Excluded Assets (other than those Excluded Assets owned by third Persons) from the Station Property, as well as signs, signage or advertising bearing or displaying Excluded Assets or any names, marks, or trade dress, except, in each case, to the extent required to continue ongoing operations of such Station Property in the Ordinary Course of Business (such as branded fuel signage for a brand that will continue to be utilized past the applicable Cut-over Time). Seller shall provide to Buyer, prior to the applicable Cut-over Time, evidence reasonably satisfactory to Buyer that all such Excluded Assets have been removed. Notwithstanding the foregoing, if, after good faith efforts, Seller needs more time to comply with the foregoing, the Parties shall cooperate to provide Seller with a reasonable extension of time. Any such Excluded Assets not removed from the applicable Station Property by ninety (90) days following the applicable Cut-over Time shall be deemed abandoned by Seller, and Buyer may dispose of such Excluded Assets in whatever manner Buyer may elect.

(b) No more than thirty (30) days prior to the Closing, Buyer may enter the Station Properties to install utilities and other equipment needed to effect an orderly post-Closing transition of the operations conducted thereon. Such entry and installation (i) shall be at Buyer's sole risk and expense; (ii) shall be at such times as selected by Buyer (not to be earlier than 48 hours after Buyer's request) and reasonably approved by Seller, which approval shall not be unreasonably withheld, conditioned or delayed and (iii) may be conducted by Buyer or through its agents, employees, contractors or subcontractors. Prior to the entry by Buyer or any of Buyer's directors, officers, employees, consultants, advisors, or other agents at any Station Property, Buyer shall inform Seller of the work to be performed and provide Seller with an opportunity to provide input with respect to the nature and timing of such work in order to minimize the disruption to the Business. Buyer shall keep the Station Properties free from any Liens or claims arising out of any work performed, material furnished, or obligations uncured by or on behalf of Buyer. All work shall be performed in a manner that will not unreasonably disturb the ongoing operations of Seller or any tenants at the real property or elsewhere, and will not knowingly cause any material damage, loss, disturbance to business, cost or expense to, or claims against, Seller, tenant or the real property. Buyer will repair any such damage caused by any of the work by its directors, officers, employees, consultants, advisors, or other agents and will restore all affected property to the condition it was in before such work. Buyer will defend, indemnify and hold Seller harmless against any expenses or liability which Seller may incur as a result of any property damage, personal injury or death which may be caused by the activities of Buyer and/or Buyer's representatives or agents under this Section 4.16(b); provided, however, that such indemnity obligations shall apply to the extent, and only to the extent, that any such expenses or liabilities were not caused by or attributable to the gross negligence or willful misconduct of any of Seller and/or Seller's representatives or agents.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(c) If requested by Buyer, Seller and Buyer shall negotiate in good faith to prepare and finalize the Transition Services Agreement with such terms and conditions that are mutually agreeable to Seller and Buyer on or prior to the date that is five (5) Business Days prior to the Closing Date.

5. CONDITIONS TO THE CLOSING

5.1 Conditions of Buyer's Obligations. Buyer's obligation to effect the transactions contemplated by this Agreement is subject to the satisfaction as of the Closing of the following conditions precedent, which are for the sole benefit of Buyer and may be waived wholly or in part in Buyer's sole and absolute discretion:

(a) Representations and Warranties. Each representation and warranty of Seller set forth in Section 2.1 will be true and correct in all material respects.

(b) Performance of Obligations. Seller shall have in all material respects performed and complied with the agreements and obligations under this Agreement that are to be performed or complied with by Seller prior to or on the Closing Date.

(c) No Injunction, Etc. No preliminary or permanent injunction or other Order issued by any Governmental Entity or other legal restraint or prohibition that restrains, enjoins or otherwise prohibits the transactions contemplated hereby shall be in effect, and there shall not be pending or threatened in writing any Proceeding instituted by any Governmental Entity seeking any such injunction, order, restraint or prohibition or substantial monetary damages in connection with the consummation of the transactions contemplated hereby.

(d) Consents. Subject to Section 3.3(b), all of the consents of third parties and Governmental Entities set forth on Schedule 5.1(d) shall have been obtained (the "Required Consents").

(e) Release of Liens. All Liens relating to the Assets shall have been released in full, other than Permitted Liens.

(f) No Material Adverse Effect. From the Effective Date, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(g) Delivery of Documents. The following documents (duly executed as appropriate) will have been delivered to Buyer:

(i) a Bill of Sale in the form attached hereto as Exhibit B;

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(ii) a limited warranty deed with respect to the Owned Station Properties, in substantially the forms attached hereto as Exhibit C;

(iii) an Assignment and Assumption Agreement in the form attached hereto as Exhibit D (the “Assignment and Assumption Agreement”);

(iv) the Fuel Supply Agreements;

(v) the non-competition and non-solicitation agreement in the form attached hereto as Exhibit F (collectively, the “Non-Competition And Non-Solicitation Agreement”);

(vi) the Tank Owner Change Forms and any other related documents required to be prepared, executed or delivered by Seller to Buyer;

(vii) a certificate of an authorized officer of Seller which shall certify (i) the resolutions adopted by Seller to consummate all of the Transactions (including the sale of the Assets), and (ii) the names of the officers of Seller authorized to sign this Agreement and the other Transaction Documents to be delivered by Seller or any of its officers, together with the true signatures of such officers;

(viii) a certificate (dated not more than ten (10) days prior to the Closing), as to the good standing of Seller in its jurisdiction of incorporation;

(ix) a certificate, dated the Closing Date and signed by a duly authorized officer of Seller, that each of the conditions set forth in Sections 5.1(a) and (b) and have been satisfied;

(x) the Books and Records pursuant to Section 1.1(f) hereof;

(xi) a certificate of non-foreign status of Seller satisfying the requirements of Treasury Regulation Section 1.1445-2(b);

(xii) if applicable, all affidavits, gap indemnity agreements and other documents reasonably and customarily required by the Title Company to induce the Title Company to issue its owner’s policy of title insurance, with extended coverage, to Buyer, [***]

; and

(xiii) such other specific instruments of transfer, conveyance and assignment as Buyer may reasonably request.

5.2 Conditions of Seller’s Obligation. Seller’s obligation to effect the transactions contemplated by this Agreement is subject to the satisfaction as of the Closing of the following conditions precedent:

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(a) Representations and Warranties. Each representation and warranty of Buyer set forth in Section 2.2 will be true and correct in all material respects.

(b) Performance of Obligations. Buyer shall have in all material respects performed and complied with the agreements and obligations under this Agreement that are to be performed or complied with by Buyer prior to or on the Closing Date.

(c) No Injunction, Etc. No preliminary or permanent injunction or other Order issued by any Governmental Entity or other legal restraint or prohibition that restrains, enjoins or otherwise prohibits the transactions contemplated hereby shall be in effect and there shall not be pending or threatened in writing any Proceeding instituted by any Governmental Entity seeking any such injunction, order, restraint or prohibition or substantial monetary damages in connection with the consummation of the transactions contemplated hereby.

(d) Consents. All of the Required Consents shall have been obtained.

(e) Insurance. Buyer shall have delivered evidence of the pollution liability insurance policies required pursuant to Section 3.6.

(f) Delivery of Documents. The following documents (duly executed as appropriate) will have been delivered to Seller:

(i) the Assignment and Assumption Agreement, executed by Buyer;

(ii) the Fuel Supply Agreements;

(iii) the Non-Competition and Non- Solicitation Agreement;

(iv) prior to or at the Closing, Buyer shall have taken the actions, and delivered the Purchase Price, as contemplated by Section 1.5(b);

(v) the Tank Owner Change Forms and any other related documents required to be prepared, executed or delivered by Buyer to Seller;

(vi) a certificate of an authorized officer of Buyer which shall certify (i) the resolutions adopted by its Board of Directors authorizing Buyer to consummate all of the transactions contemplated hereby (including the acquisition of the Assets), and (ii) the names of the officers of Buyer authorized to sign this Agreement and the other documents, instruments or certificates to be delivered pursuant to this Agreement by Buyer or any of its officers, together with the true signatures of such officers;

(vii) a certificate (dated not more than ten (10) days prior to the Closing), as to the good standing of Buyer in its jurisdiction of incorporation;

(viii) a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Sections 5.2(a) and (b) have been satisfied;

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(ix) a resale permit or sale for resale exemption certificate relating to inventory acquired in Washington and Idaho in form and substance reasonably acceptable to Seller; and

(x) such other specific instruments of transfer, conveyance and assignment as Seller may reasonably request.

6. INDEMNIFICATION

6.1 Survival of Representations and Warranties and Covenants. [***].

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

6.2 Indemnification Obligations. [***].

6.3 Limitations. [***].

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

6.4 Procedures Relating to Indemnification Between Buyer and Seller. Following the discovery of any facts or conditions that could reasonably be expected to give rise to a Loss or Losses for which indemnification under this Article 6 can be obtained, the Party seeking indemnification under this Article 6 (the “Indemnified Party”) shall, reasonably promptly thereafter, provide written notice to the Party from whom indemnification is sought (the “Indemnifying Party”), setting forth the specific facts and circumstances, in reasonable detail, relating to such Loss or Losses, the amount of Loss or Losses (or a non-binding, reasonable estimate thereof if the actual amount is not known or not capable of reasonable calculation) and the specific section(s) of this Agreement upon which the Indemnified Party is relying in seeking such indemnification (an “Indemnification Notice”); *provided, however*, that any delay or failure in providing the Indemnification Notice shall not preclude the Indemnified Party from seeking indemnification except to the extent the Indemnifying Party is actually and materially prejudiced thereby. If the Indemnification Notice does not relate to a Third-Party Claim (a “Direct Claim”), the Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such Direct Claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement

6.5 Procedures Relating to Indemnification for Third-Party Claims.

(a) Notice. In order for an Indemnified Party to be entitled to any indemnification provided for under this Agreement arising out of or involving a claim or demand made by any third-party (a “Third-Party Claim”), the Indemnified Party must provide an Indemnification Notice to the Indemnifying Party relating to the Third-Party Claim reasonably promptly after the Indemnified Party’s receipt of notice of the Third-Party Claim, but in no event more than thirty (30) days after being served with any summons, complaint or similar legal process; *provided, however*, failure to give timely notice shall not release the Indemnifying Party of its obligations hereunder except if, and only to the extent that, the Indemnifying Party suffers actual prejudice as a proximate result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, within twenty (20) days after the Indemnified Party’s receipt thereof, copies of all notices, correspondence and documents, including all court papers, received or delivered by the Indemnified Party relating to the Third-Party Claim.

(b) Defense. If a Third-Party Claim is made against the Indemnified Party, then the Indemnifying Party shall be entitled to participate in the defense thereof and, if the Indemnifying Party so chooses, to assume (subject to the limitations set forth below) the defense thereof with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided that, the Indemnifying Party shall not be entitled to assume control of such defense (unless otherwise agreed to in writing by the Indemnified Party) and shall pay the reasonable fees and expenses of one counsel for all Indemnified Parties in any one jurisdiction if (i) the Third-Party Claim relates to or arises in connection with any criminal or quasi criminal proceeding, action, indictment, allegation or investigation; (ii) the Third Party Claim seeks an injunction or equitable relief against the Indemnified Party; (iii) the Indemnified Party has been advised by counsel that a reasonable likelihood exists of a conflict of interest (other than a claim for indemnification pursuant to the terms of this Agreement) between the Indemnifying Party and the Indemnified Party; (iv) the defense, settlement or other action or omission with respect to such Third Party Claim could reasonably be expected to have the effect of increasing the present or future Tax liability or decreasing any present or future Tax asset of Buyer or any of its Affiliates, other than an adjustment to the Tax basis of the Assets relating to an increase in Assumed Liabilities solely relating to such Third Party Claim; or (v) in the case of an Indemnified Party that is a Buyer Indemnified Party, such Indemnified Party reasonably believes that the monetary value of the Third Party Claim is reasonably estimated to (x) be less than the Deductible or (y) to exceed the Cap. If the Indemnifying Party so elects to assume (subject to the limitations set forth above) the defense of a Third-Party Claim, then the Indemnifying Party shall not be liable to the Indemnified Party for the reasonable fees and expenses of counsel subsequently incurred by the Indemnified Party in connection with the defense thereof; *provided, however*, that (i) prior to assuming the defense of such Third-Party Claim, the Indemnifying Party shall provide to the Indemnified Party an undertaking stating that such Indemnifying Party is able to and will assume the payment of all defense fees and costs and (ii) the Indemnifying Party’s assumption of the defense of such Third-Party Claim shall not signify any agreement, obligation or commitment on the part of the Indemnifying Party to assume or pay any amount awarded to a claimant in respect of such Third-Party Claim. If the Indemnifying Party assumes (subject to the limitations set forth above) such defense, then the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate

from the counsel employed by the Indemnifying Party, it being understood, however, that the Indemnifying Party shall control such defense. If the Indemnifying Party chooses (subject to the limitations set forth above) to defend any Third-Party Claim, then the Parties shall cooperate in the defense or prosecution of such Third-Party Claim. Such cooperation shall include the retention and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records that are reasonably relevant to such Third-Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. If the Indemnifying Party has not within thirty (30) days after receipt of an Indemnification Notice relating to a Third-Party Claim, chosen to assume defense of a Third-Party Claim, is not entitled to assume defense of a Third-Party Claim (as provided above) or fails to defend such Third-Party Claim actively and in good faith, then the Indemnified Party shall (upon further written notice) have the right to defend and, subject to Section 6.5, compromise or settle such Third-Party Claim or consent to the entry of judgment with respect to such Third-Party Claim, in each case at the cost and expense of the Indemnifying Party.

(c) Settlement of Third-Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into a settlement of any Third-Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned, or delayed), except to the extent such settlement does not provide for liability or the creation of a financial or other obligation (including the imposition of an injunction or other equitable relief) on the part of the Indemnified Party, does not provide for any statement of liability, wrongdoing, criminal offense or finding or admission of any violation of Law by the Indemnified Party and provides, in customary form, for the full, complete and unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third-Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 6.5, it shall not agree to any settlement without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed), and no such settlement shall be determinative of the Indemnifying Party's obligations under this Article 6.

6.6 Insurance. [***].

6.7 Effect of Investigation. [***].

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

6.8 Duty to Mitigate. [***].

6.9 Exclusive Remedy. Except in the case of intentional fraud, willful misconduct or criminal conduct, the Purchase Price adjustment provisions of Sections 1.8 and 1.9, the tax provisions of Section 4.1, or any claims for injunctive or other equitable relief, if Closing occurs, the indemnification provisions of this Article 6 are the sole and exclusive remedy of the Parties with respect to this Agreement and the Transactions whether arising in contract, tort or otherwise. In addition to the foregoing, and except in the case of intentional fraud, willful misconduct or criminal conduct, the Parties shall not be entitled to a rescission of this Agreement (or any other Transaction Documents) related to the breach of any representation, warranty, covenant or agreement contained herein.

6.10 No Double Recovery. No Losses may be claimed under Section 6.2 by the Buyer Indemnified Parties to the extent such Losses were taken into account as part of the calculation of the Purchase Price, as adjusted in this Agreement.

6.11 Manner of Payment. Any indemnification of an Indemnified Party pursuant to this Article 6 shall be effected by wire transfer of immediately available funds to an account designated in writing by such Indemnified Party, within 10 Business Days after the final determination thereof.

6.12 Tax Treatment of Indemnity Payments. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

7. TERMINATION

7.1 General. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned, only as follows:

(a) by the written agreement of Buyer and Seller;

(b) by Buyer or Seller if the Closing has not occurred on or before March 31, 2018 (the “Outside Date”); provided, however, that the right to terminate this Agreement under this Section 7.1(b) shall not be available to any Party whose failure to perform any material covenant, agreement or obligation hereunder has been the principal cause of the failure of the Closing to occur on or before such Outside Date;

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(c) by Buyer or Seller if any Governmental Entity shall have enacted, issued, promulgated, enforced or entered any Law or Order, or refused to grant any required consent or approval, that has the effect of making the consummation of the Transactions illegal or that otherwise prohibits consummation of such Transactions;

(d) by Seller, upon a breach of any representation, warranty, covenant or agreement on the part of Buyer set forth in this Agreement, which (i) would give rise to the failure of a condition set forth in Section 5.2; and (ii) has not been cured within thirty (30) days following the earlier of receipt by Seller of written notice of such breach from Buyer or receipt by Buyer of written notice of such breach from Seller, provided, that Seller is not then in breach of any representation, warranty or covenant set forth in this Agreement or in any Transaction Document, which breach causes, or would reasonably be expected to cause, any of the conditions set forth in Section 5.1(a) or Section 5.1(b) to fail to be satisfied;

(e) by Buyer, upon a breach of any representation, warranty, covenant or agreement on the part of Seller set forth in this Agreement, which (i) would give rise to the failure of a condition set forth in Section 5.1; and (ii) has not been cured within thirty (30) days following the earlier of receipt by Buyer of written notice of such breach from Seller, as the case may be, or receipt by Seller of written notice of such breach from Buyer, provided, that Buyer is not then in breach of any representation, warranty or covenant set forth in this Agreement, which breach causes, or would reasonably be expected to cause, a condition to Closing set forth in either Section 5.2(a) or Section 5.2(b) to fail to be satisfied; and

(f) by Seller, if Buyer designates three (3) or more Station Properties as Rejected Properties pursuant to the terms of this Agreement.

7.2 Effect of Termination. To terminate this Agreement as provided in Sections 7.1(b), (c), (d), (e) or (f), the terminating Party shall provide the other Party with written notice of its election to terminate this Agreement. Upon delivery of such written notice in accordance with Section 8.6, this Agreement shall forthwith become void and, subject to Section 7.3, there shall be no liability on the part of Buyer or Seller or their respective Affiliates, subsidiaries, officers, directors, stockholders, members, managers or partners and all rights and obligations of any Party hereto shall cease, except that nothing herein shall relieve any Party hereto of any liability for any and all of the damages suffered by the other Party hereto as a result of (i) intentional fraud, willful misconduct or criminal conduct or (ii) any intentional breach of such Party's representations, warranties covenants or agreements contained in this Agreement (clauses (i) and (ii) referred to herein a "Willful Breach"); provided, however, that Buyer's right to pursue legal remedies under this Agreement shall be limited to Seller, and Buyer shall have no right to pursue remedies under this Agreement or otherwise against the shareholders of Seller individually. Notwithstanding the foregoing, the provisions of this Section 7.2, Section 7.3 and Article 8 shall survive any termination of this Agreement. No termination of this Agreement shall affect the obligations of the parties under the Confidentiality Agreement.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

7.3 Fees and Expenses.

(a) If Seller terminates this Agreement pursuant to Section 7.1(b) or Section 7.1(d), then Seller shall be entitled to the Deposit as liquidated damages, it being understood that in no event shall Buyer be required to pay such amount on more than one occasion. In such event, the Parties will cooperate to direct the Escrow Agent to immediately disburse the Deposit to Seller after such termination. Solely for purposes of establishing the basis for the amount of the liquidated damages, it is agreed that the Deposit is not a penalty, but is liquidated damages (in the event it is paid) in a reasonable amount to compensate Seller in the circumstances in which such fee is payable, for the resources expended while negotiating this Agreement. Each of the Parties agrees that, prior to the Closing, Seller's right in this Section 7.3 to terminate this Agreement and receive payment of the Deposit shall be (other than in the case of a Willful Breach) the sole and exclusive monetary remedy of Seller or any of its Affiliates (whether at law, in equity, in contract, in tort or otherwise) against any Buyer Indemnified Party for any breach of this Agreement by any Buyer Indemnified Party or any Loss suffered hereunder or under any other agreement executed in connection with the transactions contemplated hereby. Upon payment of the Deposit to Seller (other than in the case of a Willful Breach), (%4) no Buyer Indemnified Party shall have any further liability or obligation relating to or arising out of this Agreement, any contract or agreement executed in connection herewith or any of the transactions contemplated hereby or thereby (or the abandonment or termination thereof), (%4) none of Seller or any of its Affiliates shall be entitled to bring or maintain any action, suit or proceeding against any Buyer Indemnified Party arising out of or in connection with this Agreement, any contract or agreement executed in connection herewith or any of the transactions contemplated hereby or thereby (or the abandonment or termination thereof) or any matters forming the basis for such termination and (%4) Seller shall cause any action, suit or proceeding pending in connection with this Agreement, any contract or agreement executed in connection herewith or any of the transactions contemplated hereby or thereby (or the abandonment or termination thereof), to the extent maintained by Seller or any of its Affiliates against any Buyer Indemnified Party, to be dismissed with prejudice promptly, and in any event within five (5) Business Days after the payment of the Deposit to Seller. Under no circumstance shall Seller be permitted or entitled to receive both a grant of specific performance to consummate the Closing and any portion of the Deposit.

(b) If this Agreement is terminated for any reason other than as set forth in Section 7.3(a), then Buyer shall be entitled to the Deposit and the Parties will cooperate to direct the Escrow Agent to immediately disburse the Deposit to Buyer after such termination.

8. MISCELLANEOUS

8.1 Publicity. The Parties agree that, from and after the Effective Date, no public release, written statement or announcement concerning the Transactions shall be issued or made without the prior written consent of both Parties, except for the content of any such release or announcement that is required by Law, including the rules or regulations of any securities exchange, which release or announcement shall be made available to the other Party for its review as soon as reasonably practicable prior to such disclosure and so long as it provides the other Party a reasonable opportunity to review and reasonably comment on the proposed disclosure and to seek confidential

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

treatment to the extent permitted by the rules of the SEC. The Parties shall consult with each other regarding any request for confidential treatment from the SEC and, in the case of any such request, each Party shall use its commercially reasonable best efforts to obtain an order from the SEC for confidential treatment for specified provisions or terms of this Agreement.

8.2 Assignment. Except to the extent otherwise expressly set forth in this Agreement, no Party may assign, transfer or encumber this Agreement, or its rights or obligations hereunder, in whole or in part, voluntarily or by operation of Law, without the prior written consent of the other Party, and any attempted assignment, transfer or encumbrance without such consent shall be void and without effect.

8.3 Parties in Interest. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their respective permitted successors and permitted assigns. Except as set forth in Article 6 and as otherwise expressly provided herein, this Agreement is not intended to and does not confer upon any Person other than the Parties any rights or remedies hereunder.

8.4 Amendment. No modifications, amendments or supplements to this Agreement shall be valid and binding unless set forth in a written agreement executed and delivered by the Parties.

8.5 Waiver. No waiver by any Party of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed and delivered by the Party so waiving. Except as provided in the preceding sentence, no action taken pursuant to this Agreement shall be deemed to constitute a waiver by the Party taking such action of compliance with any representations, warranties, covenants or agreements contained in this Agreement and in any documents delivered or to be delivered pursuant to this Agreement and in connection with the Closing under this Agreement. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

8.6 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile (followed by overnight courier), E-mail (followed by overnight courier), delivery by a nationally recognized overnight courier or by registered or certified mail (postage prepaid, return receipt requested) to the other Parties as follows:

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

To Buyer or Buyer Parent:

Par Pacific Holdings, Inc.
Attention: General Counsel
800 Gessner Rd., Suite 875
Houston, Texas 77024
Fax: (832) 518-5203
Email: MVAughn@parpacific.com

With a copy (which shall not constitute notice) to:

Porter Hedges LLP
1000 Main St., 36th Floor
Houston, Texas 77002
Fax: (713) 226-6249
Attention: E. James Cowen

To Seller:

CHS Inc.
Attn: VP Refined Fuels Operations & Supply
3020 Denmark Avenue
Eagan, MN 55121
Phone: 651-355-4361
Fax: 651-355-8499
Email: Angie.Olsonawski@chsinc.com

With a copy (which shall not constitute notice), to:

CHS Inc.
Attn: Legal Department
5500 Cenex Drive, MS 625
Inver Grove Heights, MN 55077
Phone: 651-355-3711
Fax: 651-355-4554
Email: Ryan.Hoch@chsinc.com

or to such other person or address as any Party shall have specified by notice in writing to the other Party. If personally delivered, then such communication shall be deemed delivered upon actual receipt; if sent by email or facsimile transmission, then such communication shall be deemed delivered the day of the transmission or, if the transmission is not made on a Business Day, the first Business Day after transmission (and sender shall bear the burden of proof of delivery); if sent by overnight courier, then such communication shall be deemed delivered upon receipt; and if sent by U.S. mail, then such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal.

8.7 Expenses. Regardless of whether or not the Transactions are consummated and except to the extent otherwise expressly set forth in this Agreement, all expenses incurred by the Parties shall be borne solely and entirely by the Party that has incurred such expenses, provided, however, if the Closing occurs, each of the Reimbursed Transaction Expenses shall be paid by Buyer to Seller at the Closing.

8.8 Section Headings; Table of Contents. The Section headings contained in this Agreement and the Table of Contents to this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

8.9 Severability. If any provision of this Agreement shall be declared by any court of competent jurisdiction to be illegal, void or unenforceable, then such provisions shall be construed so that the remaining provisions of this Agreement shall not be affected, but shall remain in full force and effect, and any such illegal, void or unenforceable provisions shall be deemed, without further action on the part of any person or entity, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable in the applicable jurisdiction.

8.10 No Strict Construction. Notwithstanding the fact that this Agreement has been drafted or prepared by one of the Parties, each Party confirms that both it and its counsel have reviewed, negotiated and adopted this Agreement as the joint agreement and understanding of the Parties. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

8.11 Governing Law; Jurisdiction; Venue; Waiver of Jury Trial. The Parties agree that this Agreement and all matters arising from or relating to this Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware without regard to the conflict of law principles thereof. ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE INSTITUTED IN THE DELAWARE COURT OF CHANCERY AND ANY STATE APPELLATE COURT THEREFROM WITHIN THE STATE OF DELAWARE (OR, IF THE DELAWARE COURT OF CHANCERY DECLINES TO ACCEPT JURISDICTION OVER A PARTICULAR MATTER, THEN ANY STATE OR FEDERAL COURT WITHIN THE STATE OF DELAWARE) AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. EACH PARTY AGREES THAT A FINAL JUDGMENT IN ANY SUCH LEGAL SUIT, ACTION OR PROCEEDING BROUGHT IN AN APPROPRIATE COURT PURSUANT TO THIS SECTION 8.11 SHALL BE CONCLUSIVE AND BINDING UPON THE PARTIES, AS THE CASE MAY BE, AND MAY BE ENFORCED IN ANY OTHER COURTS TO WHOSE JURISDICTION THE PARTIES, AS THE CASE MAY BE, ARE OR MAY BE SUBJECT, BY SUIT UPON SUCH JUDGMENT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

AGREEMENT OR THE TRANSACTIONS. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.11.

8.12 Entire Agreement. This Agreement, together with the Schedules and Exhibits hereto and thereto and the Transaction Documents constitute the entire agreement between the Parties, and supersede all prior agreements and understandings, oral and written, between the Parties, with respect to the subject matter hereof.

8.13 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

8.14 Prevailing Party. If any litigation, other court action, proceeding, or other dispute is commenced by any Party to enforce its rights under this Agreement against any other Party, all fees, costs and expenses, including, without limitation, reasonable attorneys' fees and court costs, incurred by the prevailing Party in such litigation, action, arbitration, proceeding, or dispute shall be reimbursed by the losing Party; provided, that if a Party to any such litigation or action prevails in part, and loses in part, the court or other adjudicator presiding over such litigation or action shall award a reimbursement of the fees, costs and expenses incurred by the substantially prevailing Party.

8.15 Counterparts. This Agreement may be executed by facsimile or by other electronic signatures and in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.16 Specific Performance.

(a) Except as set forth in Section 7.3 and as otherwise limited or provided herein, any and all remedies available to a Party under the Law will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy.

(b) The Parties hereby acknowledge and agree that the failure of any Party to perform its agreements and covenants hereunder, including its failure to take all actions as are necessary on its part to the consummation of the Transactions, will cause irreparable injury to the other Parties for which damages, even if available, will not be an adequate remedy. Accordingly, except as set forth in Section 7.3 and as otherwise limited or provided herein, each Party hereby consents to the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such Party's obligations and to the granting by any court of the remedy of specific performance of its obligations hereunder.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

8.17 Schedules and Exhibits. The exhibits and schedules to this Agreement constitute a part of this Agreement and are incorporated into this Agreement for all purposes as if fully set forth herein. The Disclosure Schedules include references to the particular section of this Agreement that relates to each disclosure. Any disclosure which may be applicable to another section of this Agreement will be deemed to be made with respect to such other section for which applicability of such disclosure is reasonably apparent on its face, regardless of whether or not a specific cross reference is made thereto. For the avoidance of doubt, any disclosure made with respect to a section of this Agreement, or deemed to be made with respect to a section of this Agreement in accordance with the immediately preceding sentence, shall be deemed to qualify and modify the representations and warranties contained in such section, even if the representations and warranties contained in such section do not by their terms call for any disclosure to be made. By listing matters on the Disclosure Schedules, Seller will not be deemed to have established any materiality standard, admitted any liability, concluded that any one or more of such matters are material, or expanded in any way the scope or effect of the representations or warranties pertaining to Seller or the Business contained in this Agreement. Any capitalized term used in the Disclosure Schedules and not otherwise defined therein has the meaning given to such term in this Agreement.

9. DEFINITIONS .

In this Agreement, the following terms have the meanings specified or referred to in this Article 9 and, except as otherwise expressly provided in this Agreement or unless the context otherwise clearly and unambiguously requires, shall be equally applicable to both the singular and plural forms. Amounts stated in dollars refer to U.S. dollars.

“Acceptance Notice” has the meaning set forth in Section 1.8(b).

“Acquisition Proposal” has the meaning set forth in Section 3.5(a).

“Adjustments” has the meaning set forth in Section 1.9(b).

“Affiliate” of any particular Person means any other Person controlling, controlled by or under common control with such particular Person. For the purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, contract or otherwise.

“Agreed Location Value” has the meaning set forth in Section 1.7.

“Agreement” has the meaning set forth in the preamble of this Agreement.

“Assets” has the meaning set forth in Section 1.1.

“Assignment and Assumption Agreement” has the meaning set forth in Section 5.1(g)(iii).

“Assumed Contracts” has the meaning set forth in Section 1.1(d).

“Assumed Liabilities” has the meaning set forth in Section 1.3(b).

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

“ Base Price ” has the meaning set forth in Section 1.5(a).

“ Benefit Plan ” means any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ ERISA ”), maintained or contributed to by Seller or to which Seller has or could have any liability direct or indirect, and any other plan, program, agreement, arrangement, policy, contract, commitment or scheme, written or oral, statutory or contractual, of Seller or an ERISA Affiliate or to which any of them could have any liability that provides for compensation or benefits, including any retirement benefits, deferred compensation, employment agreement, consulting agreement, employee leasing agreement, labor agreement, stock options or other equity arrangements, executive compensation, bonus or incentive plan, severance, bonus, change in control payment, any fringe benefit, any cafeteria plan or any holiday or vacation plan or practice.

“ Books and Records ” means (i) all books, files, records and other materials and documentation of Seller (in whatever format they exist, whether hard copy or electronic) located at any Station Property or, if located elsewhere, to the extent primarily related to the Assets or the Business, (ii) all environmental reports and documents and property files to the extent related solely to any Station Property or any other Asset, (iii) the list of vendors set forth on Schedule 9.1 and (iv) to the extent transferable under applicable Law, personnel records and files related to Hired Employees, provided, however, in the case of subparts (i), (ii), (iii) or (iv), other than such materials and documentation that are not primarily related to the Business or are included in Seller’s Records.

“ Business ” has the meaning set forth in the recitals of this Agreement.

“ Business Day ” means any day other than Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by Law to be closed.

“ Business Benefit Plan(s) ” means all Benefit Plans that are sponsored or contributed to by Seller or any ERISA Affiliate for the benefit of current or former employees providing services to the Business for which Seller could have any liability, direct interest or otherwise, under the controlled group and affiliated service group rules under Code Section 414, COBRA or ERISA.

“ Business Employees ” has the meaning set forth in Section 2.1(m).

“ Buyer ” has the meaning set forth in the preamble of this Agreement.

“ Buyer Parent ” has the meaning set forth in the preamble of this Agreement.

“ Buyer Parent Guaranty ” has the meaning set forth in Section 4.10(a).

“ Buyer Indemnified Parties ” has the meaning set forth in Section 6.2(a).

“ Cap ” has the meaning set forth in Section 6.3(b).

“ Cash Drawer ” means an operating cash balance as customarily required and utilized by Seller at the Station Property including rolls of change kept on hand.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

“ Cash Inventory ” has the meaning set forth in Section 1.9(b)(iv)(D).

“ Closing ” has the meaning set forth in Section 1.10.

“ Closing Cash Payment ” has the meaning set forth in Section 1.5(a).

“ Closing Date ” has the meaning set forth in Section 1.10.

“ COBRA ” means the requirements of Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code and of any similar state law.

“ Code ” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“ Commitment ” or “ Commitments ” has the meanings set forth in Section 3.7.

“ Company Monthly Financial Statements ” has the meaning set forth in Section 3.12.

“ Confidentiality Agreement ” means the confidentiality agreement, dated as of September 29, 2017 by and between Matrix Capital Markets Group, Inc., on behalf of Seller, and Buyer.

“ Contract ” means any indenture, mortgage, deed of trust, lease, licensing agreement, contract, instrument or other agreement (whether written or oral, and whether express or implied), that is legally binding.

“ Cutoff Date ” has the meaning set forth in Section 6.1(a).

“ Cut-over Time ” has the meaning set forth in Section 1.9(a).

“ Damage Estimate ” has the meaning set forth in Section 4.4.

“ Data Room ” means the electronic data room maintained by Matrix Capital Markets Group, Inc. on behalf of Seller for the posting of documents for review by Buyer in connection with the transactions contemplated hereby.

“ Deductible ” has the meaning set forth in Section 6.3(a).

“ Deposit ” has the meaning set forth in Section 1.4.

“ Deposit Escrow Agreement ” has the meaning set forth in Section 1.4.

“ Direct Claim ” has the meaning set forth in Section 6.4.

“ Effective Date ” has the meaning set forth in the preamble of this Agreement.

“ Employee Numbers ” has the meaning set forth in Section 2.1(m).

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

“Environment” shall mean all and any of the following media: any air (including, without limitation, air within buildings and other natural or man-made structures, whether above or below ground), water (including, without limitation, any groundwater or surface water, and water in drains, pipes and sewers), land (including, without limitation, surface land, sub-surface strata, sediment, sea-bed and river bed and natural and man-made structures) and any organisms (including, without limitation, humans), micro-organisms, species, habitats, natural resources and their services, biodiversity and ecological systems, structures and functions supported by any of those media.

“Environmental, Health, and Safety Requirements” means all Environmental Laws, Permits, governmental orders and other legally binding requirements concerning public health and safety, worker health and safety, pollution, or protection of the Environment, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, investigation, remediation, or removal of any Hazardous Material as such requirements are enacted and in effect on or prior to the Closing Date, and any amendments or revisions thereto .

“Environmental Laws” means any Laws existing as of the date hereof, and any amendments thereto, related to pollution, the protection of the Environment, worker health and safety, public health and safety or Hazardous Materials.

“ERISA Affiliate” means any entity, whether or not incorporated, that is or was in the preceding 6 years a member of Seller’s or the Business’ controlled group or affiliated service group within the meaning of Code Section 414 or Section 4001 of ERISA.

“Escrow Agent” has the meaning set forth in Section 1.4.

“Estimated Inventory Value” has the meaning set forth in Section 1.5(b).

“Estimated Inventory Value Statement” means a written statement setting forth Seller’s reasonable and good faith estimate as of the Closing of the following: (a) the Merchandise Inventory, (b) the Food Service Items, (c) the Supplies Inventory, (d) the Cash Inventory, and (e) the Petroleum Inventory.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Excluded Assets” has the meaning set forth in Section 1.2.

“Excluded Liabilities” has the meaning set forth in Section 1.3(a).

“Final Inventory Value” has the meaning set forth in Section 1.8(a).

“Final Purchase Price” has the meaning set forth in Section 1.8(c).

“Financial Information” has the meaning set forth in Section 2.1(d).

“Fiscal Year” has the meaning set forth in Section 4.1(c).

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

“ Food Service Items ” means any Taco John’s related food and beverage items prepared and served for human consumption.

“ Fuel Equipment ” means all fuel fixtures and equipment now attached to or used in connection with the Station Properties, including without limitation, all petroleum pumps and dispensers, dispenser pans or under-dispenser containers and overfill sumps, vapor recovery equipment, automatic tank gauges, leak detectors, underground and aboveground fuel storage tanks, canopies, point of sale systems, electronic price signs, fuel lines, fittings and connections used at the Station Properties to receive, store or dispense fuels, to the extent any of the foregoing are owned by Seller.

“ Fuel Supply Agreements ” means (a) the Program Agreement between Seller and Buyer, (b) the Trademark License Agreement between Seller and Buyer, (c) the Supplemental Agreement between Seller and Buyer, (d) the Transportation Agreement between Seller and Buyer, (e) the Product Sale Agreement between Seller and Hermes Consolidated, LLC (d/b/a Wyoming Refining Company), and (f) the Branded Petroleum Marketer Agreement between Seller and Buyer, in the forms attached hereto as Exhibit E.

“ Fuel Taxes ” has the meaning set forth in Section 1.9(b)(iv)(E).

“ Fundamental Representations ” means [***].

“ Governmental Entity ” means any court, arbitrator, department, commission, board, bureau, agency, authority, instrumentality or other body, whether federal, state, local, foreign or other.

“ Guaranteed Obligations ” has the meaning set forth in Section 4.10(a).

“ Hazardous Material ” means all wastes, pollutants, contaminants and hazardous, dangerous or toxic materials or substances, including oil, gasoline, diesel, MTBE, petroleum, constituents and derivatives of petroleum, petroleum products, asbestos, asbestos-containing material, radon, mercury, lead-based paint, urea formaldehyde, polychlorinated biphenyls, any constituents or byproducts of such substances and any other material or substance that is regulated because of its effect or potential effect on public health or the environment or that could result in liability under any Environmental, Health, and Safety Requirements.

“ Hired Employees ” has the meaning set forth in Section 4.2(a).

“ Indebtedness ” means at a particular time, without duplication, (a) debt for borrowed money owed to any Party, including any obligations under any note, bond, debenture or other debt security or obligations under drawn letters of credit, (b) all obligations as lessee under leases that have been recorded as capital leases in accordance with GAAP, (c) all interest rate swaps, collars, caps and similar hedging obligations, (d) the deferred purchase price of property or services in respect of which such Person is liable, contingently or otherwise (including “earn-outs” and “seller notes” payable with respect to the acquisition of any business, assets or securities), (e) guarantees of any of the obligations set forth in clauses (a) through (d) and (f) with respect to clauses (a) through (e),

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

all accrued and unpaid interest, and other payment obligations (including prepayment penalties, premiums, breakage costs, fees and other costs and expenses associated with repayment) thereon.

“ Indemnification Notice ” has the meaning set forth in Section 6.4.

“ Indemnified Party ” has the meaning set forth in Section 6.4.

“ Indemnifying Party ” has the meaning set forth in Section 6.4.

“ Independent Auditor ” has the meaning set forth in Section 1.8(b).

“ Intellectual Property ” means any and all of the following in any jurisdiction throughout the world: (i) trademarks and service marks, including all applications and registrations and the goodwill connected with the use of and symbolized by the foregoing; (ii) copyrights, including all applications and registrations, and works of authorship, whether or not copyrightable; (iii) trade secrets and confidential know-how; (iv) patents and patent applications; (v) websites and internet domain name registrations; and (vi) all other intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing.

“ Intellectual Property Agreements ” means all licenses, sublicenses and other agreements by or through which other Persons grant Seller or Seller grants any other Persons any exclusive or non-exclusive rights or interests in or to any Intellectual Property that is used in connection with the Business.

“ Inventory ” means Petroleum Inventory, Merchandise Inventory, Food Service Items, Supplies Inventory and Cash Inventory; provided, however, that Inventory does not include any inventory that cannot be transferred pursuant to applicable Law.

“ Inventory Firm ” has the meaning set forth in Section 1.9.

“ Inventory Value ” has the meaning set forth in Section 1.9(b)(iv).

“ IRS ” means the United States Internal Revenue Service.

“ Knowledge of Seller ” means, and shall be limited to, the actual knowledge of [***] after due and appropriate inquiry by the foregoing persons of those persons within Seller’s organization who are, in the reasonable judgment of such foregoing persons, in a position to be most familiar with the applicable subject matter.

“ Law(s) ” means any federal, state, local, foreign or other statute, law, ordinance, treaty, rule or regulation.

“ Lease Consent ” has the meaning set forth in Section 3.3(b).

“ Lease Consent Deadline ” has the meaning set forth in Section 3.3(b).

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

“ Lease Consent Escrow ” has the meaning set forth in Section 3.3(b).

“ Leased Real Properties ” has the meaning set forth in the recitals.

“ Liability ” or “ Liabilities ” means and include any direct or indirect liability or obligation that a Person owes to or at the behest of any other Party, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured, joint or several, absolute or contingent, accrued or unaccrued, whether called a liability, obligation, indebtedness, guaranty, endorsement, claim or responsibility or otherwise.

“ Lien ” means any mortgage, lien, pledge, charge, security interest or encumbrance of any kind.

“ Loss ” means all losses, damages, costs, expenses and penalties, as well as reasonable legal fees, disbursements and costs related thereto.

“ Material Adverse Effect ” shall mean any event, circumstance, change, occurrence, condition, development or state of facts that, individually or in the aggregate, (a) has had or would be reasonably expected to have, either by itself or in the aggregate with respect to all such matters, a material adverse effect on the business, results of operations or condition (financial or otherwise) of the Asset or the Business, taken as a whole; provided, however, that none of the following shall be deemed, either alone or in combination, to constitute, and that none of the following shall be taken into account in determining whether there has been, a Material Adverse Effect: (i) any change or event generally affecting the industries or markets in which Seller conducts operations or the economy; (ii) general economic, capital market, financial, political or regulatory conditions, worldwide or in any particular region; (iii) an occurrence, outbreak, escalation or material worsening of war, armed hostilities, acts of terrorism, political instability or other national or international calamity, crisis or emergency, or any governmental or other response or reaction to any of the foregoing; (iv) any change in applicable accounting requirements or principles; (v) any change in applicable Laws, rules or regulations or the implementation or interpretation thereof; (vi) any effect related to or resulting from the announcement, pendency or consummation of the Transactions, including actions or omissions to act by customers, suppliers or employees, or by reason of the identity of Buyer or any communication by Buyer regarding its plans or intentions with respect to the Business; (vii) any action taken, or failures to take action, by Seller at Buyer’s request or expressly required by this Agreement and the Transactions; or (viii) any failure of the Business to meet its internal financial projections (including, without limitation, revenues, bookings or earnings) relating to any period after the date hereof (provided that, notwithstanding anything to the contrary herein, the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether a Material Adverse Effect has occurred); provided further that in the case of clauses (i), (ii), (iii), (iv) and (v), such adverse event shall not be so excluded from the definition or determination of a “Material Adverse Effect” if such event, individually or in the aggregate, has or would be reasonably expected to have a disproportionate effect on the Assets or the Business relative to other businesses operating in the same industry, but then only to the extent of such disproportionate effect; or (b) would or would reasonably be expected to prevent, materially delay or materially impede the performance by Seller of its obligations under this Agreement or the consummation of the Transactions.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

“Merchandise Inventory” means items of merchandise of every type and description at the Station Properties as of the Cut-over Time excluding Petroleum Inventory, Food Service Items and Supplies Inventory.

“Non-Competition and Non-Solicitation Agreement” has the meaning set forth in Section 5.1(g)(v).

“Objection Notice” has the meaning set forth in Section 1.8(b).

“Orders” means any order, writ, injunction, judgment, plan or decree of any Governmental Entity.

“Ordinary Course of Business” means, with respect to Seller, the ordinary course of business of Seller in conducting the Business consistent with past custom and practice (including with respect to quantity and frequency).

“Outside Date” has the meaning set forth in Section 7.1(b).

“Owned Real Properties” has the meaning set forth in the recitals.

“Party” or “Parties” means Buyer and/or Seller, as the case may be.

“Permits” means licenses, sublicenses, permits, approvals, certifications, registrations, exemptions, variances, permissive uses, waivers, endorsements, qualifications, accreditations, consents and authorizations of all Governmental Entities.

“Permitted Liens” means (i) mechanic’s, materialmen’s, carriers’, repairers’ and other Liens arising or incurred in the Ordinary Course of Business for amounts that are not yet delinquent, (ii) Liens for Taxes, assessments or other governmental charges not yet due and payable as of the Closing Date or are being contested in good faith by appropriate proceedings, (iii) encumbrances and restrictions on real property (including easements, covenants, conditions, rights of way and similar restrictions) that do not materially interfere with, materially impair or materially impede the present uses or occupancy of such real property by the owner or lessee thereof, (iv) Liens granted to any lender at the Closing in connection with any financing by Buyer of the transactions contemplated hereby, (v) Liens securing any funded Indebtedness (provided such Liens will be discharged at Closing or post-Closing in accordance with the terms of standard and customary conveyancing practices), (vi) zoning, building codes and other land use Laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such real property but excluding any violations of any such Laws which materially interfere with, materially impair or materially impede the present uses or occupancy of such real property by the owner or lessee thereof, (vii) matters that are of record and which do not materially interfere with, directly or indirectly, in an operational manner, financial manner or otherwise, the present uses or occupancy of such real property by the owner, assignee, lessee, or sublessee thereof, (viii) any right, interest, Lien or title of a licensor, sublicensor, licensee, sublicensee, lessor or sublessor under any Assumed Contract to the extent created pursuant to the provisions of such Assumed Contract, but expressly excluding Liens arising as a result of a default

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

(other than a default by any Buyer) under any such Assumed Contract and (ix) any Liens described in the Commitments or the Surveys issued to Buyer pursuant to Section 3.7.

“ Person ” means any individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization or Governmental Entity.

“ Personal Property ” means all furniture, furnishings, leasehold improvements, fixtures, hardware, equipment, Fuel Equipment, product dispensers, pumps, air compressors, lifts, convenience store coolers, car washing equipment, vacuums, machinery, signs, tools, motor vehicles, office equipment, supplies, computers, networking and other data transmission cables and wiring, telephone and facsimile numbers and listings, mops, brooms and other cleaning supplies, crates, totes and other items of tangible personal property, in each case owned by Seller and used or held for use in the operation of the Assets or the Business and situated at the Station Properties.

“ Petroleum Inventory ” means gasoline, diesel fuel and bulk propane at the Station Property as of the Cut-over Time excluding Non-Saleable Inventory.

“ Physical Inventory ” has the meaning set forth in Section 1.9.

“ PMPA ” means the Petroleum Marketing Practices Act, 15 U.S.C. Section 2801-2806 (1978), as amended.

[***]

“ Pre-Closing Tax Period ” means any taxable period commencing prior to and ending on or before the Closing Date.

“ Proceeding ” means any action, suit, claim, assessment, hearing, proceeding, arbitration, investigation, audit, inquiry, or mediation by or before any Governmental Entity or other Person.

“ Property Taxes ” has the meaning set forth in Section 4.1(c).

“ Purchase Price ” has the meaning set forth in Section 1.5(a).

“ Purchase Price Allocation Schedule ” has the meaning set forth in Section 1.6(b).

“ Real Property Leases ” means the leases or similar agreements (including all amendments or modifications related thereto) pursuant to which Seller is a tenant, subtenant, lessee or sublessee or otherwise uses or occupies real property owned by a third party.

[***]

“ Rejected Property ” has the meaning set forth in Section 4.9.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

“Release” means any release, spill, emission, emptying, leaking, injection, deposit, disposal, discharge, leaching, pumping, pouring, or migration into, at, on, to or from the atmosphere, soil, surface water, groundwater, land, subsurface strata or property.

“Required Consents” has the meaning set forth in Section 5.1(d).

“ROFR” means right of first refusal or purchase option.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Seller” has the meaning set forth in the preamble of this Agreement.

“Seller’s Records” has the meaning set forth in Section 1.2(e).

“Seller Taxes” means all (a) Taxes relating to the Business, the Assets or the Assumed Liabilities for any Pre-Closing Tax Period or the pre-closing portion of any Straddle Period, (b) any other Taxes of Seller or any Affiliates of Seller for any taxable period, (c) Taxes attributable to any Pre-Closing Tax Period of any Person imposed on Buyer as a transferee of or successor to Seller by Contract or pursuant to any Law, with respect to obligations or relationships existing on or prior to the Closing Date, and/or by agreements entered into or transactions entered into on or prior to the Closing Date and (d) any Transfer Taxes and Straddle Period Property Taxes that are allocated to Seller hereunder.

“Station Properties” means the Owned Real Properties and the Leased Real Properties.

[***]

[***]

“Straddle Period” means any Tax period that includes (but does not end on) the Closing Date.

“Straddle Period Property Taxes” has the meaning set forth in Section 4.1(c).

“Supplies Inventory” means consumable operating items not intended for direct retail sale at the Station Property as of the Cut-over Time, including but not limited to cleaning supplies, car wash supplies, cups, beverage dispenser mixes, condiments and similar items.

“Survey” or “Surveys” has the meanings set forth in Section 3.7.

“Tank Owner Change Forms” means all necessary tank registration forms and other documentation in each case to the extent required by applicable Governmental Entities to transfer ownership of the USTs constituting part of the Assets to the applicable Buyer.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

“Tax” or “Taxes” means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, value added, alternative or add-on minimum or estimated, or other tax, fee, charges, or assessments of any kind imposed by a Governmental Entity, including any interest, penalty, or addition thereto (and any interest in respect of any such penalty or addition), whether disputed or not.

“Tax Return” means any return, declaration, report, estimate, claim for refund, or information return relating to, or required to be filed in connection with Taxes.

“Taxing Authority” means any Federal, state, provincial, local or foreign government, any subdivision, agency, commission or authority thereof or any quasi-governmental body exercising Tax regulatory authority.

“Title Company” has the meaning set forth in Section 3.7.

“Third-Party Claim” has the meaning set forth in Section 6.5(a).

“Transaction Documents” means shall mean this Agreement, the Deposit Escrow Agreement, the Bill of Sale, the Assignment and Assumption Agreement, the Fuel Supply Agreements, [***]

and any other document expressly contemplated by this Agreement.

“Transactions” has the meaning set forth in the recitals of this Agreement.

“Transfer Taxes” means all sales, use, transfer, recording, filing, value added, ad valorem, privilege, documentary, gross receipts, registration, conveyance, excise, license, stamp or similar Taxes and notarial or other similar fees arising out of, in connection with or attributable to the transactions effectuated pursuant to this Agreement; provided that Transfer Taxes shall not include Taxes on or measured by net income or Taxes on capital gains.

“Transition Services Agreement” means the transition services agreement which may be entered into by Seller and Buyer pursuant to Section 4.16(c), whereby Seller will provide Buyer with certain transition services following the Closing on the terms and conditions negotiated by the parties as contemplated by Section 4.16(c).

“UST” means any one or combination of tanks, including pipes connected thereto, that is used for the storage of Hazardous Materials and that is substantially or totally beneath the surface of the ground.

“WARN Act” means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

“Willful Breach” has the meaning set forth in Section 7.2.

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

Where any group or category of items or matters is defined collectively in the plural number, any item or matter within such definition may be referred to using such defined term in the singular number, and vice versa.

[The next page is the signature page.]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

BUYER:

PAR HAWAII, INC.

By: /s/William Monteleone
Name: William Monteleone
Title: Chief Financial Officer

SELLER:

CHS INC.

By: /s/ Daniel Ostendorf
Name: Daniel Ostendorf
Title: SVP Energy Finance

Solely for purposes of Section 4.10:

BUYER PARENT:

PAR PACIFIC HOLDINGS, INC.

By: /s/ William Monteleone
Name: William Monteleone
Title: Chief Financial Officer

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

FIRST AMENDMENT TO ASSET PURCHASE AGREEMENT

This First Amendment to Asset Purchase Agreement (this “ Amendment ”) is entered into and dated as of March 23, 2018 (the “ Execution Date ”), by and among CHS Inc., a Minnesota cooperative corporation (“ Seller ”), and Par Hawaii, Inc., a Hawaii corporation (“ Buyer ”). Each of Seller and Buyer are referred to in this Amendment singularly as a “ Party ” and, collectively, as the “ Parties .”

RECITALS

WHEREAS, the Parties, with Par Pacific Holdings, Inc. (solely for certain limited purposes specified in the APA), entered into that certain Asset Purchase Agreement, dated effective as of January 9, 2018 (the “ APA ”); and

WHEREAS, the Parties desire to memorialize certain mutual agreements relating to certain amendments to the APA.

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE I. AMENDMENTS

Section 1.1 APA Section 1.5(a), Purchase Price – Total Purchase Price . Section 1.5(a) of the APA is deleted in its entirety and replaced with the following:

“ Total Purchase Price . The aggregate consideration for the sale, assignment, transfer, conveyance and delivery by Seller of the Assets to Buyer at the Closing shall be (i) an aggregate purchase price (collectively, the “ Purchase Price ”), which shall be adjusted in accordance with Section 1.8 , equal to the sum of, (A) Seventy Million Dollars (\$70,000,000.00) (the “ Base Price ”); plus (B) the Estimated Inventory Value; plus or minus (C) the prorated amounts as calculated pursuant to Sections 4.1(c) and 4.1(d) ; and minus (D) the Agreed Location Value of any Rejected Properties (collectively, the “ Closing Cash Payment ”) and (ii) the assumption of the Assumed Liabilities, in each case without duplication.”

Section 1.2 APA Section 1.9, Introductory Paragraph, Physical Count Inventory Procedures . The introductory paragraph of Section 1.9 of the APA is deleted in its entirety and replaced with the following:

“Seller and Buyer agree that a physical count of the Inventory (other than Petroleum Inventory and Cash Inventory) at each Station Property (the “Physical Inventory”) was taken by Retail Inventory Services Ltd. (the “Inventory Firm”) on or about February 24, 2018 to February 28, 2018 and the physical count related to the Petroleum Inventory and the Cash Inventory shall be taken as close as possible to the Cut-over Time. The fee charged by the Inventory Firm will be borne equally by Seller and Buyer. Unless otherwise agreed in writing by Seller and Buyer, the procedures for conducting the Inventory count and valuing the Inventory are set forth in this Section 1.9.”

Section 1.3 APA Section 1.9(a) Physical Count Inventory Procedures — Cut-over Time. Section 1.9(a) of the APA is deleted in its entirety and replaced with the following:

“Cut-over Time. Transfer of Inventory and operations at each Station Property and transfer of ownership of any Assets in connection therewith will be effective as of 11:59 p.m., Central time on the Closing Date (the “Cut-over Time”). All deliveries of Inventory to, and all sales of Inventory at, the Station Property before the Cut-over Time shall be for the benefit of and chargeable to the account of Seller and after the Cut-over Time shall be for the benefit of and chargeable to the account of Buyer. To the extent that the count of the Physical Inventory at the Station Property occurs before the Cut-over Time, the amount of Merchandise Inventory, Supplies Inventory and Petroleum Inventory determined for the Station Property shall be adjusted to reflect any deliveries and sales between the time of the actual count or measurement of Merchandise Inventory, Supplies Inventory and Petroleum Inventory and the Cut-over Time.”

Section 1.4 APA Section 1.9(b)(iii) Physical Count Inventory Procedures — Physical Inventory Procedures — Petroleum Inventory. Section 1.9(b)(iii) of the APA is deleted in its entirety and replaced with the following: [***]

Section 1.5 APA Section 1.10 Closing Date. Section 1.10 of the APA is deleted in its entirety and replaced with the following:

“Closing Date. Unless this Agreement shall have been terminated and the Transactions have been abandoned pursuant to Section 7.1, the closing with respect to the transactions contemplated hereby (the “Closing”) shall take place at the offices of the Escrow Agent at 10:00 a.m., local time on a Business Day that is not later than three (3) Business Days after the satisfaction or, to the extent permitted by applicable Law and the terms of this Agreement, waiver in writing of all of the conditions to the Closing set forth in Sections 5.1 and 5.2 (other than those conditions which by their terms are intended to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted by applicable Law and the terms of this Agreement, waiver of those conditions). The Closing may occur by the electronic

exchange of documents, or at such other time and place as the Parties shall agree upon, but in no event later than the Outside Date. The actual date of the Closing is referred to in this Agreement as the “ Closing Date .” Notwithstanding any other provision hereof, the Closing will be deemed effective for accounting, tax and all other purposes as of 11:59 p.m., Central time, on the Closing Date.”

Section 1.6 APA Section 3.3(a) Further Actions; Consents . Section 3.3(a) of the APA is deleted in its entirety and replaced with the following:

“Subject to the terms and conditions of this Agreement, the Parties shall use commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate and make effective, as soon as practicable, the Transactions, including using all commercially reasonable efforts to obtain prior to the Closing Date all consents of parties to Contracts (other than with respect to the Lease Consents which are addressed in Section 3.3(b)) with Seller with respect to the Business that are necessary for the consummation of the Transactions. Notwithstanding the foregoing, neither Party shall be required to make any payments or any other economic concessions to comply with this Section 3.3(a).”

Section 1.7 APA Section 4.3 Post Closing Access to Information . Section 4.3 of the APA is deleted in its entirety and replaced with the following:

- (a) For a period of seven (7) years after the Closing Date, Seller shall provide, and shall cause its appropriate personnel to provide, when reasonably requested to do so by Buyer, access to all Tax, financial and accounting records of or relating exclusively to the Assets, the Assumed Liabilities or the Business (excluding the Books and Records provided to Buyer in connection with the Closing) and the right to make copies or extracts therefrom at its expense, provided, however, notwithstanding anything to the contrary in this Agreement (including Section 4.1(a)), Buyer shall not have access to any documentation of Seller to the extent it contains information of Seller not exclusively related to the Business (and, for the avoidance of doubt, Buyer shall not have access to any information, records or documents relating to Liabilities for Taxes or potential Liabilities for Taxes of Seller except to the extent exclusively related to the Business). Likewise, Buyer shall maintain the Books and Records for a period of seven (7) years following the Closing Date and shall make such records available to Seller for inspection or copying at Seller’s expense. During such seven (7) year period, neither Party shall, nor shall it permit its Affiliates to, intentionally dispose of, alter or destroy any such books, records and other data without giving thirty (30) calendar days’ prior written notice to the other Party and permitting such other Party, at its expense, to examine, duplicate or repossess such

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

records, files, documents and correspondence; provided, however, that the Parties shall be permitted to dispose of books, records and other data to the extent permitted by applicable Law and in compliance with such Party's ordinary course document retention policies and procedures.

- (b) For a period of 90 days after the Closing Date, Buyer shall provide, and shall cause its appropriate personnel to provide, when reasonably requested to do so by Seller, access to video monitoring records with respect to the Station Properties for the period commencing on the Effective Date and ending on the Closing Date and the right to make copies thereof at Seller's expense.
- (c) Notwithstanding anything in this Section 4.3 to the contrary, neither Party shall be required to provide access to or to disclose information where such access or disclosure would jeopardize the attorney-client privilege of such Party or violate any Law applicable to such Party or the confidentiality provisions of any contract or agreement to which such Party is a party on the Effective Date.

Section 1.8 APA Section 4.16(a) Transition Matters. Section 4.16(a) of the APA is hereby amended by deleting the word "applicable" in front of "Cut-over Time" each time it appears in the provision.

Section 1.9 APA Section 9 Definition of "Reimbursed Transaction Expenses". The definition of "Reimbursed Transaction Expenses" in Section 9 is deleted in its entirety and replaced with the following: [***]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

Section 1.10 APA Exhibit G — Inventory Procedures, Item 3. Section 3 of Exhibit G to the APA is deleted in its entirety and replaced with the following: [***]

**ARTICLE II.
MISCELLANEOUS**

Section 2.1 Incorporation. Section 8.6 of the APA, Section 8.10 of the APA and Section 8.11 of the APA are hereby incorporated into this Amendment *mutatis mutandis* .

Section 2.2 Counterparts. This Amendment may be executed in one or more counterparts (including by means of facsimile or electronic delivery), each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

Section 2.3 Ratification. Except as amended hereby, the APA shall remain in full force and effect as previously executed, and the Parties hereby ratify the APA as supplemented hereby.

[*Signature pages follow*]

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the Execution Date, but effective for all purposes as of the Effective Time.

SELLER:

CHS INC.

By: /s/ Daniel Ostendorf
Name: Daniel Ostendorf
Title: SVP Energy Finance

CONFIDENTIAL INFORMATION, MARKED BY BRACKETS AND ASTERISKS ([***]), IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THIS OMITTED INFORMATION.

BUYER:

PAR HAWAII, INC.

By: /s/ William Monteleone
Name: William Monteleone
Title: Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, William Pate, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Par Pacific Holdings, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) 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(s) 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: May 10, 2018

/s/ William Pate

William Pate

President and Chief Executive Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)/15d-14(a) PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, William Monteleone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Par Pacific Holdings, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) 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(s) 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: May 10, 2018

/s/ William Monteleone

William Monteleone

Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2018 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, William Pate, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William Pate

William Pate

President and Chief Executive Officer

May 10, 2018

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Par Pacific Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2018 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, William Monteleone, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William Monteleone

William Monteleone

Chief Financial Officer

May 10, 2018