CENDANT CORP
Form DEF 14A
July 26, 2006
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SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to Section 240.14a-12

CENDANT CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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July 25, 2006

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Cendant Corporation (the Company), which will be held at the Ramada Inn and Conference Center, 130 Route 10 West, East Hanover, New Jersey 07936 on August 29, 2006 at 10:00 a.m., New York time. We look forward to greeting as many of our stockholders as possible.

This will be the Company s first annual meeting following the announcement of the Company s plan to separate into four separate companies one for each of the Company s Real Estate Services, Hospitality Services (including Timeshare Resorts), Travel Distribution Services and Vehicle Rental businesses (the Separation Plan). As of the date of this letter, the Board of Directors has approved the distributions to the Company s stockholders of all the shares of common stock of Realogy Corporation, the Company s subsidiary that holds the assets and liabilities of its Real Estate Services businesses, and Wyndham Worldwide Corporation, the Company s subsidiary that holds the assets and liabilities of its Hospitality Services (including Timeshare Resorts) businesses. The distributions are expected to occur after the close of business on July 31, 2006. As part of the Separation Plan, the Company also entered into an agreement to sell Travelport, Inc., the Company s subsidiary that holds the assets and liabilities of its Travel Distribution Services businesses, on June 30, 2006 to an affiliate of The Blackstone Group for $4.3 billion in cash. Upon closing of this sale, which is expected in August 2006, subject to customary closing conditions, the Separation Plan will have been completed. If the sale of Travelport is not completed prior to December 31, 2006, the Company will distribute all of the shares of common stock of Travelport to stockholders and the completion of this distribution will mark the completion of the Separation Plan. Upon completion of the Separation Plan, the Company will be comprised principally of its current vehicle rental operations of the Avis and Budget brands and, upon stockholder approval, the Company will change its name to Avis Budget Group, Inc.

This booklet includes the Notice of Annual Meeting and the Proxy Statement. The Proxy Statement describes the business to be conducted at the Annual Meeting and provides other information concerning the Company of which you should be aware when you vote your shares.

Admission to the Annual Meeting will be by ticket only. If you are a registered stockholder planning to attend the meeting, please check the appropriate box on the proxy card and retain the bottom portion of the card as your admission ticket. If your shares are held through an intermediary, such as a bank or broker, please follow the instructions under the Additional Information section of the Proxy Statement to obtain a ticket.

If you are unable to attend the Annual Meeting in person, you may listen to the proceedings through the Internet. To listen to the live webcast, please log on at *www.cendant.com* and select News Releases and Webcasts in the Investor Center section of the website. The webcast will begin at 10:00 a.m, New York time, and will remain on the Company s website for one year. The webcast will permit stockholders to listen to the Annual Meeting but will not provide for the ability to vote or present any stockholder proposals.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. As a stockholder of record, you can vote your shares by telephone, electronically via the Internet or by marking your votes on the enclosed proxy card. If you vote on the enclosed proxy card, you must sign, date and mail the proxy card in the enclosed envelope. If you decide to attend the Annual Meeting and vote in person, you may then withdraw your proxy.

On behalf of the Board of Directors and the employees of Cendant Corporation, I would like to express my appreciation for your continued interest in the affairs of the Company.

Sincerely,

Henry R. Silverman

Chairman of the Board and

Chief Executive Officer

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NOTICE OF 2006 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON

AUGUST 29, 2006

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Cendant Corporation (the Company) will be held on August 29, 2006 at 10:00 a.m., New York time, at the Ramada Inn and Conference Center, 130 Route 10 West, East Hanover, New Jersey 07936 (the Meeting), to consider and vote upon the following matters:

1. (A) If the Separation Plan (as defined in the enclosed Proxy Statement) has not yet been completed prior to or as of the date of the Meeting, to elect sixteen directors for a one-year term expiring in 2007 or until their successors are duly elected and qualified, or (B) if the Separation Plan has been completed prior to or as of the date of the Meeting, to elect six directors for a one-year term expiring in 2007 or until their successors are duly elected and qualified;

2. To ratify the appointment of Deloitte & Touche LLP as the auditors of the Company s financial statements for fiscal year 2006;

3. To consider and approve the Company s proposal to amend its amended and restated certificate of incorporation (Certificate of Incorporation) to effect a one-for-ten reverse stock split of its common stock;

4. To consider and approve the Company s proposal to amend its Certificate of Incorporation to change the name of the Company to Avis Budget Group, Inc. ;

5. To consider and approve the Company s proposal to amend its Certificate of Incorporation to redesignate the Company s series of common stock presently designated as Cendant Corporation-CD Common Stock to Common Stock and to remove references to the series of common stock defined as Move.com Stock ;

6. To consider and approve the Company s proposal to amend its Certificate of Incorporation to decrease the number of authorized shares of the Company s common stock to 250 million shares;

7. To consider and vote upon two stockholder proposals; and

8. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on July 20, 2006 as the record date for the Meeting. Only stockholders of record at that time are entitled to notice of, and to vote at, the Meeting and any adjournment or postponement thereof. A list of stockholders entitled to vote at the Meeting will be available for examination by any stockholder, for any purpose germane to the Meeting, at the Meeting and for ten days prior to the Meeting during ordinary business hours at One Campus Drive, Parsippany, New Jersey, the Company s principal place of business.

By Order of the Board of Directors

ERIC J. BOCK

Secretary

Dated: July 25, 2006

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CENDANT CORPORATION

9 West 57th Street

New York, New York 10019

PROXY STATEMENT

Annual Meeting of Stockholders to

be held on Tuesday, August 29, 2006

SEPARATION PLAN

On October 23, 2005, the Board of Directors of Cendant Corporation (the Company) preliminarily approved a plan to separate the Company into four separate companies one for each of the Company s Real Estate Services, Hospitality Services (including Timeshare Resorts), Travel Distribution Services and Vehicle Rental businesses. The separation was to occur through distributions to the Company s stockholders of all of the shares of common stock of three subsidiaries of the Company that would hold the assets and liabilities of the businesses other than the Vehicle Rental business, which was to remain after the distributions. Following each distribution, the Company s stockholders were expected to own 100% of the common stock of the subsidiary being distributed. On July 13, 2006, the Board of Directors approved the distributions to the Company s stockholders of all of the shares of common stock of Realogy Corporation, the Company s subsidiary that holds the assets and liabilities of the Company s Real Estate Services businesses, and Wyndham Worldwide Corporation, the Company s subsidiary that holds the assets and liabilities of the Company s Hospitality Services (including Timeshare Resorts) businesses. The distributions are expected to occur after the close of business on July 31, 2006. The third and final distribution was expected to be of Travelport Inc., the Company s subsidiary that holds the assets and liabilities of the Company s Travel Distribution Services businesses. On April 24, 2006, the Company announced that as an alternative to distributing shares of Travelport to the Company s stockholders, the Company was also exploring the sale of Travelport. On June 30, 2006, the Company entered into an agreement to sell Travelport to an affiliate of The Blackstone Group for $4.3 billion in cash. The Company expects the sale of Travelport to close in August 2006, subject to the satisfaction and/or waiver of certain conditions contained in the Travelport purchase agreement.

The Company cannot provide any assurance that the sale of Travelport will be completed as it is subject to certain conditions precedent, some of which are beyond the Company s control. The Company will be required to distribute the shares of common stock of Travelport to the Company s stockholders as originally planned if the sale of Travelport has not been completed by December 31, 2006. In addition, the Company cannot provide any assurance that the Realogy and Wyndham Worldwide distributions will be completed as they are subject to certain conditions precedent.

In connection with the Separation Plan and following both completion of the Realogy and Wyndham Worldwide distributions and the approval of its stockholders, the Company will change its name to Avis Budget Group, Inc. and expects that at such time its common stock will begin to trade on the New York Stock Exchange under the symbol CAR .

Throughout this Proxy Statement, reference is made to the Company s current principal executive office as 9 West 57th Street, New York, New York 10019. Following completion of the Separation Plan, the Company s principal executive office will become 6 Sylvan Way, Parsippany, New Jersey 07054. Reference is also made to the Company s website address as www.cendant.com. If the name change proposal becomes effective, the Company s new website address will be www.avisbudgetgroup.com. Finally, reference is also made to an email address for the Company s Presiding Director as *presidingdirector@cendant.com.* If the name change proposal becomes effective, this email address will be changed to *presidingdirector@avisbudget.com.* The Company will take appropriate measures to ensure that mail (both regular and electronic) is forwarded accordingly.

ABOUT THE ANNUAL MEETING

Who is soliciting my vote?

The Board of Directors of the Company is soliciting your vote at the 2006 Annual Meeting of Stockholders, and any adjournment or postponement thereof (the Meeting), to be held on the date, at the time and place, and for the purposes set forth in the foregoing notice. This Proxy Statement, the accompanying notice and the enclosed proxy card are first being mailed to stockholders on or about July 28, 2006.

What will I be voting on?

Election of Directors (see page 44);

Ratification of Deloitte & Touche LLP as the Company s auditors for 2006 (see page 45);

Approval of the proposal to amend the Company s amended and restated certificate of incorporation (Certificate of Incorporation) to effect a one-for-ten reverse stock split of the Company s common stock (see page 47);

Approval of the proposal to amend the Company s Certificate of Incorporation to change the name of the Company to Avis Budget Group, Inc. (see page 48);

Approval of the proposal to amend the Company s Certificate of Incorporation to redesignate the Company s series of common stock presently designated as Cendant Corporation-CD Common Stock to Common Stock and to remove references to the series of common stock defined as Move.com Stock (see page 49);

Approval of the proposal to amend the Company s Certificate of Incorporation to decrease the number of authorized shares of the Company s common stock to 250 million shares (see page 50); and

Two stockholder proposals (see pages 51 and 53).

How many votes do I have?

You will have one vote for every share of the Company s common stock, par value $0.01 per share (the Common Stock), you owned as of the close of business on July 20, 2006 (the Record Date).

How many votes can be cast by all stockholders?

1,001,821,786, consisting of one vote for each of the Company s shares of Common Stock that were outstanding on the Record Date. There is no cumulative voting, and the holders of the Common Stock vote together as a single class.

How many votes must be present to hold the Meeting?

One-third of the outstanding shares of Common Stock entitled to vote at the Meeting, or 333,940,595 votes, must be present, in person or by proxy, to constitute a quorum at the Meeting. Stockholders of record who are present at the Meeting, in person or by proxy, and who abstain from voting, including brokers holding customers shares of record who do note vote on particular proposals because the brokers do not have discretion to vote and have not received instructions from their customers as to how to vote, will be included in the number of stockholders present at the Meeting for purposes of determining whether a quorum is present for the transaction of business at the Meeting.

How many votes are required to elect directors and adopt the other proposals?

Directors are elected by the affirmative vote of a plurality of the shares of Common Stock present at the Meeting, in person or by proxy, and entitled to vote in the election of Directors. Under applicable

Delaware law, in determining whether such nominees have received the requisite number of affirmative votes, abstentions and broker non-votes will have no effect on the outcome of the vote.

Approval of the proposal relating to the ratification of the appointment of auditors of the Company s financial statements and each of the stockholder proposals require the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposals. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will have discretion, on behalf of their clients that hold shares as of the record date, to vote on the proposal relating to the ratification of the appointment of auditors when the brokers do not receive instructions from beneficial owners. The brokers, however, will not have discretion to vote on the stockholder proposals when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposals have received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as a vote against each proposal and broker non-votes (if any) will have no effect on the vote on these proposals.

Approval of the proposals amending the Company s Certificate of Incorporation require the affirmative vote of a majority of the outstanding shares of Common Stock entitled to vote on the amendments. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will have discretion, on behalf of their clients that hold shares as of the record date, to vote on these proposals when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposals have received the requisite number of affirmative votes, abstentions and broker non-votes (if any) will be counted and will have the same effect as a vote against the amendments.

A broker non-vote occurs when a broker does not have discretion to vote on a particular proposal (i.e., the proposal is not considered routine) and the broker has not received instructions from the beneficial owner of the shares as to how to vote on such proposal. Generally, brokers have discretion to vote on proposals relating to what are deemed to be routine matters, which include the ratification of auditors and the amendments to the Certificate of Incorporation described in this Proxy Statement, and do not have discretion to vote on proposals relating to what are deemed to be non-routine matters, which include stockholder proposals opposed by management. A broker non-vote with respect to a particular proposal will not be considered as present and entitled to vote with respect to that proposal.

How do I vote?

You can vote by valid proxy received by telephone, via the Internet or by mail. If voting by mail, you must:

- indicate your instructions on the proxy;
- date and sign the proxy;
- mail the proxy promptly in the enclosed envelope; and
- allow sufficient time for the proxy to be received before the date of the Meeting.

Alternatively, in lieu of returning signed proxy cards, the Company s stockholders of record can vote their shares by telephone or via the Internet. If you are a registered stockholder (that is, if you hold your stock in certificate form), you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held in street name such as in a stock brokerage account or by a bank or other nominee, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically through the Internet. The deadline for voting by telephone or electronically through the Internet is 11:59 p.m., New York time, on the business day prior to the date of the Meeting.

Can I change my vote?

Yes. A proxy may be revoked at any time prior to the voting at the Meeting by submitting a later dated proxy (including a proxy by telephone or electronically through the Internet), by giving timely written notice of such revocation to the Secretary of the Company or by attending the Meeting and voting in person. However, if you hold shares in street name, you may not vote these shares in person at the Meeting unless you bring with you a legal proxy from the stockholder of record.

What if I do not vote for some of the matters listed on my proxy card?

Shares of Common Stock represented by proxies received by the Company (whether through the return of the enclosed proxy card, by telephone or through the Internet), where the stockholder has specified his or her choice with respect to the proposals described in this Proxy Statement (including the election of Directors), will be voted in accordance with the specification(s) so made.

If your proxy is properly executed but does not contain voting instructions, or if you vote by telephone or via the Internet without indicating how you want to vote, your shares will be voted:

- FOR (A) if the Separation Plan has not yet been completed prior to or as of the date of the Meeting, the election of all sixteen nominees for the Board of Directors; or (B) if the Separation Plan has been completed prior to or as of the date of the Meeting, the election of all six post-Separation Plan nominees for the Board of Directors;

- FOR the ratification of the appointment of Deloitte & Touche LLP as auditors of the Company s financial statements for the year ending December 31, 2006;

- FOR the proposal to amend the Company s Certificate of Incorporation to effect a one-for-ten reverse stock split of the Company s common stock;

- FOR the proposal to amend the Company s Certificate of Incorporation to change the name of the Company to Avis Budget Group, Inc. ;

- FOR the proposal to amend the Company s Certificate of Incorporation to redesignate the Company s series of common stock presently designated as Cendant Corporation-CD Common Stock to Common Stock and to remove references to the series of common stock defined as Move.com Stock ;

- FOR the proposal to amend the Company s Certificate of Incorporation to decrease the number of authorized shares of the Company s common stock to 250 million shares; and

- AGAINST the two stockholder proposals.

How do participants in savings plans vote?

For participants in the Cendant Corporation Employee Savings Plan, the Avis Voluntary Investment Savings Plan, the Avis Voluntary Investment Savings Plan for Bargaining Hourly Employees and the Cendant Car Rental Operations, Inc. Retirement Savings Plan (collectively, the Savings Plans), with shares of Common Stock credited to their accounts, voting instructions for the trustees of the Savings Plans are also being solicited through this Proxy Statement. In accordance with the provisions of the Savings Plans, the respective trustees will vote shares of Common Stock in accordance with instructions received from the participants to whose accounts such shares are credited. To the extent such instructions are not received prior to noon, New York time, on August 23,

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2006, the trustees of the Savings Plans will vote the shares with respect to which it has not received instructions proportionately in accordance with the shares for which it has received instructions. Instructions given with respect to shares in accounts of the Savings Plans may be changed or revoked only in writing, and no such instructions may be revoked after noon, New York time, on August 23, 2006. Participants in the Savings Plans are not entitled to vote in person at the Meeting. If a participant in any of the Savings Plans has shares of Common Stock credited to his or her account and also owns other shares of Common Stock, he or she should receive separate proxy cards for shares credited to his or her account in the Savings Plans and any other shares that he or she owns. All such proxy cards should be completed, signed and returned to the transfer agent to register voting instructions for all shares owned by him or her or held for his or her benefit in the Savings Plans.

Could other matters be decided at the Meeting?

The Board of Directors does not intend to bring any matter before the Meeting other than those set forth above, and the Board is not aware of any matters that anyone else proposes to present for action at the Meeting. However, if any other matters properly come before the Meeting, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Meeting, will be authorized to vote or otherwise act thereon in accordance with their judgment on such matters.

Do I need a ticket to attend the Meeting?

Yes. Attendance at the Meeting will be limited to stockholders as of the Record Date, their authorized representatives and guests of the Company. Admission will be by ticket only. For registered stockholders, the bottom portion of the proxy card enclosed with the Proxy Statement is the Meeting ticket. Beneficial owners with shares held through an intermediary, such as a bank or broker, should request tickets in writing from Investor Relations at Cendant Corporation, 9 West 57th Street, New York, New York 10019, and include proof of ownership, such as a bank or brokerage firm account statement or letter from the broker, trustee, bank or nominee holding their stock, confirming beneficial ownership. Stockholders who do not obtain tickets in advance may obtain them on the Meeting date at the registration desk upon verifying his or her stock ownership as of the Record Date. In accordance with the Company s security procedures, all persons attending the Meeting must present a picture identification along with their admission ticket or proof of beneficial ownership in order to gain admission. Admission to the Meeting will be expedited if tickets are obtained in advance. Tickets may be issued to others at the discretion of the Company.

How can I access the Company s proxy materials and annual report electronically?

A copy of the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission (SEC) for its latest fiscal year is available without charge to stockholders at the Company s website at *www.cendant.com* or upon written request to Cendant Corporation, 9 West 57th Street, New York, New York 10019, Attention: Investor Relations. **You can elect to receive future annual reports and proxy statements electronically by marking the appropriate box on your proxy card or by following the instructions provided if you vote via the Internet or by telephone.**

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED AND THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THIS PROXY STATEMENT.

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When does the Company expect to effect the reverse stock split, name change, redesignation and/or decrease of authorized shares proposals, if approved?

If the reverse stock split, name change, redesignation and/or decrease of authorized shares proposals are approved, the Company intends to amend its Certificate of Incorporation soon after the Meeting to effect the approved proposals. The Company will not effect the proposals, however, unless and until the Realogy and Wyndham Worldwide distributions have been completed. In addition, the Company will not effect the decrease in the number of authorized shares of its common stock unless and until the reverse stock split has been approved by stockholders and completed.

Do I need to do anything with my certificates for the Company s common stock in connection with the reverse stock split and the redesignation of the Company s common stock?

If the reverse stock split and/or redesignation proposals are approved, the Company will then mail to each holder of Common Stock in certificated form a Letter of Transmittal with instructions that explain how stockholders can receive uncertificated shares of Common Stock to which they are entitled following the reverse stock split and/or redesignation of the Company s common stock. Holders of Common Stock in certificated form will be asked to deliver their certificates representing shares of Common Stock, along with a properly executed Letter of Transmittal and any other required documents, to the exchange agent identified in the Letter of Transmittal. The certificates will be canceled and each holder will receive the number of full shares of reclassified Common Stock to which each holder is entitled, after giving effect to the one-for-ten reverse stock split and the redesignation, if approved at the Meeting, subject to receipt of cash in lieu of fractional shares. Unexchanged certificates will represent the number of full shares of reclassified Common Stock to which such holders are entitled, after giving effect to the one-for-ten reverse stock split and the redesignation, if approved at the Meeting. Holders of unexchanged certificates will not be entitled to receive any dividends or other distributions, including cash in lieu of fractional shares, payable by the Company after the the reverse stock split is effective, until the certificates have been surrendered together with a duly completed and executed Letter of Transmittal. Such dividends and distributions, if any, will be accumulated, and at the time of surrender of the certificates together with a duly completed and executed Letter of Transmittal, all such unpaid dividends or distributions will be paid without interest.

Following the reverse stock split or the redesignation, reclassified Common Stock will only be issued electronically by way of direct registration, or in uncertificated form, which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and the need to return a duly executed stock certificate with a Letter of Transmittal to effect a transfer. Shares of Common Stock will no longer be issued in certificated form. Mellon Investor Services LLC will act as the registrar and transfer agent for the Common Stock both before and after the completion of the Separation Plan, the reverse stock split and redesignation. After completion of the reverse stock split and redesignation, stockholders will be able to transfer shares of Common Stock by making a request in writing to Mellon Investor Services.

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BOARD OF DIRECTORS

General

The Board of Directors presently consists of sixteen members. Directors serve for a term of one-year expiring at the 2007 annual meeting of stockholders or until their successors are duly elected and qualified. The name and age of each present Director and his or her position with the Company are set forth below.

Name of Present Directors	Age	Present Position
Henry R. Silverman	65	Chairman and Chief Executive Officer and Director
Myra J. Biblowit	58	Director
James E. Buckman	61	Vice Chairman, General Counsel and Director
Leonard S. Coleman	58	Presiding Director
Martin L. Edelman	65	Director
George Herrera	49	Director
Stephen P. Holmes	49	Vice Chairman; Chairman and Chief Executive Officer, Travel Content Division and Director
Louise T. Blouin MacBain	47	Director
Cheryl D. Mills	41	Director
The Right Honourable Brian Mulroney	67	Director
Robert E. Nederlander	73	Director; Chairman of the Corporate Governance Committee
Ronald L. Nelson	54	President and Chief Financial Officer; Chairman and Chief Executive Officer, Vehicle Rental and Director
Robert W. Pittman	52	Director
Pauline D.E. Richards	58	Director; Chairman of the Audit Committee
Sheli Z. Rosenberg	64	Director
Robert F. Smith	73	Director; Chairman of the Compensation Committee

Set forth below are the name and age of each person who will serve as a Director following completion of the Separation Plan.

Name of Post-Separation Plan Directors	Age	Post-Separation Position
Ronald L. Nelson	54	Chairman, Chief Executive Officer and Director
Leonard S. Coleman	58	Presiding Director; Chairman of the Corporate Governance Committee
Martin L. Edelman	65	Director
Sheli Z. Rosenberg	64	Director; Chairman of the Compensation Committee
F. Robert Salerno	55	President, Chief Operating Officer and Director
Stender E. Sweeney	67	Director; Chairman of the Audit Committee

Biographical Information for Nominees

At the Meeting, (A) if the Separation Plan has not been completed prior to or as of the date of the Meeting, the stockholders will vote on the election of each of the Company s present Directors to serve as Directors for a one-year term ending at the 2007 annual meeting of stockholders or until their successors are duly elected and qualified; however, upon completion of the Separation Plan, Messrs. Silverman, Buckman, Herrera, Holmes, Mulroney, Nederlander, Pittman and Smith and Mses. Biblowit, MacBain, Mills and Richards are expected to resign and the Board is expected to reduce the number of Directors in accordance with the Company s Certificate of Incorporation and by-laws to six and to elect Messrs. Salerno and Sweeney to serve for the remainder of the terms of the directors they are replacing or (B) if the Separation Plan has been completed prior to or as of the date

of the Meeting, the stockholders will vote on the election of each of Messrs. Nelson, Coleman, Edelman, Salerno and Sweeney and Ms. Rosenberg, for a one-year term ending at the 2007 annual meeting of stockholders or until their successors are duly elected and qualified. Certain additional information regarding each of the foregoing nominees, as of July 20, 2006, is set forth below.

Mr. Silverman has been Chief Executive Officer and a Director of the Company since December 1997, as well as Chairman of the Board of Directors and the Executive Committee since July 1998. Mr. Silverman was President of the Company from December 1997 until October 2004. Mr. Silverman was Chairman of the Board, Chairman of the Executive Committee and Chief Executive Officer of HFS Incorporated (HFS) from May 1990 until December 1997. Mr. Silverman will cease to serve as a Director of the Company upon the completion of the Separation Plan and Mr. Silverman will serve as Chairman, Chief Executive Officer and Director of Realogy at the time of the Realogy distribution. Mr. Silverman will cease to serve as Chairman of the Board and Chief Executive Officer of the Company upon the earlier of (i) completion of the Separation Plan or (ii) December 31, 2006.

Ms. Biblowit has been a Director since April 2000. Since April 2001, Ms. Biblowit has been President of The Breast Cancer Research Foundation. From July 1997 until March 2001, she served as Vice Dean for External Affairs for the New York University School of Medicine and Senior Vice President of the Mount Sinai-NYU Health System. From June 1991 to June 1997, Ms. Biblowit was Senior Vice President and Executive Director of the Capital Campaign for the American Museum of Natural History. Ms. Biblowit will cease to serve as a Director of the Company upon the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Mr. Buckman has been a Vice Chairman since November 1998 and General Counsel and a Director of the Company since December 1997. Mr. Buckman was a Senior Executive Vice President of the Company from December 1997 until November 1998. Mr. Buckman was Senior Executive Vice President, General Counsel and Assistant Secretary of HFS from May 1997 to December 1997, a Director of HFS from June 1994 to December 1997 and Executive Vice President, General Counsel and Assistant Secretary of HFS from February 1992 to May 1997. Mr. Buckman will cease to serve as Vice Chairman and a Director of the Company following the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution. Mr. Buckman will cease to serve as the General Counsel of the Company upon the earlier of (i) completion of the Separation Plan or (ii) December 31, 2006.

Mr. Coleman has been a Director since December 1997 and Presiding Director at executive sessions of the Board since February 2003. Mr. Coleman was a Director of HFS from April 1997 until December 1997. From 1999 to December 2005, Mr. Coleman was a Senior Advisor to Major League Baseball. Mr. Coleman was President of The National League of Professional Baseball Clubs from 1994 to 1999, having previously served since 1992 as Executive Director, Market Development of Major League Baseball. Mr. Coleman is a Director of the following corporations which file reports pursuant to the Securities Exchange Act of 1934 (the Exchange Act): Omnicom Group Inc., H.J. Heinz Company, Aramark Corporation, Churchill Downs Inc. and Electronic Arts Inc. Mr. Coleman will continue to serve as a Director of the Company following the completion of the Separation Plan and will become Chairman of the Corporate Governance Committee.

Mr. Edelman has been a Director since December 1997 and was a Director of HFS from November 1993 until December 1997. Mr. Edelman has been Of Counsel to Paul, Hastings, Janofsky & Walker, LLP, a New York City law firm, since June 2000. Mr. Edelman was a partner with Battle Fowler, which merged with Paul, Hastings, Janofsky & Walker, from 1972 through 1993 and was Of Counsel to Battle Fowler from 1994 until June 2000. Mr. Edelman also serves as a Director of the following corporations that file reports pursuant to the Exchange Act: Capital Trust and Ashford Hospitality Trust, Inc. See Certain Relationships and Related Transactions. Mr. Edelman will continue to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

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Mr. Herrera has been a Director since January 2004. Since December 2003, Mr. Herrera has served as President and Chief Executive Officer of Herrera-Cristina Group, Ltd., a Hispanic-owned multidisciplinary management firm. From August 1998 to January 2004, Mr. Herrera served as President and Chief Executive Officer of the United States Hispanic Chamber of Commerce. Mr. Herrera served as President of David J. Burgos & Associates, Inc. from December 1979 until July 1998. Mr. Herrera will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Mr. Holmes has been a Vice Chairman and Director of the Company and Chairman and Chief Executive Officer of the Company s Travel Content Division since December 1997. Mr. Holmes was Vice Chairman of HFS from September 1996 until December 1997 and was a Director of HFS from June 1994 until December 1997. From July 1990 through September 1996, Mr. Holmes served as Executive Vice President, Treasurer and Chief Financial Officer of HFS. Mr. Holmes will cease to serve as a Director of the Company following the completion of the Separation Plan and Mr. Holmes will serve as the Chairman, Chief Executive Officer and Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Ms. MacBain has been a Director since July 2005. Ms. MacBain has been the Chairman of The LTB Group, which includes LTB Holding Ltd., an art magazine publisher and art information provider, since March 2003. From February 2002 to December 2002, Ms. MacBain was Chief Executive Officer of Phillips, de Pury & Luxembourg, an auction house. From October 2000 to February 2002, Ms. MacBain served as a supervisory board member to, and from October 1987 to October 2000, Ms. MacBain was Co-Founder and Chief Executive Officer of, Trader Classified Media, a Netherlands-based buyer and seller of classified ads. Ms. MacBain also holds a number of memberships in international business and art organizations. Ms. MacBain will cease to serve as a Director of the Company following the completion of the Separation Plan.

Ms. Mills has been a Director since June 2000. Ms. Mills has been Senior Vice President and Counselor for Operations and Administration for New York University since May 2002. In February 2006, Ms. Mills also assumed the role of General Counsel for New York University. From October 1999 to November 2001, Ms. Mills was Senior Vice President for Corporate Policy and Public Programming of Oxygen Media, Inc. From 1997 to 1999, Ms. Mills was Deputy Counsel to the former President of the United States, William J. Clinton. From 1993 to 1996, Ms. Mills also served as Associate Counsel to the President. Ms. Mills will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

Mr. Mulroney has been a Director since December 1997 and was a Director of HFS from April 1997 until December 1997. Mr. Mulroney was Prime Minister of Canada from 1984 to 1993 and is currently Senior Partner in the Montreal-based law firm, Ogilvy Renault. Mr. Mulroney is a Director of the following corporations which file reports pursuant to the Exchange Act: Archer Daniels Midland Company Inc., Barrick Gold Corporation, Trizec Properties Inc. and Quebecor, Inc. (including its subsidiary, Quebecor World Inc.). See Certain Relationships and Related Transactions . Mr. Mulroney will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Mr. Nederlander has been a Director since December 1997 and Chairman of the Corporate Governance Committee since October 2002. Mr. Nederlander was a Director of HFS from July 1995 until December 1997. Mr. Nederlander has been President and/or Director since November 1981 of the Nederlander Organization, Inc., owner and operator of legitimate theaters in the City of New York. Since December 1998, Mr. Nederlander has been a managing partner of the Nederlander Company, LLC, operator of legitimate theaters outside the City of New York. Mr. Nederlander was Chairman of the Board of Riddell Sports, Inc. (now known as Varsity Brands, Inc.) from April 1988 to September 2003. He has been a limited partner and a Director of the New York Yankees since 1973. Mr. Nederlander has been President of Nederlander Television and Film Productions, Inc. since October 1985 and was Chairman of the Board and Chief Executive Officer of Mego Financial Corp. from January 1988 to January 2002. Mr. Nederlander is currently a Director of Allis-Chalmers Corp., which files

reports pursuant to the Exchange Act. Mr. Nederlander will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

Mr. Nelson has been a Director since April 2003, Chief Financial Officer since May 2003 and President since October 2004. Mr. Nelson has been Chairman and Chief Executive Officer of the Company s Vehicle Rental business since January 2006. From December 2005 to April 2006, Mr. Nelson was Interim Chief Executive Officer of the Company s Travel Distribution Division. From April 2003 to May 2003, Mr. Nelson was Senior Executive Vice President, Finance. From November 1994 until March 2003, Mr. Nelson was Co-Chief Operating Officer of DreamWorks SKG. Prior thereto, he was Executive Vice President, Chief Financial Officer and a Director at Paramount Communications, Inc., formerly Gulf+Western Industries, Inc. Mr. Nelson will continue to serve as a Director of the Company following completion of the Separation Plan. Mr. Nelson will serve as the Chairman and Chief Executive Officer of the Company upon the earlier of (i) the completion of the Separation Plan or (ii) December 31, 2006.

Mr. Pittman has been a Director since December 1997 and was a Director of HFS from July 1994 until December 1997. Mr. Pittman is a member of Pilot Group Manager LLC, the manager of Pilot Group LP, a private equity fund. From May 2002 to July 2002, Mr. Pittman served as Chief Operating Officer of AOL Time Warner, Inc. Mr. Pittman also served as Co-Chief Operating Officer of AOL Time Warner prior to assuming these responsibilities. From February 1998 until January 2001, Mr. Pittman was President and Chief Operating Officer of America Online, Inc., a provider of internet online services. Mr. Pittman also serves as a Director of Electronic Arts Inc., which files reports pursuant to the Exchange Act. Mr. Pittman will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

Ms. Richards has been a Director since March 2003 and Chairman of the Audit Committee since October 2004. Since November 2003, Ms. Richards has been Director of Development at the Saltus Grammar School, the largest private school in Bermuda. From January 2001 until March 2003, Ms. Richards served as Chief Financial Officer of Lombard Odier Darier Hentsch (Bermuda) Limited in Bermuda, a trust company business. From January 1999 until December 2000, she was Treasurer of Gulfstream Financial Limited, a stock brokerage company. From January 1999 to June 1999, Ms. Richards served as a consultant to Aon Group of Companies, Bermuda, an insurance brokerage company, after serving in different positions from 1988 through 1998. These positions included Controller, Senior Vice President and Group Financial Controller and Chief Financial Officer. Ms. Richards will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Ms. Rosenberg has been a Director since April 2000. From January 2000 to September 2003, Ms. Rosenberg served as Vice Chairwoman of Equity Group Investments, Inc., a privately held investment company. From October 1994 to December 1999, Ms. Rosenberg was President and Chief Executive Officer of Equity Group Investments, Inc. Ms. Rosenberg serves as a Director of the following companies which file reports pursuant to the Exchange Act: CVS Corporation, Equity Life Style Properties, Inc., Equity Residential Properties Trust, Equity Office Property Trust and Ventas, Inc. Ms. Rosenberg will continue to serve as a Director of the Company following the completion of the Separation Plan.

Mr. Salerno will be President, Chief Operating Officer and a Director of the Company following the completion of the Separation Plan. Mr. Salerno has been Chief Executive Officer of Avis Budget Car Rental, LLC since April 2004. He was previously President and Chief Operating Officer of Cendant Car Rental Group, Inc. from November 2002 until April 2004 and was President and Chief Operating Officer of Avis from 1996 through November 2002. In 1995, he was named Executive Vice President of Operations and in July 1990, Senior Vice President and General Manager of Avis.

Mr. Smith has been a Director since December 1997 and Chairman of the Compensation Committee since October 2004. Mr. Smith was a Director of HFS from February 1993 until December 1997. From March 2003 to

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April 2004, Mr. Smith served as the Chairman of the Board of American Remanufacturers Inc., a Chicago, Illinois automobile parts remanufacturer in which Mr. Smith had an equity interest. From February 1999 to September 2003, Mr. Smith served as Chief Executive Officer of Car Component Technologies, Inc., an automobile parts remanufacturer located in Bedford, New Hampshire. Mr. Smith is the retired Chairman and Chief Executive Officer of American Express Bank, Ltd. (AEBL). Mr. Smith joined AEBL s parent company, the American Express Company, in 1981 as Corporate Treasurer before moving to AEBL and serving as Vice Chairman and Co-Chief Operating Officer and then President prior to becoming Chief Executive Officer. Mr. Smith will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

Mr. Sweeney will become a Director and Chairman of the Audit Committee upon completion of the Separation Plan. Mr. Sweeney has been a financial advisor and equity investor in several privately held enterprises since 1998. In 1997, Mr. Sweeney served in a senior financial and operating capacity for a joint venture between DreamWorks SKG and Pacific Data Images. From 1995 to 1996, Mr. Sweeney was the Chief Executive Officer and a Director of Vehicle Information Network, a database management and marketing company. From 1994 to 1995, Mr. Sweeney was the Chief Financial Officer and Principal of The Onyx Group, a shopping center development and management company. From 1968 to 1994, Mr. Sweeney served in various positions at The Times Mirror Company, the last eight years as Vice President, Finance. Mr. Sweeney serves on the board of the Payden & Rygel Investment Group, which files reports pursuant to the Exchange Act.

Functions and Meetings of the Board of Directors

Statement on Corporate Governance

Overview. The Board of Directors has implemented numerous corporate governance enhancements in recent years to further strengthen the Board of Directors capacity to oversee the Company and to serve the long-term interests of all stockholders. The Company s corporate governance guidelines, director independence criteria, committee charters, codes of conduct and other documents setting forth the Company s corporate governance practices can be accessed in the Investor Center Corporate Governance section of the Company s website at *www.cendant.com* or by writing to the Company at Cendant Corporation, 9 West 57th Street, New York, New York 10019, Attention: Investor Relations. In addition, the Board has reviewed the provisions of the Sarbanes-Oxley Act of 2002, the rules of the SEC and the New York Stock Exchange s governance listing standards regarding corporate governance policies and procedures and determined that the Company is in compliance with all such standards.

Director Independence. The Board has created a set of director independence criteria (Director Independence Criteria) for evaluating the independence of each of the Directors, which are more stringent than the New York Stock Exchange (NYSE) governance standards. In February 2006, the Board undertook its annual review of Director independence pursuant to NYSE Rule 303A.02(a) and the Company s Director Independence Criteria. During this review, the Board reviewed whether any transactions or relationships exist currently or during the past three years existed between each Director and the Company and its subsidiaries, affiliates and equity investors or independent auditors. The Board also examined whether there were any transactions or relationships between each Director and members of the senior management of the Company or their affiliates. As a result of this review, the Board affirmatively determined that over two-thirds of the Directors were independent under the standards set forth in the Company s Director Independence Criteria and by the NYSE standards. Messrs. Silverman, Buckman, Holmes and Nelson, who were employees of the Company at such time, and Mr. Edelman, who is Of Counsel to a law firm that represents the Company from time to time, were not deemed independent. With respect to the Directors expected to serve following completion of the Separation Plan, two-thirds of the Directors will be independent under the standards set forth in the Company s Director Independence Criteria and by the NYSE standards. Messrs. Nelson and Salerno, who will be employees of the Company, will not be deemed independent. Mr. Edelman will be independent following completion of the Separation Plan. A copy of the Company s Director Independence Criteria is attached to this Proxy Statement as Annex A and also can be found in the Investor Center Corporate Governance section of the Company s

website at *www.cendant.com.* A copy may also be obtained upon request from the Company s Corporate Secretary at the address provided above.

Presiding Director. In February 2003, the Board of Directors created a new position of Presiding Director. The Presiding Director s primary responsibilities include presiding over periodic executive sessions of the non-management members of the Board of Directors, advising the Chairman of the Board and Committee chairs with respect to meeting agenda and information needs, providing advice with respect to the selection of Committee chairs and performing other duties that the Board may from time to time delegate to assist it in the fulfillment of its responsibilities. The non-management members of the Board of Directors have designated Mr. Coleman to serve in this position until the Company s 2006 annual meeting of stockholders. Mr. Coleman is expected to continue to serve in this position following the completion of the Separation Plan.

Communicating with the Board of Directors. Stockholders may send communications to the Company s Board of Directors by writing to the Board at Cendant Corporation, 9 West 57th Street, New York, New York 10019. In addition, stockholders interested in communicating directly with the Presiding Director or with any other non-management Director may do so by writing to Cendant Corporation at the same address, Attention: Presiding Director, c/o the Corporate Secretary or via e-mail at *presidingdirector@cendant.com.* The Presiding Director will review and distribute all stockholder communications received to the intended recipients and/or distribute to the full Board, as appropriate.

Codes of Conduct. The Board has adopted a code of conduct that applies to all officers and employees, including the Company s principal executive officer, principal financial officer and principal accounting officer. The Board has also adopted a code of business conduct and ethics for Directors. Both codes of conduct are available in the Investor Center Corporate Governance section of the Company s website at *www.cendant.com*, or by writing the Company at Cendant Corporation, 9 West 57th Street, New York, New York 10019, Attention: Investor Relations. The purpose of these codes of conduct is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by the Company; and to promote compliance with all applicable rules and regulations that apply to the Company and its officers and Directors.

Board Meetings

The Board of Directors held fifteen meetings and acted by unanimous written consent on four occasions during 2005. In 2005, all incumbent Directors attended at least 75% of the aggregate number of meetings of the Board and committees of the Board on which they served. All Directors are required to attend each regularly scheduled Board meeting, as well as each annual meeting of the Company s stockholders, subject to certain limited exceptions. In 2005, the entire Board of Directors attended the Company s annual meeting of stockholders other than Messrs. Mulroney and Pittman and Ms. Mills pursuant to such exceptions.

Committees of the Board

Audit Committee

The Audit Committee is presently comprised of Mses. Richards (Chairman), Mills and Rosenberg and Mr. Smith (the Audit Committee). The Audit Committee oversees the accounting and financial reporting processes of the Company, as well as the audits of the financial statements of the Company. See Report of Audit Committee below. The Board has determined that all members of the Audit Committee are independent Directors under the rules of the NYSE and the Company s Director Independence Criteria and that each member of the Audit Committee has the ability to read and understand fundamental financial statements. The Board has determined that each of Ms. Richards and Mr. Smith qualify as an Audit Committee financial expert as defined by the rules of the SEC, and, in addition to being independent under the Company s Director Independence

Criteria and the rules of the NYSE, are independent within the meaning of applicable SEC rules. Following the completion of the Separation Plan, the Audit Committee is expected to be comprised of Mr. Sweeney (Chairman), Ms. Rosenberg and Mr. Edelman. All such members will be independent Directors under the rules of the NYSE, the Company s Director Independence Criteria and applicable SEC rules. Mr. Sweeney will qualify as an Audit Committee financial expert . Each member of the Audit Committee following completion of the Separation Plan will have the ability to read and understand fundamental financial statements. A copy of the Audit Committee charter is attached to this Proxy Statement as Annex B and also can also be found in the Investor Center Corporate Governance section of the Company s website at *www.cendant.com*, or may be obtained by contacting the Company s Corporate Secretary. The Audit Committee held eleven meetings in 2005.

Compensation Committee

The Compensation Committee is presently comprised of Mr. Smith (Chairman) and Mses. Biblowit and Rosenberg (the Compensation Committee). The Board of Directors has determined that each member of the Compensation Committee is an independent Director under the rules of the NYSE and the Company s Director Independence Criteria. The Compensation Committee administers the Company s equity compensation plans, reviews and administers all compensation arrangements for executive officers and establishes and reviews general policies relating to the compensation and benefits of the Company s officers and employees. Following completion of the Separation Plan, the Compensation Committee is expected to be comprised of Ms. Rosenberg (Chairman), Mr. Coleman and Mr. Edelman. Each such member will be an independent director under the rules of the NYSE and the Company s Director Independence Criteria. The text of the Compensation Committee charter can be found in the Investor Center Corporate Governance section of the Company s website at *www.cendant.com*, or may be obtained by contacting the Company s Corporate Secretary. The Compensation Committee held seven meetings and acted by unanimous written consent on three occasions in 2005.

Corporate Governance Committee

The Corporate Governance Committee is presently comprised of Messrs. Nederlander (Chairman) and Mulroney and Mses. Mills and Rosenberg (the Corporate Governance Committee). The Board of Directors has determined that each of the current members qualifies as an independent Director under the rules of the NYSE and the Company s Director Independence Criteria. The responsibilities of the Corporate Governance Committee include identifying and recommending to the Board appropriate Director nominee candidates and providing oversight with respect to corporate governance matters. Following the completion of the Separation Plan, the Corporate Governance Committee is expected to be comprised of Mr. Coleman (Chairman), Mr. Sweeney and Ms. Rosenberg. Each such member will be an independent director under the rules of the NYSE and the Company s Director Independence Criteria. The text of the Corporate Governance Committee charter can be found in the Investor Center Corporate Governance section of the Company s website at *www.cendant.com*, or may be obtained by contacting the Company s Corporate Secretary. The Corporate Governance Committee held two meetings in 2005.

Director Nomination Procedures. The Corporate Governance Committee considers the appropriate balance of experience, skills and characteristics required of the Board of Directors. It seeks to ensure that all members of the Company s Audit Committee meet the Company s Director Independence Criteria and the financial literacy requirements under the rules of the NYSE, and that at least one of them qualifies as an Audit Committee financial expert under the rules of the SEC; and that all members of the Compensation Committee and the Corporate Governance Committee meet the Company s Director Independence Criteria. Nominees for Director are selected on the basis of their depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company s business environment, and willingness to devote adequate time to Board duties.

The Corporate Governance Committee will consider written proposals from stockholders for nominees for Director. In considering candidates submitted by stockholders, the Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. Any such nominations should

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be submitted to the Corporate Governance Committee, c/o the Corporate Secretary of the Company, and should include the following: (a) the namweight:bold;">2015

Revenue:

Affiliate

$
43,842

$
37,082

$
118,356

$
104,796

Third-party

4,591

—

7,285

—

Total revenue

48,433

37,082

125,641

104,796

Costs and expenses:

Operating and maintenance expenses

12,814

4,963

26,555

18,165

General and administrative expenses

4,419

3,007

13,893

9,798

Depreciation and amortization

5,140

1,649

8,922

4,919

Total costs and expenses

22,373

9,619

49,370

32,882

Income from operations

26,060

27,463

76,271

71,914

Other expense:

Interest expense, net

(7,280
)

(6,757
)

(21,298
)

(13,174
)
Amortization of loan fees

(416
)

(423
)

(1,261
)

(891
)
Net income

18,364

20,283

53,712

57,849

Less: Net (loss) income attributable to Predecessor

(4,131
)

—

(4,131
)

1,274

Less: Net income attributable to noncontrolling interest

1,621

—

1,621

—

Net income attributable to the Partnership

$
20,874

$
20,283

$
56,222

$
56,575

Net income per limited partner unit:

Common units - basic

$
0.50

$
0.59

$
1.44

$
1.68

Common units - diluted

0.50

0.59

1.44

1.68

Subordinated units - basic and diluted

0.50

0.59

1.45

1.68

Weighted average limited partner units outstanding:

Common units - basic

23,492,796

18,455,575

21,094,154

17,784,133

Common units - diluted

23,571,691

18,455,575

21,103,919

17,784,133

Subordinated units - basic and diluted

15,886,553

15,886,553

15,886,553

15,886,553

Cash distributions declared per unit

$
0.44

$
0.39

$
1.29

$
1.11

See notes to condensed consolidated financial statements.
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PBF LOGISTICS LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	$ 53,712	$ 57,849
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,922	4,919
Amortization of deferred financing fees	1,261	891
Unit-based compensation expense	3,673	2,428
Changes in operating assets and liabilities:		
Accounts receivable - affiliates	(6,322)	(12,642)
Accounts receivable, net	(3,981)	—
Prepaid expenses and other current assets	2,235	(423)
Accounts payable - affiliates	(1,077)	76
Accounts payable and accrued liabilities	9,563	10,312
Deferred revenue	889	—
Other assets and liabilities	(256)	(21)
Net cash provided by operations	68,619	63,389
Cash flows from investing activities:		
Plains Asset Purchase	(98,373)	—
Expenditures for property, plant and equipment	(4,654)	(1,182)
Purchase of marketable securities	(1,779,997)	(1,609,286)
Maturities of marketable securities	1,954,274	1,609,983
Net cash provided by (used in) investing activities	71,250	(485)
Cash flows from financing activities:		
Proceeds from issuance of common units, net of underwriters' discount and commissions	138,255	—
Distribution to PBF LLC related to Acquisitions from PBF	(175,000)	(112,500)
Distributions to unitholders	(48,043)	(35,772)
Distribution to parent	—	(1,036)
Contribution from parent	353	—
Proceeds from issuance of senior notes	—	350,000
Proceeds from revolving credit facility	174,700	24,500
Repayment of revolving credit facility	(30,000)	(275,100)
Repayment of term loan	(174,536)	(700)
Deferred financing costs and other	(5)	(8,225)
Net cash used in financing activities	(114,276)	(58,833)
Net change in cash and cash equivalents	25,593	4,071
Cash and cash equivalents at beginning of year	18,678	14,165
Cash and cash equivalents at end of period	$ 44,271	$ 18,236

Supplemental disclosure of non-cash investing and financing activities:

Contribution of net assets from PBF LLC	$ 15	$ 2,549
Accrued capital expenditures	738	—

See notes to condensed consolidated financial statements.

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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION

PBF Logistics LP (“PBFX” or the “Partnership”) is a Delaware limited partnership formed in February 2013. PBF Logistics GP LLC (“PBF GP” or “our general partner”) serves as the general partner of PBFX. PBF GP is wholly-owned by PBF Energy Company LLC (“PBF LLC”). PBF Energy Inc. (“PBF Energy”) is the sole managing member of PBF LLC and, as of September 30, 2016, owned 95.2% of the total economic interest in PBF LLC. In addition, PBF LLC is the sole managing member of PBF Holding Company LLC (“PBF Holding”), a Delaware limited liability company and affiliate of PBFX. PBF LLC holds a 44.2% limited partner interest in PBFX and owns all of PBFX’s incentive distribution rights (“IDR”), with the remaining 55.8% limited partner interest owned by public unitholders as of September 30, 2016.

PBFX engages in the receiving, handling, storage and transferring of crude oil, refined products and intermediates. The Partnership does not take ownership of or receive any payments based on the value of the crude oil, products or intermediates that it handles and does not engage in the trading of any commodities. PBFX’s assets are integral to the operations of PBF Holding’s refineries located in Toledo, Ohio, Delaware City, Delaware, Paulsboro, New Jersey and Torrance, California.

On April 29, 2016, the Partnership’s wholly-owned subsidiary, PBF Logistics Products Terminals LLC (“PLPT”), purchased four refined product terminals (the “East Coast Terminals”), from an affiliate of Plains All American Pipeline, L.P. (the “Plains Asset Purchase”) for an aggregate purchase price of $100,000, less a preliminary estimate for working capital adjustments. This acquisition was accounted for as a business combination under accounting principles generally accepted in the United States of America (“U.S. GAAP”). See Note 2 in this Quarterly Report on Form 10-Q (this “Form 10-Q”) for further discussion regarding the Plains Asset Purchase.

On August 31, 2016, the Partnership, through its wholly-owned subsidiary, PBFX Operating Company LP (“PBFX Op Co”), acquired from PBF LLC a 50% equity interest in Torrance Valley Pipeline Company LLC (“TVPC”) for an aggregate purchase price of $175,000 (the “TVPC Acquisition”). TVPC owns the 189-mile San Joaquin Valley Pipeline system (the “Torrance Valley Pipeline”), which supports PBF Holding's Torrance refinery. The Torrance Valley Pipeline consists of the M55, M1 and M70 pipeline systems, including pipeline stations with storage capacity and truck unloading capability. This acquisition is accounted for as a transfer of assets between entities under common control under U.S. GAAP. See Note 2 in this Quarterly Report on Form 10-Q (this “Form 10-Q”) for further discussion regarding the TVPC Acquisition.

On April 5, 2016, PBFX completed a public offering of an aggregate of 2,875,000 common units, including 375,000 common units that were sold pursuant to the full exercise by the underwriter of its option to purchase additional common units, for net proceeds of $51,575, after deducting underwriting discounts and commissions and other offering expenses (the “April 2016 Offering”).

On August 17, 2016, PBFX completed a public offering of an aggregate of 4,000,000 common units, including the underwriter's option to purchase an additional 600,000 common units, of which 375,000 units were subsequently purchased on September 14, 2016, for total net proceeds of $86,680, after deducting underwriting discounts and commissions and other offering expenses (the “August 2016 Offering”).

Subsequent to the Partnership’s initial public offering (the “Offering”), the Acquisitions from PBF (as defined below) and the Plains Asset Purchase, the Partnership continues to generate a substantial majority of its revenue from transactions with PBF Holding.

Principles of Combination and Consolidation and Basis of Presentation

In connection with the Offering, PBF LLC contributed the assets, liabilities and results of operations of certain crude oil terminaling assets to the Partnership. The assets consisted of the Delaware City Rail Unloading Terminal (“DCR Rail Terminal”), which included a double loop track and ancillary pumping and unloading equipment, and the Toledo Truck Unloading Terminal (“Toledo Truck Terminal”), which included lease automatic custody transfer (“LACT”) units.

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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Subsequent to the Offering, the Partnership acquired from PBF LLC the Delaware City West Heavy Unloading Rack (the "DCR West Rack"), a heavy crude oil rail unloading facility at the Delaware City refinery, a tank farm and related facilities, which included a propane storage and loading facility (the "Toledo Storage Facility"), an interstate petroleum products pipeline and truck loading rack (the "Delaware City Products Pipeline and Truck Rack") and the Torrance Valley Pipeline. These transactions are collectively referred to as the "Acquisitions from PBF." Subsequent to the Acquisitions from PBF, the DCR Rail Terminal, the Toledo Truck Terminal, the DCR West Rack, the Toledo Storage Facility, the Delaware City Products Pipeline and Truck Rack and the Torrance Valley Pipeline are collectively referred to as the "Contributed Assets." The assets, liabilities and results of operations of the Contributed Assets prior to their acquisition by PBFX are collectively referred to as the "Predecessor". The transactions through which PBFX acquired the Contributed Assets were transfers of assets between entities under common control. Accordingly, the accompanying condensed combined consolidated financial statements and related notes present the results of operations and cash flow of our Predecessor for all periods presented prior to the effective date of each transaction. The financial statements of our Predecessor have been prepared from the separate records maintained by PBF and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Predecessor had been operated as an unaffiliated entity. See the Annual Report on Form 10-K for the year ended December 31, 2015 (the "2015 Form 10-K") for additional information regarding the Acquisitions from PBF and the commercial agreements and amendments to other agreements with related parties in connection with these acquisitions, and Note 2 in this Form 10-Q for further discussion regarding the TVPC Acquisition.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, PBFX has included all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position and the results of operations and cash flows of PBFX and the Predecessor, as applicable, for the periods presented. The results of operations for the three and nine months ended September 30, 2016 and 2015 are not necessarily indicative of the results that may be expected for the full year.

The Predecessor did not historically operate its respective assets for the purpose of generating revenues independent of other PBF Energy businesses prior to the Offering or for assets acquired in the Acquisitions from PBF, with the exception of the Delaware City Products Pipeline, prior to the effective dates of each transaction. All intercompany accounts and transactions have been eliminated.

Summary of Significant Accounting Policies

Product Imbalances

The Partnership incurs product imbalances as a result of variances in tank storage meter readings and volume fluctuations within the East Coast Terminals. The Partnership uses a year-to-date weighted average market price to value our assets and liabilities related to product imbalances. Product imbalance liabilities are included in "Accounts payable and accrued liabilities" and product imbalance assets are included in "Prepaid expenses and other current assets" in the condensed consolidated balance sheets. For the period ended September 30, 2016, the imbalances resulted in an immaterial amount included in Prepaid expenses and other current assets.

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"), which amends how entities measure equity investments that do not result in consolidation and are not accounted for under the equity method and how they present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. ASU 2016-01 also changes certain disclosure requirements and other aspects of current U.S. GAAP but does not change the guidance for classifying and measuring investments in debt securities and loans. Under ASU 2016-01, this guidance becomes effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted in certain

circumstances. The Partnership does not currently have any investments accounted for under the equity method but will apply this new standard should it acquire any such investments.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018, and requires a modified retrospective approach to adoption. Early adoption is permitted. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-06, "Derivatives and Hedging (Topic 815) Contingent Put and Call Options in Debt Instruments a consensus of the FASB Emerging Issues Task Force" ("ASU 2016-06"), to increase consistency in practice in applying guidance on determining if an embedded derivative is clearly and closely related to the economic characteristics of the host contract, specifically for assessing whether call (put) options that can accelerate the repayment of principal on a debt instrument meet the clearly and closely related criterion. The guidance in ASU 2016-06 applies to all entities that are issuers of or investors in debt instruments (or hybrid financial instruments that are determined to have a debt host) with embedded call (put) options. ASU 2016-06 is effective for interim and annual periods beginning after December 15, 2016, and requires a modified retrospective approach to adoption. Early adoption is permitted. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13") which requires that credit losses on available-for-sale debt securities should be measured in a manner similar to current U.S. GAAP. However, the amendments in ASU 2016-13 require that credit losses be presented as an allowance rather than as a write-down. ASU 2016-13 is effective for interim and annual periods beginning after December 15, 2019, and requires a modified retrospective approach to adoption. Early adoption is permitted for interim and annual periods beginning after December 15, 2018. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"), which reduces the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory" ("ASU 2016-16"), which reduces the existing diversity in practice in how income tax consequences of an intra-entity transfer of an asset other than inventory should be recognized. The amendments in ASU 2016-16 require an entity to recognize such income tax consequences when the intra-entity transfer occurs rather than waiting until such time as the asset has been sold to an outside party. The amendments do not contain any new disclosure requirements but point out that certain existing income tax disclosures might be applicable in the period an intra-entity transfer of an asset other than inventory occurs. ASU 2016-16 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted as of the beginning of an annual reporting period for which interim or annual statements have not been issued. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control" ("ASU 2016-2017"), which amends the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity ("VIE") should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when

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determining whether it is the primary beneficiary of that VIE. The amendments in this ASU do not change the characteristics of a primary beneficiary in current GAAP. The amendments in this ASU require that reporting entity, in determining whether it satisfies the second characteristic of a primary beneficiary, to include all of its direct variable interests in a VIE and, on a proportionate basis, its indirect variable interests in a VIE held through related parties, including related parties that are under common control with the reporting entity. ASU 2016-2017 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Partnership is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

2. ACQUISITIONS

Plains Asset Purchase

On April 29, 2016, the Partnership’s wholly-owned subsidiary, PLPT, completed the Plains Asset Purchase. The East Coast Terminals, located in and around Philadelphia, Pennsylvania, include product tanks, pipeline connections to the Colonial Pipeline Company, Buckeye Partners, Sunoco Logistics Partners and other proprietary pipeline systems, truck loading lanes and marine facilities capable of handling barges and ships.

The aggregate purchase price for the Plains Asset Purchase was $100,000, less a preliminary estimate for working capital adjustments, which is subject to final purchase price valuation and working capital adjustments. The consideration was funded by the Partnership with $98,336 in proceeds from the sale of marketable securities. The Partnership borrowed an additional $98,500 under its Revolving Credit Facility (as defined in Note 4), which was used to repay $98,336 of its Term Loan (as defined in Note 4) in order to release $98,336 in marketable securities that had collateralized the Term Loan. Subsequent to the closing of the Plains Asset Purchase, the Partnership recorded an adjustment to the preliminary estimate for working capital of $37 as an increase to Prepaid expenses and other current assets.

PBFX accounted for the Plains Asset Purchase as a business combination under U.S. GAAP whereby the Partnership recognizes assets acquired and liabilities assumed in an acquisition at their estimated fair values as of the date of acquisition. The final purchase price and its allocation are dependent on final reconciliations of working capital and other items subject to agreement by both parties.

The total purchase consideration and the estimated fair values of the assets and liabilities at the acquisition date were as follows:

	Purchase Price
Gross purchase price	$ 100,000
Preliminary estimate for working capital adjustments	(1,627)
Total consideration	$ 98,373

The following table summarizes the preliminary amounts recognized for assets acquired and liabilities assumed as of the acquisition date:

	Fair Value Allocation
Prepaid expenses and other current assets	$ 4,221
Property, plant and equipment	99,342
Accounts payable and accrued expenses	(3,174)
Other long-term liabilities	(2,016)
Estimated fair value of net assets acquired	$ 98,373

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The Partnership's condensed consolidated financial statements for the nine months ended September 30, 2016 include the results of operations of the East Coast Terminals since April 29, 2016 during which period the East Coast Terminals contributed affiliate revenue of $1,576, third-party revenue of $7,285 and net income of $3,179. On an unaudited pro forma basis, the revenues and net income of PBFX assuming the acquisition had occurred on January 1, 2015, are shown below. The unaudited pro forma information does not purport to present what PBFX's actual results would have been had the Plains Asset Purchase occurred on January 1, 2015, nor is the financial information indicative of the results of future operations. The unaudited pro forma financial information includes the depreciation and amortization expense related to the acquisition and interest expense associated with the Plains Asset Purchase financing.

(Unaudited)	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Pro forma revenues	$ 132,435	$ 118,046
Pro forma net income attributable to the Partnership:	61,227	52,135
Pro forma net income available per limited partner units:		
Common units - basic	$ 1.54	$ 1.39
Common units - diluted	1.54	1.39
Subordinated units - basic and diluted	1.54	1.39

TVPC Acquisition

On August 31, 2016, the Partnership entered into a contribution agreement with PBF LLC (the "Contribution Agreement"). Pursuant to the Contribution Agreement, the Partnership, through its wholly-owned subsidiary, PBFX Op Co, acquired from PBF LLC, 50% of the issued and outstanding limited liability company interests of TVPC, whose assets consist of the Torrance Valley Pipeline, which supports PBF Holding's Torrance refinery. The Torrance Valley Pipeline consists of the M55, M1 and M70 pipeline systems, including pipeline stations with storage capacity and truck unloading capability.

Total consideration paid to PBF LLC was $175,000. The consideration was funded by the Partnership with $20,000 of cash on hand, $76,200 in proceeds from the sale of marketable securities, and $78,800 in net proceeds from the August 2016 Equity Offering. The Partnership borrowed an additional $76,200 under its Revolving Credit Facility (as defined in Note 4), which was used to repay $76,200 of its Term Loan (as defined in Note 4) in order to release $76,200 in marketable securities that had collateralized the Term Loan.

As the TVPC Acquisition was considered a transfer of businesses between entities under common control, the TVPC assets and liabilities were transferred at their historical carrying value, whose net value was $345,989 as of August 31, 2016, of which 50% was allocated to noncontrolling interest in equity ("NCI"). The Torrance Valley Pipeline was acquired by PBF Energy on July 1, 2016 in connection with the acquisition of the Torrance refinery and related logistical assets and was not operated by PBF Energy prior to its acquisition. Accordingly, the financial information contained herein of PBFX has been adjusted in the current quarter, with 50% of net income of TVPC allocated to NCI, to include the historical results of the Torrance Valley Pipeline prior to the acquisition by PBFX from July 1, 2016 through August 31, 2016. Net income attributable to the TVPC Acquisition prior to the effective date was allocated entirely to PBF GP as if only PBF GP had rights to that net loss, therefore there is no retrospective adjustment to net income per unit.

PBFX's condensed consolidated financial statements include TVPC, a variable interest entity with the interest in TVPC not owned by PBFX reflected as a reduction to net income and equity as a noncontrolling interest. In accordance with the Amended and Restated Limited Liability Company Agreement of TVPC (the "TVPC LLC Agreement"), PBFX Op Co, PBFX's wholly-owned subsidiary, serves as TVPC's managing member. PBFX, through its ownership of PBFX Op Co, has the sole ability to direct the activities of TVPC that most significantly impact its economic performance. PBFX is also considered to be the primary beneficiary for accounting purposes

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and as a result fully consolidates TVPC. TVPC provides transportation and storage services to PBFX, primarily under fee-based contracts. TVPC's creditors have no recourse to the assets of PBFX other than those of TVPC. See footnote 12 for carrying amounts and classification of TVPC's assets and liabilities in the statement of financial position.

The following tables present the Partnership's statement of operations after giving effect to the TVPC Acquisition. For the three and nine months ended September 30, 2016, respectively, the results of TVPC prior to the TVPC Acquisition are included under “Torrance Valley Pipeline Company LLC”. Results of TVPC subsequent to the acquisition are included in “PBF Logistics LP.” The statement of operations for the three and nine months ended September 30, 2015 has not been retrospectively adjusted, as PBF Energy did not acquire TVPC as part of the acquisition ofr the Torrance refinery and related logistics assets until July 1, 2016.

	Three Months Ended September 30, 2016		
	PBF Logistics LP	Torrance Valley Pipeline Company LLC	Consolidated Results
Revenue:			
Affiliate	$43,842	$ —	$ 43,842
Third-party	4,591	—	4,591
Total revenue	48,433	—	48,433
Costs and expenses:			
Operating and maintenance expenses	10,818	1,996	12,814
General and administrative expenses	4,066	353	4,419
Depreciation and amortization	3,358	1,782	5,140
Total costs and expenses	18,242	4,131	22,373
Income (loss) from operations	30,191	(4,131)	26,060
Other expense:			
Interest expense, net	(7,280)	—	(7,280)
Amortization of loan fees	(416)	—	(416)
Net income (loss)	22,495	(4,131)	18,364
Less: Net loss attributable to Predecessor	—	(4,131)	(4,131)
Less: Net income attributable to noncontrolling interest	1,621	—	1,621
Net income attributable to the Partnership	$20,874	$ —	$ 20,874

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	Nine Months Ended September 30, 2016		
	PBF Logistics LP	Torrance Valley Pipeline Company LLC	Consolidated Results
Revenue:			
Affiliate	$118,356	$ —	$ 118,356
Third-party	7,285	—	7,285
Total revenue	125,641	—	125,641
Costs and expenses:			
Operating and maintenance expenses	24,559	1,996	26,555
General and administrative expenses	13,540	353	13,893
Depreciation and amortization	7,140	1,782	8,922
Total costs and expenses	45,239	4,131	49,370
Income (loss) from operations	80,402	(4,131)	76,271
Other expense:			
Interest expense, net	(21,298)	—	(21,298)
Amortization of loan fees	(1,261)	—	(1,261)
Net income (loss)	57,843	(4,131)	53,712
Less: Net loss attributable to Predecessor	—	(4,131)	(4,131)
Less: Net income attributable to noncontrolling interest	1,621	—	1,621
Net income attributable to the Partnership	$56,222	$ —	$ 56,222

Acquisition Expenses

PBFX incurred acquisition related costs of $1,310 and $3,888 for the three and nine months ended September 30, 2016, respectively, consisting primarily of consulting and legal expenses related to the Plains Asset Purchase, the TVPC Acquisition and other pending and non-consummated acquisitions. Acquisition related costs were $0 and $530 for the three and nine months ended September 30, 2015, respectively, primarily related to the Delaware City Products Pipeline and Truck Rack acquisition. These costs are included in the condensed consolidated income statement in general and administrative expenses.

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3. PROPERTY, PLANT AND EQUIPMENT, NET

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

	September 30, 2016	December 31, 2015
Land	$26,295	$ 2,417
Terminals and equipment	165,234	80,718
Storage equipment	62,238	60,959
Pipeline assets	359,188	18,546
Construction in progress	5,916	5
	618,871	162,645
Accumulated depreciation	(26,020)	(17,097)
Property, plant and equipment, net	$592,851	$ 145,548

4. DEBT

Total debt was comprised of the following:

	September 30, 2016	December 31, 2015
6.875% Senior Notes due 2023	$350,000	$350,000
Term Loan	59,664	234,200
Revolving Credit Facility (a)	169,200	24,500
Total debt outstanding	578,864	608,700
Unamortized debt issuance costs	(7,606)	(9,065)
Net carrying value of debt	571,258	599,635
Less- Current maturities (b)	(59,664)	—
Long-term debt	$511,594	$599,635

(a) PBFX had $3,610 outstanding letters of credit and $187,190 available under our five year $360,000 revolving credit facility (“Revolving Credit Facility”) as of September 30, 2016. The maximum borrowing amount of the Revolving Credit Facility was increased from $325,000 to $360,000 in May 2016.

(b) PBFX’s three year $300,000 term loan facility with Wells Fargo Bank, National Association, as administrative agent, and a syndicate of lenders (the “Term Loan”) matures in May 2017 and has been classified as current on the balance sheet as of September 30, 2016. Additionally, Marketable securities have also been classified as current on the balance sheet as of September 30, 2016 as these securities collateralize the Term Loan.

Plains Asset Purchase

In connection with the Plains Asset Purchase, the Partnership borrowed an additional $98,500 under its Revolving Credit Facility, which was used to repay $98,336 of its Term Loan in order to release $98,336 in marketable securities that had collateralized the Term Loan.

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TVPC Acquisition

In connection with the TVPC Acquisition, the Partnership borrowed an additional $76,200 under its Revolving Credit Facility, which was used to repay $76,200 of its Term Loan in order to release $76,200 in marketable securities that had collateralized the Term Loan.

Fair Value Measurement

A fair value hierarchy (Level 1, Level 2, or Level 3) is used to categorize fair value amounts based on the quality of inputs used to measure fair value. Accordingly, fair values derived from Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities. Fair values derived from Level 2 inputs are based on quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are either directly or indirectly observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

Debt or equity securities are classified into the following reporting categories: held-to-maturity, trading or available-for-sale securities. While PBFX does not routinely sell marketable securities prior to their scheduled maturity dates, some of PBFX’s investments may be held and restricted for the purpose of funding future capital expenditures and acquisitions. Such investments are classified as available-for-sale marketable securities as they may occasionally be sold prior to their scheduled maturity dates due to the unexpected timing of cash needs. The carrying value of these marketable securities approximates fair value and is measured using Level 1 inputs. The terms of the marketable securities range from one to three months and are classified on the balance sheet as current assets. The gross unrecognized holding gains and losses as of September 30, 2016 and December 31, 2015 were not material. As of September 30, 2016, these investments are used as collateral to secure the Partnership’s obligations under its Term Loan and are intended to be used only to fund future capital expenditures.

The estimated fair values of the Revolving Credit Facility and Term Loan approximate their carrying values, categorized as a Level 2 measurement, as these borrowings bear interest based upon short-term floating market interest rates. The estimated fair value of the Partnership’s 6.875% Senior Notes due 2023 (“2023 Notes”), categorized as a Level 2 measurement, was calculated based on the present value of future expected payments utilizing implied current market interest rates based on quoted prices of the 2023 Notes and was approximately $339,989 and $321,722 at September 30, 2016 and December 31, 2015, respectively. The carrying value and fair value of PBFX’s debt, exclusive of unamortized debt issuance costs, was approximately $578,864 and $568,853 as of September 30, 2016 and $608,700 and $580,422 as of December 31, 2015, respectively.

5. EQUITY

PBFX had 23,270,397 common units held by the public outstanding as of September 30, 2016. PBF Energy owns 2,572,944 of PBFX’s common units and 15,886,553 of PBFX’s subordinated units constituting an aggregate of 44.2% of PBFX’s limited partner interest. In accordance with PBFX’s partnership agreement, PBF Energy’s subordinated units will convert into common units on a one-for-one basis once PBFX has met specified distribution targets and successfully completed other tests set forth in PBFX’s partnership agreement.

Issuance of Additional Interests

PBFX’s partnership agreement authorizes PBFX to issue an unlimited number of additional partnership interests for consideration and on the terms and conditions determined by PBFX’s general partner without the approval of the unitholders. On May 14, 2015, PBFX partially funded the Delaware City Products Pipeline and Truck Rack acquisition with $30,500 of Partnership common units, or 1,288,420 common units.

The Partnership completed the April 2016 offering on April 5, 2016 and the August 2016 Offering on August 17, 2016. It is possible that PBFX will fund future acquisitions through the issuance of additional common units,

subordinated units or other partnership interests.

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Additionally, 115,224 and 85,757 of the Partnership's phantom units issued under the PBFX 2014 Long-Term Incentive Plan ("LTIP") vested and were converted into common units held by certain of PBF GP's current and former management and directors during the nine months ended September 30, 2016 and 2015, respectively.
Holders of any additional common units PBFX issues will be entitled to share equally with the then-existing common unitholders in PBFX's distributions of available cash.

Noncontrolling Interest
PBFX's subsidiary PBFX Op Co holds a 50% controlling interest in TVPC, with the other 50% interest in TVPC held by TVP Holding Company LLC ("TVP Holding"), a subsidiary of PBF Holding. PBFX Op Co is the sole managing member of TVPC. PBFX, through its ownership of PBFX Op Co, consolidates the financial results of TVPC, and records a noncontrolling interest for the economic interest in TVPC held by TVP Holding. Noncontrolling interest on the consolidated statements of operations includes the portion of net income or loss attributable to the economic interest in TVPC held by TVP Holding. Noncontrolling interest on the condensed consolidated balance sheets includes the portion of net assets of TVPC attributable to TVP Holding.

Equity Activity
The summarized changes in the carrying amount of our equity during the nine months ended September 30, 2016 are as follows:

	Common Units - Public	Common Units - PBF	Subordinated Units - PBF	IDR	Noncontrolling Interest	Total
Balance at December 31, 2015	$340,317	$(248,363)	$(277,094)	$(535)	$ —	$(185,675)
Quarterly distributions to unitholders (including IDRs)	(23,234)	(3,242)	(20,016)	(2,223)	—	(48,715)
Net income	26,750	3,723	22,984	2,765	1,621	57,843
Noncontrolling interest acquired	—	—	—	—	174,646	174,646
Contributions from PBF LLC	—	15	—	—	—	15
Unit-based compensation expense	3,673	—	—	—	—	3,673
Issuance of Common Units, net of expenses	83,311	54,944	—	—	—	138,255
Other	(980)	(287)	(2,144)	1,118	—	(2,293)
Balance at September 30, 2016	$429,837	$(193,210)	$(276,270)	$1,125	$ 176,267	$137,749

Allocations of Net Income
PBFX's partnership agreement contains provisions for the allocation of net income and loss to the unitholders. For purposes of maintaining partner capital accounts, PBFX's partnership agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest. Normal allocations according to percentage interests are made after giving effect, if any, to priority income allocations in an amount equal to incentive cash distributions allocated 100% to PBF LLC.

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Cash distributions

PBFX's partnership agreement, as amended, sets forth the calculation to be used to determine the amount and priority of cash distributions that the common and subordinated unitholders and general partner will receive. On March 8, 2016, the Partnership paid a quarterly cash distribution, based on the results of the fourth quarter of 2015, totaling $14,680, or $0.41 per unit, to unitholders of record on February 22, 2016. On May 31, 2016 the Partnership paid a quarterly cash distribution, based on the results of the first quarter of 2016, totaling $16,419, or $0.42 per unit, to unitholders of record on May 13, 2016. On August 23, 2016 the Partnership paid a quarterly cash distribution, based on the results of the second quarter of 2016, totaling $16,944, or $0.43 per unit, to unitholders of record on August 9, 2016.

The allocation of total quarterly cash distributions to general and limited partners, in the table below, for the three and nine months ended September 30, 2016 and 2015, is as follows. The Partnership's distributions are declared subsequent to quarter end (distributions of $0.44 and $0.39 per unit declared for the three months ended September 30, 2016 and 2015, respectively, $0.43 and $0.37 per unit declared for the three months ended June 30, 2016 and 2015, respectively, and $0.42 and $0.35 per unit declared for the three months ended March 31, 2016 and 2015, respectively); therefore, the table represents total cash distributions applicable to the period in which the distributions are earned:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
IDR - PBF LLC	$1,125	$354	$2,765	$535
Limited partners' distributions:				
Common – public	10,489	6,376	27,029	18,149
Common – PBF LLC	1,132	1,003	3,319	2,856
Subordinated – PBF LLC	6,990	6,196	20,493	17,634
Total distributions	19,736	13,929	53,606	39,174
Total cash distributions [1]	$19,486	$13,752	$52,849	$38,639

[1] Excludes phantom unit distributions which are accrued and paid upon vesting.

6. UNIT-BASED COMPENSATION

PBF GP's board of directors adopted the LTIP in connection with the completion of the Offering. The LTIP is for the benefit of employees, consultants, service providers and non-employee directors of the general partner and its affiliates.

Under the LTIP, PBFX issues phantom unit awards to certain directors, officers and seconded employees of our general partner or its affiliates as compensation. The fair value of each phantom unit on the grant date is equal to the market price of PBFX's common units on that date. The estimated fair value of PBFX's phantom units is amortized over the vesting period of four years, using the straight-line method.

Unit-based compensation expense related to the Partnership that was included in general and administrative expense in the Partnership's condensed consolidated statements of operations was $963 and $3,673 for the three and nine months ended September 30, 2016, respectively, and $815 and $2,428 for the three and nine months ended September 30, 2015, respectively.

In the three and nine months ended September 30, 2016, unit-based compensation expense includes $0 and $1,123 of expense associated with the accelerated vesting of phantom units in accordance with grant agreements related to the retirement of certain of PBF GP's officers, respectively. In the three and nine months ended September

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30, 2015, $0 and $510 of unit-based compensation expense was associated with the accelerated vesting of such phantom units, respectively.

7. NET INCOME PER UNIT

Earnings in excess of distributions are allocated to the limited partners based on their respective percentage interests. Payments made to PBFX's unitholders are determined in relation to actual distributions declared and are not based on the net income (loss) allocations used in the calculation of net income (loss) per unit.

Diluted net income per unit includes the effects of potentially dilutive units of PBFX's common units that consist of unvested phantom units. For the three and nine months ended September 30, 2016, there were 257,104 and 521,130 anti-dilutive phantom units, respectively. For the three and nine months ended September 30, 2015, there were 454,625 anti-dilutive phantom units. Basic and diluted net income per unit applicable to subordinated limited partners are the same because there are no potentially dilutive subordinated units outstanding.

In addition to the common and subordinated units, PBFX has also identified the general partner interest and incentive distribution rights as participating securities and uses the two-class method when calculating the net income per unit applicable to limited partners that is based on the weighted-average number of common units outstanding during the period. The Partnership issued 1,288,420 common units in 2015 to PBF LLC in conjunction with the Delaware City Products Pipeline and Truck Rack acquisition, 2,875,000 common units in April 2016 in connection with the April 2016 Offering and 4,000,000 units in August 2016 and 375,000 units in September 2016 in connection with the August 2016 Offering.

When calculating basic earnings per unit under the two-class method for a master limited partnership, net income for the current reporting period is reduced by the amount of available cash that has been or will be distributed to the general partner, limited partners, and IDR holders for that reporting period. The following table shows the calculation of earnings less distributions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income attributable to the Partnership	$20,874	$20,283	$56,222	$56,575
Less distributions on:				
Limited partner common units - public	10,489	6,376	27,029	18,149
Limited partner common units - PBF LLC	1,132	1,003	3,319	2,856
Limited partner subordinated units - PBF LLC	6,990	6,196	20,493	17,634
IDR holder - PBF LLC	1,125	354	2,765	535
Total distributions	19,736	13,929	53,606	39,174
Earnings less distributions	$1,138	$6,354	$2,616	$17,401

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	Three Months Ended September 30, 2016				
	Limited Partner Common Units – Public	Limited Partner Common Units – PBF LLC	Limited Partner Subordinated Units – PBF LLC	Incentive Distribution Rights - PBF LLC	Total
Net income attributable to the Partnership:					
Distributions	$10,489	$ 1,132	$ 6,990	$ 1,125	$19,736
Earnings less distributions	50	152	936	—	1,138
Net income attributable to the Partnership	$10,539	$ 1,284	$ 7,926	$ 1,125	$20,874
Weighted-average units outstanding - basic	20,919,852	2,572,944	15,886,553		
Weighted-average units outstanding - diluted	20,998,742	2,572,944	15,886,553		
Net income per limited partner unit - basic	$0.50	$ 0.50	$ 0.50		
Net income per limited partner unit - diluted	$0.50	$ 0.50	$ 0.50		

	Three Months Ended September 30, 2015				
	Limited Partner Common Units – Public	Limited Partner Common Units – PBF LLC	Limited Partner Subordinated Units – PBF LLC	Incentive Distribution Rights - PBF LLC	Total
Net income attributable to the Partnership:					
Distributions	$6,376	$ 1,003	$ 6,196	$ 354	$13,929
Earnings less distributions	3,005	516	3,187	(354)	6,354
Net income attributable to the Partnership	$9,381	$ 1,519	$ 9,383	$ —	$20,283
Weighted-average units outstanding - basic	15,882,631	2,572,944	15,886,553		
Weighted-average units outstanding - diluted	15,882,631	2,572,944	15,886,553		
Net income per limited partner unit - basic	$0.59	$ 0.59	$ 0.59		
Net income per limited partner unit - diluted	$0.59	$ 0.59	$ 0.59		

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	Nine Months Ended September 30 , 2016				
	Limited Partner Common Units – Public	Limited Partner Common Units – PBF LLC	Limited Partner Subordinated Units – PBF LLC	Incentive Distribution Rights - PBF LLC	Total
Net income attributable to the Partnership:					
Distributions	$27,029	$ 3,319	$ 20,493	$ 2,765	$53,606
Earnings less distributions	(279)	404	2,491	—	2,616
Net income attributable to the Partnership	$26,750	$ 3,723	$ 22,984	$ 2,765	$56,222
Weighted-average units outstanding - basic	18,521,210	2,572,944	15,886,553		
Weighted-average units outstanding - diluted	18,530,975	2,572,944	15,886,553		
Net income per limited partner unit - basic	$1.44	$ 1.45	$ 1.45		
Net income per limited partner unit - diluted	$1.44	$ 1.45	$ 1.45		

	Nine Months Ended September 30, 2015				
	Limited Partner Common Units – Public	Limited Partner Common Units – PBF LLC	Limited Partner Subordinated Units – PBF LLC	Incentive Distribution Rights - PBF LLC	Total
Net income attributable to the Partnership:					
Distributions	$18,149	$ 2,856	$ 17,634	$ 535	$39,174
Earnings less distributions	8,459	434	9,043	(535)	17,401
Net income attributable to the Partnership	$26,608	$ 3,290	$ 26,677	$ —	$56,575
Weighted-average units outstanding - basic	15,843,600	1,940,533	15,886,553		
Weighted-average units outstanding - diluted	15,843,600	1,940,533	15,886,553		
Net income per limited partner unit - basic	$1.68	$ 1.70	$ 1.68		
Net income per limited partner unit - diluted	$1.68	$ 1.70	$ 1.68		

8. COMMITMENTS AND CONTINGENCIES

PBF LOGISTICS LP
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Environmental Matters

PBFX's assets, along with PBF Energy's refineries, are subject to extensive and frequently changing federal, state and local laws and regulations, including, but not limited to, those relating to the discharge of materials into the environment or that otherwise relate to the protection of the environment, waste management and the characteristics and the composition of fuels. Compliance with existing and anticipated laws and regulations can increase the overall cost of operating the Partnership's assets, including remediation, operating costs and capital costs to construct, maintain and upgrade equipment and facilities.

In connection with PBF Holding's acquisition of the DCR assets, Valero Energy Corporation ("Valero") remains responsible for certain pre-acquisition environmental obligations up to $20,000 and the predecessor to Valero in ownership of the refinery retains other historical obligations.

In connection with its acquisition of the DCR assets and the Paulsboro refinery, PBF Holding and Valero purchased ten year, $75,000 environmental insurance policies to insure against unknown environmental liabilities at each site. In connection with PBF Holding's Toledo refinery acquisition, Sunoco Inc. (R&M) remains responsible for environmental remediation for conditions that existed on the closing date for twenty years from March 1, 2011, subject to certain limitations.

In connection with the Plains Asset Purchase, the Partnership is responsible for the environmental remediation costs for conditions that existed on the closing date up to a maximum of $250 per year for ten years, with Plains All American Pipeline, L.P. remaining responsible for any and all additional costs above such amounts during such period. The environmental liability of $2,284 recorded as of September 30, 2016 represents the present value of expected future costs discounted at a rate of 1.83%. At September 30, 2016 the undiscounted liability is $2,500 and the Partnership expects to make aggregate payments for this liability of $1,250 over the next five years. The current portion of the environmental liability is recorded in Accrued expenses and the non-current portion is recorded in Other long-term liabilities.

In connection with PBF Holding's acquisition of the Torrance refinery and related logistics assets, PBF Holding is responsible for all known and unknown environmental liabilities at each site acquired in connection with the acquisition. The total estimated liability of known environmental obligations associated with the Torrance Valley Pipeline was approximately $1,475. In accordance with the Contribution Agreement, PBF Holding has indemnified the Partnership for any and all costs associated with environmental remediation for obligations that existed on or before August 31, 2016, including all known or unknown events, which includes the recorded liability of approximately $1,475. At September 30, 2016 the Partnership expects to make the full aggregate payment for this liability within the next five years. PBFX has recorded a receivable from PBF Holding for such anticipated payments related to the pre-existing Torrance Valley Pipeline environmental obligations.

9. RELATED PARTY TRANSACTIONS

Commercial Agreements

PBFX currently derives the majority of its revenue from long-term, fee-based agreements with PBF Holding, supported by fee escalations for inflation adjustments and certain increases in operating costs. PBFX believes the terms and conditions under these agreements, as well as the omnibus and services agreements with PBF Holding described below, are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

East Coast Terminals

The commercial agreements with PBF Holding related to the East Coast Terminals have initial terms ranging from approximately three months to one year and include:

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•tank lease agreements, under which the Partnership provides tank lease services to PBF Holding at the East Coast Terminals, with fees ranging from $0.45 to $0.55 per barrel received into the tank, up to 448,000 barrels, and $0.30 to $0.351 for all additional barrels received in excess of that amount. Additionally, the lease agreements include ancillary fees for tank to tank transfers; and
•terminaling service agreements, under which the Partnership provides terminaling and other services to PBF Holding at the East Coast Terminals, with fees ranging from $0.10 to $1.25 per barrel based on services provided, with additional flat rate fees for certain unloading/loading activities at the terminal.
The tank lease agreements contain minimum requirements for the amount of leased tank capacity contracted by PBF Holding. Additionally, the fees under each commercial agreement are indexed for inflation based on the changes in the U.S Consumer Price Index for All Urban Consumers (the “CPI-U”). Each of these commercial agreements also include automatic renewal options ranging from three months to one year terms, unless written notice is provide by either the Partnership or PBF Holding thirty days prior to the end of the previous term.

The Contributed Assets
The commercial agreements with PBF Holding related the Contributed Assets have initial terms ranging from approximately seven to ten years and include:
•a rail terminaling services agreement with PBF Holding, with an initial term of approximately seven years, under which the Partnership provides terminaling services at the DCR Rail Terminal. Pursuant to the rail terminaling services agreement, and based on the change in the U.S. Producer Price Index (the “PPI”), effective January 1, 2016, the terminaling service fee was decreased to $2.014 per barrel up to the minimum throughput commitment and $0.503 per barrel for volumes that exceed the minimum throughput commitment;
•a truck unloading and terminaling services agreement with PBF Holding, with an initial term of approximately seven years, under which the Partnership provides terminaling services at the Toledo Truck Terminal. Pursuant to the truck unloading and terminaling services agreement, and based on the change in the PPI, effective January 1, 2016, the terminaling service fee was decreased to $1.007 per barrel;
•a terminaling services agreement, with an initial term of approximately seven years, under which the Partnership provides rail terminaling services to PBF Holding at the DCR West Rack;
•a storage and terminaling services agreement, with an initial term of ten years, under which the Partnership provides storage and terminaling services to PBF Holding at the Toledo Storage Facility;
•a pipeline service agreement with PBF Holding, with an initial term of approximately ten years, under which the Partnership, through Delaware Pipeline Company (“DPC”), provides pipeline services to PBF Holding at the Delaware City Products Pipeline. Effective July 2016, the throughput fee was decreased to $0.5396 per barrel, due to a decrease in the Federal Energy Regulatory Commission (“FERC”) tariff;
•a truck loading service agreement with PBF Holding, with an initial term of approximately ten years, under which the Partnership, through Delaware City Logistics Company LLC (“DCLC”), provides terminaling services to PBF Holding at the Delaware City Truck Rack; and
•a transportation services agreement with PBF Holding, with an initial term of ten years, under which the Partnership, through TVPC, provides transportation and storage services to PBF Holding on the Torrance Valley Pipeline. Transportation Services. The minimum throughput commitment for transportation services on the northern portion of the Torrance Valley Pipeline is approximately 50,000 barrels per day for a fee equal to $0.5625 per barrel of crude throughput up to the minimum throughput commitment and in excess of the minimum throughput commitment. If PBF Holding does not throughput the aggregate amounts equal to the minimum throughput commitment described above, PBF Holding will be required to pay a shortfall payment equal

to the shortfall volume multiplied by the fee. The minimum throughput commitment for the southern portion of the Torrance Valley Pipeline is approximately 70,000 bpd with a fee equal to approximately $1.5625 per barrel and a fee of $0.3125 per barrel for amounts in excess of the minimum throughput commitment. If PBF Holding does not throughput the aggregate amounts equal to the minimum throughput commitment described above, PBF Holding will be required to pay a shortfall payment equal to the shortfall volume multiplied by the fee of $1.5625 per barrel; provided, however, that PBF Holding will receive a credit to PBF Holding's account for the amount of such shortfall, and such credit will be applied in subsequent monthly invoices against excess throughput fees during any of the succeeding three months.

Storage Services. PBF Holding will pay TVPC $0.85 per barrel fixed rate for the shell capacity of the Midway tank, which rate includes throughput equal to the shell capacity of the tank. PBF Holding will pay $0.85 per barrel fixed rate for each of the Belridge and Emidio storage tanks, which rate includes throughput equal to the shell capacity of each individual storage tank, subject to adjustment. PBF Holding will also pay $0.425 per barrel for throughput in excess of the shell capacity for each storage tank; provided that PBF Holding has a commitment for a minimum incremental throughput in excess of the shell capacity of (A) 715,000 barrels per month for the Belridge Tank, and (B) 600,000 barrels per month for the Emidio tank. If, during any month, actual throughput in excess of the shell capacity of all individual storage tanks by PBF Holding is less than the throughput storage minimum commitment, then PBF Holding will pay TVPC an amount equal to the storage rate multiplied by the throughput storage minimum commitment less the actual excess volumes.

TVPC is required to maintain the Torrance Valley Pipeline in a condition and with a capacity sufficient to handle a volume of PBF Holding's crude at least equal to the current operating capacity or the reserved crude capacity, as the case may be, subject to interruptions for routine repairs and maintenance and force majeure events. Failure to meet such obligations may result in a reduction of fees payable under the Transportation Services Agreement.

Each of these commercial agreements contain minimum volume commitments. Additionally, the storage and terminaling services agreement contains minimum requirements for the amount of storage contracted by PBF Holding. The fees under each commercial agreement are indexed for inflation and the agreements give PBF Holding the option to renew for two additional five year terms following the expiration of the initial term.

Other Agreements

In addition to the commercial agreements described above, at the closing of the Offering, the Partnership also entered into an omnibus agreement with PBF GP, PBF LLC and PBF Holding, which has been amended and restated in connection with each of the Acquisitions from PBF. The omnibus agreement addresses the payment of an annual fee for the provision of various general and administrative services and reimbursement of salary and benefit costs for certain PBF Energy employees, among other matters, and an operations and management services and secondment agreement with PBF Holding and certain of its subsidiaries under which PBFX reimburses PBF Holding for the provision of certain operational services to the Partnership in support of its operations, including operational services performed by certain of PBF Holding's field-level employees. On August 31, 2016, in order to include the Torrance Valley Pipeline, the Partnership entered into an amended and restated omnibus agreement, which increased the annual fee to $4,000 and an amended and restated operations and management services and secondment agreement, which increased the annual fee to $6,386.

Predecessor Transactions

Related-party transactions of the Predecessor were settled through division of equity.

Summary of Transactions

A summary of revenue and expense transactions with our affiliates, including expenses directly charged and allocated to PBFX and our Predecessor, is as follows:

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues	$43,842	$37,082	$118,356	$104,796
Operating and maintenance expenses	1,280	1,122	3,523	3,412
General and administrative expenses	1,201	1,471	3,460	3,941

10. SEGMENT INFORMATION

The Partnership’s operations are organized into two reportable segments, Transportation and Terminaling and Storage. Operations that are not included in either the Transportation and Terminaling or the Storage segments are included in Corporate.

Our Transportation and Terminaling segment consists of the following assets:

- the DCR Rail Terminal, which serves PBF Holding’s Delaware City and Paulsboro refineries;
- the DCR West Rack, which serves PBF Holding’s Delaware City refinery;
- the Toledo Truck Terminal, which serves PBF Holding’s Toledo refinery, comprised of LACT units;
- a propane truck loading facility, located within the Toledo Storage Facility, located at PBF Holding’s Toledo, Ohio refinery;
- the Delaware City Products Pipeline, which consists of an interstate petroleum products pipeline supporting PBF Holding’s Delaware City refinery;
- the Delaware City Truck Rack, which consists of a truck loading rack utilized to distribute gasoline, distillates and LPGs located at PBF Holding’s Delaware City refinery;
- the East Coast Terminals, which consist of product tanks, pipeline connections to the Colonial Pipeline Company, Buckeye Partners, Sunoco Logistics Partners and other proprietary pipeline systems, truck loading lanes and marine facilities capable of handling barges and ships; and
- the Torrance Valley Pipeline, which consists of the M55, M1 and M70 pipelines and pipeline stations supporting PBF Holding's Torrance refinery.

Our Storage segment consists of the following asset:

- the Toledo Storage Facility, excluding the propane truck loading facility, which services the Toledo refinery and consists of tanks for storing crude oil, refined products and intermediates.

Revenues are generated from third-party transactions as well as commercial agreements entered into with PBF Holding under which the Partnership receives fees for transportation, terminaling and storage of crude oil and refined products. The commercial agreements with PBF Holding are described in Note 9 of the Condensed Consolidated Financial Statements in this Form 10-Q. The Partnership does not have any foreign operations.

The operating segments adhere to the accounting polices used for the consolidated financial statements, as described in Note 2 “Summary of Accounting Policies” of the Notes to Consolidated Financial Statements in our 2015 Form 10-K. The Partnership’s operating segments are strategic business units that offer different services in different geographical locations. PBFX has evaluated the performance of each operating segment based on its respective operating income. Certain general and administrative expenses and interest and financing costs are included in Corporate as they are not directly attributable to a specific operating segment. Identifiable assets are

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those used by the operating segment, whereas assets included in Corporate are principally cash, deposits and other assets that are not associated with a specific operating segment.

	Three Months Ended September 30, 2016			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Revenues	$42,951	$5,482	$ —	$ 48,433
Depreciation and amortization expense	4,545	595	—	5,140
Income (loss) from operations	28,144	2,335	(4,419)	26,060
Interest expense, net and amortization of loan fees	—	—	7,696	7,696
Capital expenditures	2,533	92	—	2,625

	Three Months Ended September 30, 2015			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Revenues	$31,764	$5,318	$ —	$ 37,082
Depreciation and amortization expense	980	669	—	1,649
Income (loss) from operations	27,715	2,755	(3,007)	27,463
Interest expense, net and amortization of loan fees	—	—	7,180	7,180
Capital expenditures	5	957	—	962

	Nine Months Ended September 30, 2016			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Revenues	$109,315	$16,326	$ —	$ 125,641
Depreciation and amortization expense	7,092	1,830	—	8,922
Income (loss) from operations	82,414	7,750	(13,893)	76,271
Interest expense, net and amortization of loan fees	—	—	22,559	22,559
Capital expenditures, including the Plains Asset Purchase	101,735	1,292	—	103,027

	Nine Months Ended September 30, 2015			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Revenues	$88,727	$16,069	$ —	$ 104,796
Depreciation and amortization expense	2,964	1,955	—	4,919
Income (loss) from operations	73,138	8,574	(9,798)	71,914
Interest expense, net and amortization of loan fees	—	—	14,065	14,065
Capital expenditures	225	957	—	1,182

	Balance at September 30, 2016			
	Transportation and Terminaling	Storage	Corporate	Consolidated Total
Total assets	$575,443	$56,564	$103,407	$ 735,414

	Balance at December 31, 2015	
	Storage	Corporate

	Transportation and Terminaling			Consolidated Total
Total assets	$112,826	$56,846	$253,230	$ 422,902

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11. SUBSEQUENT EVENTS

Cash distribution
On October 28, 2016, PBF GP’s board of directors declared a cash distribution, based on the results of the third quarter of 2016, of $0.44 per unit. The distribution is payable on November 22, 2016 to PBFX unitholders of record at the close of business on November 8, 2016.

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12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS

DCLC, DPC, Delaware City Terminaling Company LLC, Toledo Terminaling Company LLC and PLPT are 100% owned subsidiaries of the Partnership and serve as guarantors of the obligations under the 2023 Notes. These guarantees are full and unconditional and joint and several. For purposes of the following footnote, the Partnership is referred to as “Issuer.” The indenture dated May 12, 2015, among the Partnership, PBF Logistics Finance, the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, governs subsidiaries designated as “Guarantor Subsidiaries.” PBFX Op Co and TVPC are consolidated subsidiaries of the Partnership that are not guarantors of the 2023 Notes as of September 30, 2016 and are referred to as “Non-Guarantor Subsidiaries.” PBFX Op Co is a holding company which consolidates TVPC. All assets and liabilities of the Non-Guarantor are those of TVPC.

The 2023 Notes were co-issued by PBF Logistics Finance. For purposes of the following footnote, PBF Logistics Finance is referred to as “Co-Issuer.” The Co-Issuer has no independent assets or operations.

The following supplemental combining and condensed consolidating financial information reflects the Issuer’s separate accounts, the combined accounts of the Guarantor Subsidiaries, the combining and consolidating adjustments and eliminations and the Issuer’s consolidated accounts for the dates and periods indicated. For purposes of the following combining and consolidating information, the Issuer’s investment in its subsidiaries and the Guarantor Subsidiaries’ investment in its subsidiaries are accounted for under the equity method of accounting.

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12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING BALANCE SHEET

	September 30, 2016				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$42,860	$ 1,411	$ —	$ —	$44,271
Marketable securities	59,991	—	—	—	59,991
Accounts receivable - affiliates	82	24,459	7,205	—	31,746
Accounts receivable, net	—	3,981	—	—	3,981
Prepaid expense and other current assets	475	1,980	119	—	2,574
Due from related parties	4,395	219,416	—	(223,811)	—
Total current assets	107,803	251,247	7,324	(223,811)	142,563
Property, plant and equipment, net	—	244,048	348,803	—	592,851
Investment in subsidiaries	657,413	—	—	(657,413)	—
Total assets	$765,216	$ 495,295	$ 356,127	$ (881,224)	$735,414
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable - affiliates	$554	$ 1,519	$ 968	$ —	$3,041
Accounts payable and accrued liabilities	12,506	3,841	2,624	—	18,971
Current portion of long-term debt	59,664	—	—	—	59,664
Deferred revenue	—	889	—	—	889
Due to related parties	219,416	4,395	—	(223,811)	—
Total current liabilities	292,140	10,644	3,592	(223,811)	82,565
Long-term debt	511,594	—	—	—	511,594
Other long-term liabilities	—	2,031	1,475	—	3,506
Total liabilities	803,734	12,675	5,067	(223,811)	597,665
Commitments and contingencies					
Equity:					
Net investment	—	482,620	174,793	(657,413)	—
Common unitholders - Public	429,837	—	—	—	429,837
Common unitholder - PBF LLC	(193,210)	—	—	—	(193,210)
Subordinated unitholder - PBF LLC	(276,270)	—	—	—	(276,270)
IDR holder - PBF LLC	1,125	—	—	—	1,125
Total PBF Logistics LP equity	(38,518)	482,620	174,793	(657,413)	(38,518)
Noncontrolling interest	—	—	176,267	—	176,267
Total equity	(38,518)	482,620	351,060	(657,413)	137,749

Total liabilities and equity	$765,216	$ 495,295	$ 356,127	$ (881,224)	$735,414

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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING BALANCE SHEET

	December 31, 2015				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$18,678	$ —	$ —	$ —	$18,678
Accounts receivable - affiliates	—	23,949	—	—	23,949
Prepaid expense and other current assets	290	179	—	—	469
Due from related parties	1,287	127,373	—	(128,660)	—
Total current assets	20,255	151,501	—	(128,660)	43,096
Property, plant and equipment, net	—	145,548	—	—	145,548
Investment in subsidiaries	292,411	—	—	(292,411)	—
Marketable securities	234,258	—	—	—	234,258
Total assets	$546,924	$ 297,049	$ —	$ (421,071)	$422,902
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable - affiliates	$574	$ 2,864	$ —	$ —	$3,438
Accounts payable and accrued liabilities	5,017	487	—	—	5,504
Due to related parties	127,373	1,287	—	(128,660)	—
Total current liabilities	132,964	4,638	—	(128,660)	8,942
Long-term debt	599,635	—	—	—	599,635
Total liabilities	732,599	4,638	—	(128,660)	608,577
Commitments and contingencies					
Equity:					
Net investment	—	292,411	—	(292,411)	—
Common unitholders - Public	340,317	—	—	—	340,317
Common unitholder - PBF LLC	(248,363)	—	—	—	(248,363)
Subordinated unitholder - PBF LLC	(277,094)	—	—	—	(277,094)
IDR holder - PBF LLC	(535)	—	—	—	(535)
Total PBF Logistics LP equity	(185,675)	292,411	—	(292,411)	(185,675)
Noncontrolling interest	—	—	—	—	—
Total equity	(185,675)	292,411	—	(292,411)	(185,675)
Total liabilities and equity	$546,924	$ 297,049	$ —	$ (421,071)	$422,902

PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2016				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidated Adjustments	Total
Revenue:					
Affiliate	$—	$ 38,112	$ 5,730	$ —	$43,842
Third-party	—	4,591	—	—	4,591
Total revenue	—	42,703	5,730	—	48,433
Costs and expenses					
Operating and maintenance expenses	—	9,222	3,592	—	12,814
General and administrative expenses	4,066	—	353	—	4,419
Depreciation and amortization expense	—	2,467	2,673	—	5,140
Total costs and expenses	4,066	11,689	6,618	—	22,373
Income (loss) from operations	(4,066)	31,014	(888)	—	26,060
Other income (expenses)					
Equity in earnings (loss) of subsidiaries	30,126	—	—	(30,126)	—
Interest expenses net	(7,280)	—	—	—	(7,280)
Amortization of loan fees	(416)	—	—	—	(416)
Net income (loss)	18,364	31,014	(888)	(30,126)	18,364
Less: Net loss attributable to Predecessor	—	—	(4,131)	—	(4,131)
Less: Net income attributable to noncontrolling interest	—	—	1,621	—	1,621
Net income (loss) attributable to the Partnership	$18,364	$ 31,014	$ 1,622	$ (30,126)	$20,874

PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2015				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidated Adjustments	Total
Revenue:					
Affiliate	$—	$ 37,082	$ —	$ —	$37,082
Third-party	—	—	—	—	—
Total revenue	—	37,082	—	—	37,082
Costs and expenses					
Operating and maintenance expenses	—	4,963	—	—	4,963
General and administrative expenses	3,007	—	—	—	3,007
Depreciation and amortization expense	—	1,649	—	—	1,649
Total costs and expenses	3,007	6,612	—	—	9,619
Income (loss) from operations	(3,007)	30,470	—	—	27,463
Other income (expenses)					
Equity in earnings (loss) of subsidiaries	30,470	—	—	(30,470)	—
Interest expenses net	(6,757)	—	—	—	(6,757)
Amortization of loan fees	(423)	—	—	—	(423)
Net income (loss)	20,283	30,470	—	(30,470)	20,283
Less: Net loss attributable to Predecessor	—	—	—	—	—
Less: Net income attributable to noncontrolling interest	—	—	—	—	—
Net income (loss) attributable to the Partnership	$20,283	$ 30,470	$ —	$ (30,470)	$20,283

PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2016				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidated Adjustments	Total
Revenue:					
Affiliate	$—	$ 112,626	$ 5,730	$ —	$118,356
Third-party	—	7,285	—	—	7,285
Total revenue	—	119,911	5,730	—	125,641
Costs and expenses					
Operating and maintenance expenses	—	22,963	3,592	—	26,555
General and administrative expenses	13,540	—	353	—	13,893
Depreciation and amortization expense	—	6,249	2,673	—	8,922
Total costs and expenses	13,540	29,212	6,618	—	49,370
Income (loss) from operations	(13,540)	90,699	(888)	—	76,271
Other income (expenses)					
Equity in earnings (loss) of subsidiaries	89,811	—	—	(89,811)	—
Interest expenses net	(21,298)	—	—	—	(21,298)
Amortization of loan fees	(1,261)	—	—	—	(1,261)
Net income (loss)	53,712	90,699	(888)	(89,811)	53,712
Less: Net loss attributable to Predecessor	—	—	(4,131)	—	(4,131)
Less: Net income attributable to noncontrolling interest	—	—	1,621	—	1,621
Net income (loss) attributable to the Partnership	$53,712	$ 90,699	$ 1,622	$ (89,811)	$56,222

PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2015				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidated Adjustments	Total
Revenue:					
Affiliate	$—	$ 104,796	$ —	$ —	$104,796
Third-party	—	—	—	—	—
Total revenue	—	104,796	—	—	104,796
Costs and expenses					
Operating and maintenance expenses	—	18,165	—	—	18,165
General and administrative expenses	9,317	481	—	—	9,798
Depreciation and amortization expense	—	4,919	—	—	4,919
Total costs and expenses	9,317	23,565	—	—	32,882
Income from operations	(9,317)	81,231	—	—	71,914
Other income (expenses)					
Equity in earnings (loss) of subsidiaries	81,244	—	—	(81,244)	—
Interest expenses net	(13,187)	13	—	—	(13,174)
Amortization of loan fees	(891)	—	—	—	(891)
Net income (loss)	57,849	81,244	—	(81,244)	57,849
Less: Net income attributable to Predecessor	—	1,274	—	—	1,274
Less: Net income attributable to noncontrolling interest	—	—	—	—	—
Net income (loss) attributable to the Partnership	$57,849	$ 79,970	$ —	$ (81,244)	$56,575

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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2016				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash flows from operating activities:					
Net income (loss)	$53,712	$ 90,699	$ (888)	$ (89,811)	$ 53,712
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	—	6,249	2,673	—	8,922
Amortization of deferred financing fees	1,261	—	—	—	1,261
Unit-based compensation expense	3,673	—	—	—	3,673
Equity in earnings	(89,811)	—	—	89,811	—
Changes in operating assets and current liabilities:					
Accounts receivable - affiliates	(82)	(510)	(5,730)	—	(6,322)
Accounts receivable, net	—	(3,981)	—	—	(3,981)
Prepaid expenses and other current assets	(150)	2,385	—	—	2,235
Accounts payable - affiliates	(20)	(1,345)	288	—	(1,077)
Accounts payable and accrued liabilities	6,817	(558)	3,304	—	9,563
Amounts due to/from related parties	88,935	(88,935)	—	—	—
Deferred revenue	—	889	—	—	889
Other assets and liabilities	(271)	15	—	—	(256)
Net cash provided by (used in) operating activities	64,064	4,908	(353)	—	68,619
Cash flows from investing activities:					
Plains Asset Purchase	(98,373)	—	—	—	(98,373)
Expenditures for property, plant and equipment	—	(4,654)	—	—	(4,654)
Purchase of marketable securities	(1,779,997)	—	—	—	(1,779,997)
Maturities of marketable securities	1,954,274	—	—	—	1,954,274
Investment in subsidiaries	(1,157)	—	—	1,157	—
Net cash provided by (used in) investing activities	74,747	(4,654)	—	1,157	71,250
Cash flows from financing activities:					
Proceeds from issuance of common units, net of underwriters' discount and commissions	138,255	—	—	—	138,255
Distribution to PBF LLC related to Acquisitions from PBF	(175,000)	—	—	—	(175,000)
Distribution to unitholders	(48,043)	—	—	—	(48,043)
Contribution from Parent	—	1,157	353	(1,157)	353
Proceeds from revolving credit facility	174,700	—	—	—	174,700
Repayment of revolving credit facility	(30,000)	—	—	—	(30,000)
Repayment of term loan	(174,536)	—	—	—	(174,536)
Deferred financing costs and other	(5)	—	—	—	(5)

Net cash provided by (used in) financing activities	(114,629)	1,157	353	(1,157)	(114,276)
Net change in cash and cash equivalents	24,182	1,411	—	—	25,593
Cash and equivalents, beginning of period	18,678	—	—	—	18,678
Cash and equivalents, end of period	$42,860	$ 1,411	$ —	$ —	$ 44,271

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PBF LOGISTICS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT BARREL, PER BARREL, UNIT AND PER UNIT DATA)

12. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF LOGISTICS
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2015				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash flows from operating activities:					
Net income (loss)	$ 57,849	$ 81,244	$ —	$ (81,244)	$ 57,849
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	—	4,919	—	—	4,919
Amortization of deferred financing fees	891	—	—	—	891
Unit-based compensation expense	2,428	—	—	—	2,428
Equity in earnings	(81,244)	—	—	81,244	—
Changes in operating assets and current liabilities:					
Accounts receivable - affiliates	—	(12,642)	—	—	(12,642)
Prepaid expenses and other current assets	(213)	(210)	—	—	(423)
Accounts payable - affiliates	207	(131)	—	—	76
Accounts payable and accrued liabilities	10,604	(292)	—	—	10,312
Amounts due to/from related parties	71,441	(71,441)	—	—	—
Other assets and liabilities	(21)	—	—	—	(21)
Net cash provided by operating activities	61,942	1,447	—	—	63,389
Cash flows from investing activities:					
Expenditures for property, plant and equipment	—	(1,182)	—	—	(1,182)
Purchase of marketable securities	(1,609,286)	—	—	—	(1,609,286)
Maturities of marketable securities	1,609,983	—	—	—	1,609,983
Investment in subsidiary	(771)	—	—	771	—
Net cash provided by (used in) investing activities	(74)	(1,182)	—	771	(485)
Cash flows from financing activities:					
Distribution to PBF LLC related to Acquisitions from PBF	(112,500)		—	—	(112,500)
Distribution to unitholders	(35,772)	—	—	—	(35,772)
Distribution to Parent	—	(1,036)	—	—	(1,036)
Contribution from Issuer	—	771	—	(771)	—
Proceeds from issuance of senior notes	350,000	—	—	—	350,000
Proceeds from revolving credit facility	24,500	—	—	—	24,500
Repayment of revolving credit facility	(275,100)	—	—	—	(275,100)
Repayment of term loan	(700)	—	—	—	(700)
Deferred financing costs and other	(8,225)	—	—	—	(8,225)
Net cash used in financing activities	(57,797)	(265)	—	(771)	(58,833)
Net change in cash and cash equivalents	4,071	—	—	—	4,071

Cash and equivalents, beginning of period	14,165	—	—	—	14,165
Cash and equivalents, end of period	$ 18,236	$ —	$	—$ —	$ 18,236

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

You should read the following discussion and analysis of our financial condition and results of operations together with the unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q. The following information and such unaudited condensed consolidated financial statements should also be read in conjunction with the audited consolidated financial statements and related notes, together with our discussion and analysis of financial condition and results of operations in our 2015 Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. The cautionary statements made in this report should be read as applying to all related forward-looking statements wherever they appear in this Form 10-Q. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors. You should read "Risk Factors" in our 2015 Form 10-K and "Cautionary Note Regarding Forward-Looking Statements" in this Form 10-Q. In this Item 2, all references to "we," "us," "our," the "Partnership," "PBFX" or similar terms for periods prior to t Offering refer to the Predecessor or for assets acquired in the Acquisitions from PBF prior to the effective date of each acquisition. For periods subsequent to the Offering or effective dates of each of the Acquisitions from PBF, these terms refer to the Partnership and its subsidiaries.

Overview

PBFX is a fee-based, growth-oriented, Delaware master limited partnership formed in February 2013 by subsidiaries of PBF Energy to own or lease, operate, develop and acquire crude oil and refined petroleum products terminals, pipelines, storage facilities and similar logistics assets. PBF GP is our general partner and is wholly-owned by PBF LLC. PBF Energy is the sole managing member of PBF LLC and, as of September 30, 2016, owned 95.2% of the total economic interest in PBF LLC. PBF LLC holds a 44.2% limited partner interest in PBFX and owns all of PBFX's IDRs, with the remaining 55.8% limited partner interest owned by public unitholders.

The Partnership includes the assets, liabilities and results of operations of certain crude oil and refined product terminaling, pipeline, and storage assets, which include assets previously operated and owned by PBF Holding's subsidiaries, DCR, TRC and PBF Holding's previously held subsidiary, DPC, which were acquired in the Acquisitions from PBF during 2014, 2015 and 2016.

In connection with the Offering, pursuant to a contribution, conveyance and assumption agreement, PBF LLC contributed the IPO Assets to PBFX. Prior to completion of the Offering, the assets, liabilities and results of operations of the IPO Assets related to our Predecessor.

During 2014, the Partnership acquired from PBF LLC the DCR West Rack at the Delaware City refinery and the Toledo Storage Facility located at PBF Holding's Toledo refinery. In addition, on May 14, 2015, the Partnership acquired from PBF LLC the Delaware City Products Pipeline and the Delaware City Truck Rack (the "Delaware City Products Pipeline and Truck Rack Acquisition") located at PBF Holding's Delaware City, Delaware refinery. We recorded the Acquisitions from PBF at PBF Energy's historical book value, as the Acquisitions from PBF were treated as a reorganization of entities under common control.

On April 29, 2016, our wholly-owned subsidiary, PLPT, purchased the East Coast Terminals from an affiliate of Plains All American Pipeline, L.P. for total cash consideration of $100.0 million less a preliminary estimate for working capital adjustments. The consideration was funded with $98.3 million in proceeds from the sale of marketable securities. We borrowed an additional $98.5 million under our Revolving Credit Facility (as defined below), which was used to repay $98.3 million of our Term Loan (as defined below) in order to release $98.3 million in marketable securities that had collateralized the Term Loan. This acquisition expands our terminaling footprint and introduces third-party customers to our revenue base. See note 2 to the Condensed Consolidated Financial Statements in this Form 10-Q for further discussion regarding the Plains Asset Purchase.

On August 31, 2016, we entered into a contribution agreement between us and PBF LLC (the "Contribution Agreement"). Pursuant to the Contribution Agreement, we, through our wholly-owned subsidiary, PBFX Op Co,

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acquired from PBF LLC, 50% of the issued and outstanding limited liability company interests of TVPC, whose assets consist of the Torrance Valley Pipeline. Total consideration paid to PBF LLC was $175.0 million. The consideration was funded by us with $20.0 million of cash on hand, $76.2 million in proceeds from the sale of marketable securities, and $78.8 million in net proceeds from the August 2016 Equity Offering (as defined below). We borrowed an additional $76.2 million under our Revolving Credit Facility (as defined below), which was used to repay $76.2 million of our Term Loan (as defined below) in order to release $76.2 million in marketable securities that had collateralized the Term Loan.

On April 5, 2016, we completed a public offering of an aggregate of 2,875,000 common units, including 375,000 common units that were sold pursuant to the full exercise by the underwriter of its option to purchase additional common units, for net proceeds of approximately $51.6 million, after deducting underwriting discounts and commissions and other offering expenses (the “April 2016 Equity Offering”).

On August 17, 2016, PBFX completed a public offering of an aggregate of 4,000,000 common units, including the underwriter's option to purchase an additional 600,000 common units, of which 375,000 units were subsequently purchased on September 14, 2016, for total net proceeds of $86.7 million, after deducting underwriting discounts and commissions and other offering expenses (the “August 2016 Offering”).

Our Predecessor did not historically operate its assets for the purpose of generating revenues independent of other PBF Energy businesses that we support, with the exception of third-party revenue generated by Delaware City Products Pipeline prior to August 2013. Upon closing of the Offering and the Acquisitions from PBF, we entered into commercial and service agreements with subsidiaries of PBF Energy under which we operate our assets for the purpose of generating fee-based revenues. We receive, handle and transfer crude oil and refined products from sources located throughout the United States and Canada and store crude oil, refined products and intermediates for PBF Energy in support of its refineries located in Toledo, Ohio, Delaware City, Delaware, Paulsboro, New Jersey, and Torrance, California. Our assets acquired from PBF Energy consist of the DCR Rail Terminal, the Toledo Truck Terminal, the DCR West Rack, the Toledo Storage Facility, the Delaware City Products Pipeline and Truck Rack and the Torrance Valley Pipeline (collectively referred to as the “Contributed Assets”), which are integral components of the crude oil and refined products delivery and storage operations at PBF Energy’s refineries. In addition, subsequent to the Plains Asset Purchase, we have begun to generate third-party revenue related to the East Coast Terminals.

The condensed consolidated financial statements presented in this Form 10-Q include the consolidated financial results of PBFX as of and for the period ending September 30, 2016. We have retrospectively adjusted the financial information contained herein of PBFX, in the current quarter, with 50% of net income of TVPC allocated to NCI, to include the historical results of the Torrance Valley Pipeline prior to the acquisition by PBFX from July 1, 2016 to August 31, 2016.

Agreements with PBF Energy

Commercial Agreements

We have various long-term, fee-based commercial agreements with PBF Holding under which we provide rail, trucking, pipeline, terminal distribution and storage services to PBF Holding, and PBF Holding commits to provide us with minimum monthly throughput volumes of crude oil and refined products. If, in any calendar quarter, PBF Holding fails to meet its minimum volume commitments under these agreements, it will be required to pay a shortfall payment. We believe the terms and conditions under these agreements, as well as other agreements with PBF Holding described below, are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services. In addition, certain subsidiaries of PBF Energy have preexisting commercial relationships with the East Coast Terminals which have been assigned to us in connection with the closing of the Plains Asset Purchase.

East Coast Terminals
The commercial agreements with PBF Holding related to the East Coast Terminals have initial terms ranging from approximately three months to one year and include:
•tank lease agreements, under which the Partnership provides tank lease services to PBF Holding at the East Coast Terminals, with fees ranging from $0.45 to $0.55 per barrel received into the tank, up to 448,000 barrels, and $0.30 to $0.351 for all additional barrels received in excess of that amount. Additionally, the lease agreements include ancillary fees for tank to tank transfers; and
•terminaling service agreements, under which the Partnership provides terminaling and other services to PBF Holding at the East Coast Terminals, with fees ranging from $0.10 to $1.25 per barrel based on services provided, with additional flat rate fees for certain unloading/loading activities at the terminal.
The tank lease agreements contain minimum requirements for the amount of leased tank capacity contracted by PBF Holding. Additionally, the fees under each commercial agreement are indexed for inflation based on the changes in the U.S Consumer Price Index for All Urban Consumers (the “CPI-U”). Each of these commercial agreements also include automatic renewal options ranging from three months to one year terms, unless written notice is provide by either the Partnership or PBF Holding 30 days prior to the end of the previous term.

The Contributed Assets
The commercial agreements with PBF Holding related to the Contributed Assets have initial terms ranging from approximately seven to ten years and include:
•a rail terminaling services agreement with PBF Holding, with an initial term of approximately seven years, under which we provide terminaling service at the DCR Rail Terminal. Pursuant to the rail terminaling services agreement, and based on the change in the U.S. Producer Price Index (the “PPI”), effective January 1, 2016, the terminaling service fee was decreased to $2.014 per barrel up to the minimum throughput commitment and $0.503 per barrel for volumes that exceed the minimum throughput commitment;
•a truck unloading and terminaling services agreement with PBF Holding, with an initial term of approximately seven years, under which we provide terminaling service at the Toledo Truck Terminal. Pursuant to the truck unloading and terminaling services agreement, and based on the change in the PPI, effective January 1, 2016, the terminaling service fee was decreased to $1.007 per barrel;
•a terminaling services agreement, with an initial term of approximately seven years, under which we provide rail terminaling services to PBF Holding at the DCR West Rack;
•a storage and terminaling services agreement, with an initial term of ten years, under which we provide storage and terminaling services to PBF Holding at the Toledo Storage Facility;
•a pipeline service agreement with PBF Holding, with an initial term of approximately ten years, under which we, through DPC, provide pipeline service to PBF Holding at the Delaware City Products Pipeline. Effective July 2016, the throughput fee was decreased to $0.5396 per barrel, due to a decrease in the Federal Energy Regulatory Commission (“FERC”) tariff;
•a truck loading service agreement with PBF Holding, with an initial term of approximately ten years, under which we, through Delaware City Logistics Company LLC, provide terminaling services to PBF Holding at the Delaware City Truck Rack; and
•a transportation services agreement with PBF Holding, with an initial term of ten years, under which the Partnership, through TVPC, provides transportation and storage services to PBF Holding on the Torrance Valley Pipeline.

Transportation Services. The minimum throughput commitment for transportation services on the northern portion of the Torrance Valley Pipeline is approximately 50,000 barrels per day for a fee equal to $0.5625 per barrel of crude throughput up to the minimum throughput commitment and in excess of the minimum throughput commitment. If PBF Holding does not throughput the aggregate amounts equal to the minimum throughput commitment described above, PBF Holding will be required to pay a shortfall payment equal to the shortfall volume multiplied by the fee of $0.5625 per barrel. The minimum throughput commitment for the southern portion of the Torrance Valley Pipeline is approximately 70,000 bpd with a fee equal to approximately $1.5625 per barrel and a fee of $0.3125 per barrel for amounts in excess of the minimum throughput commitment. If PBF Holding does not throughput the aggregate amounts equal to the minimum throughput commitment described above, PBF Holding will be required to pay a shortfall payment equal to the shortfall volume multiplied by the fee of $1.5625 per barrel; provided, however, that PBF Holding will receive a credit to PBF Holding's account for the amount of such shortfall, and such credit will be applied in subsequent monthly invoices against excess throughput fees during any of the succeeding three (3) months.
Storage Services. PBF Holding will pay TVPC $0.85 per barrel fixed rate for the shell capacity of the Midway tank, which rate includes throughput equal to the shell capacity of the tank. PBF Holding or its designee will pay $0.85 per barrel fixed rate for each of the Belridge and Emidio storage tanks (together, the "Throughput Storage Tanks"), which rate includes throughput equal to the shell capacity of each individual Throughput Storage Tank, subject to adjustment. PBF Holding will also pay $0.425 per barrel for throughput in excess of the shell capacity (the "Excess Storage Throughput Rate") for each Throughput Storage Tank; provided that PBF Holding has a commitment for a minimum incremental throughput in excess of the shell capacity of (A) 715,000 barrels per month for the Belridge Tank (the "Belridge Storage MTC"), and (B) 600,000 barrels per month for the Emidio tank (the "Emidio Storage MTC" and together with the Belridge Storage MTC, the "Throughput Storage MTC"). If, during any month, actual throughput in excess of the shell capacity of all Throughput Storage Tanks by PBF Holding or its designee (the "Actual Excess Volumes") is less than the Throughput Storage MTC, then PBF Holding will pay TVPC an amount equal to the Excess Storage Throughput Rate multiplied by the Throughput Storage MTC less the Actual Excess Volumes.
TVPC is required to maintain the Torrance Valley Pipeline in a condition and with a capacity sufficient to handle a volume of PBF Holding's crude at least equal to the current operating capacity or the reserved crude capacity, as the case may be, subject to interruptions for routine repairs and maintenance and force majeure events. Failure to meet such obligations may result in a reduction of fees payable under the Transportation Services Agreement.
Each of these commercial agreements contain minimum volume commitments. Additionally, the storage and terminaling services agreement contains minimum requirements for the amount of storage contracted by PBF Holding. The fees under each commercial agreement are indexed for inflation and the agreements give PBF Holding the option to renew for two additional five year terms following the expiration of the initial term.

Other Agreements

In addition to the commercial agreements described above, at the closing of the Offering, we also entered into an omnibus agreement with PBF GP, PBF LLC and PBF Holding, which has been amended and restated in connection with each of the Acquisitions from PBF. The omnibus agreement addresses the payment of an annual fee for the provision of various general and administrative services and reimbursement of salary and benefit costs for certain PBF Energy employees, among other matters, and an operations and management services and secondment agreement with PBF Holding and certain of its subsidiaries under which PBFX reimburses PBF Holding for the provision of certain operational services to the Partnership in support of its operations, including operational services performed by certain of PBF Holding's field-level employees. On August 31, 2016, in order to include the Torrance Valley Pipeline, the Partnership entered into an amended and restated omnibus agreement,

which increased the annual fee to $4.0 million and an amended and restated operations and management services and secondment agreement, which increased the annual fee to $6.4 million.

Factors Affecting the Comparability of Our Financial Results

Our results of operations may not be comparable to our historical results of operations for the reasons described below:

Revenues. Our reported logistics assets revenues are fee-based and a majority are subject to contractual minimum volume commitments. These fees are indexed for inflation in accordance with either the Federal Energy Regulatory Commission (the "FERC") indexing methodology, the PPI or the CPI-U.

Revenues reported by PBFX prior to the Delaware City Product Pipeline and Truck Rack Acquisition and the TVPC Acquisition did not include commercial contracts associated with the Delaware City Products Pipeline and Truck Rack or the Torrance Valley Pipeline. Prior to these acquisitions, only the Delaware City Products Pipeline generated revenue.

Operating Expenses. The Torrance Valley Pipeline was acquired by PBF Energy on July 1, 2016 in connection with the acquisition of the Torrance refinery and related logistical assets and was not operated by PBF Energy prior to its acquisition. Accordingly, the financial information contained herein of PBFX has been adjusted in the current quarter to include the historical results of the Torrance Valley Pipeline prior to the acquisition by PBFX from July 1, 2016 to August 31, 2016. As a result, our operating expenses may not be comparative to prior periods due expenses associated with the Torrance Valley Pipeline.

Financing. Historically, we have financed our operations through proceeds generated by the Offering, internally generated cash flows, and borrowings under our five year $360.0 million revolving credit facility ("Revolving Credit Facility") to satisfy capital expenditure requirements. On May 12, 2015, we issued $350.0 million in aggregate principal amount of 6.875% Senior Notes due 2023 ("2023 Notes"), resulting in a significant increase as compared to our historically recognized interest expense and amortization of loan fees. In connection with the Plains Asset Purchase, we borrowed an additional $98.5 million under our Revolving Credit Facility, which was used to repay $98.3 million of our Term Loan (as defined below) in order to release $98.3 million in marketable securities that had collateralized the Term Loan. In connection with the TVPC Acquisition, we borrowed an additional $76.2 million under our Revolving Credit Facility, which was used to repay $76.2 million of our Term Loan in order to release $76.2 million in marketable securities that had collateralized the Term Loan.The maximum amount of the Revolving Credit Facility was increased from $325.0 million to $360.0 million in May 2016.

Based on the terms of our cash distribution policy, we will distribute most of the cash generated by our operations to our unitholders, including PBF Energy. As a result, we expect to fund future maintenance and growth capital expenditures primarily from a combination of cash-on-hand, borrowings under our Revolving Credit Facility and potential issuance of additional equity or debt securities.

The Plains Asset Purchase. On April 29, 2016, we purchased the East Coast Terminals, which have subsequently generated third-party revenues. Prior to the Plains Asset Purchase, we did not record third-party revenue, with the exception of third-party revenue generated by Delaware City Products Pipeline prior to August 2013. Additionally, our results may not be comparable due to additional affiliate revenue, operating and maintenance expenses and general and administrative expenses associated with the the East Coast Terminals.

Other Factors That Will Significantly Affect Our Results

Supply and Demand for Crude Oil and Refined Products. We generate revenue by charging fees for receiving, handling, transferring, storing and throughputting crude oil and refined products. The majority of our revenues are derived from fee-based commercial agreements with subsidiaries of PBF Energy with initial terms ranging from approximately seven to ten years and including minimum volume commitments, which enhance the stability of

our cash flows. The volume of crude oil and refined products that is throughputted depends substantially on PBF Energy's refining margins. Refining margins are dependent mostly upon the price of crude oil or other refinery feedstocks and the price of refined products.
Factors driving the prices of petroleum-based commodities include supply and demand in crude oil, gasoline and other refined products. Supply and demand for these products depend on numerous factors outside of our control, including changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, logistics constraints, availability of imports, marketing of competitive fuels, crude oil price differentials and government regulation. Please read "Risk Factors" in our 2015 Form 10-K.
Acquisition Opportunities. We may acquire additional logistics assets from PBF Energy or third-parties. Under our omnibus agreement with PBF GP, PBF LLC and PBF Holding, subject to certain exceptions, we have a right of first offer on certain logistics assets owned by PBF Energy to the extent PBF Energy decides to sell, transfer or otherwise dispose of any of those assets. We also have a right of first offer to acquire additional logistics assets that PBF Energy may construct or acquire in the future. Our commercial agreements provide us with options to purchase certain assets at PBF Holding's Delaware City refinery, Toledo refinery and Torrance refinery, related to our business in the event PBF Energy permanently shuts down the Delaware City refinery, the Toledo refinery or the Torrance refinery. In addition, our commercial agreements provide us with the right to use certain assets at PBF Holding's Delaware City, Toledo or Torrance refineries in the event of a temporary shutdown. Furthermore, we may pursue strategic asset acquisitions from third-parties to the extent such acquisitions complement our or PBF Energy's existing asset base or provide attractive potential returns. We believe that we are well-positioned to acquire logistics assets from PBF Energy and third- parties should such opportunities arise, and identifying and executing acquisitions is a key part of our strategy. However, if we do not make acquisitions on economically acceptable terms, our future growth will be limited, and the acquisitions we do make may reduce, rather than increase, our cash available for distribution. These acquisitions could also affect the comparability of our results from period to period. We expect to fund future growth capital expenditures primarily from a combination of cash-on-hand, through the liquidation of marketable securities, borrowings under our Revolving Credit Facility and the issuance of additional equity or debt securities. To the extent we issue additional units to fund future acquisitions or expansion capital expenditures, the payments of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level.
Third-Party Business. As of September 30, 2016, PBF Holding accounts for the substantial majority of our revenues and we continue to expect the majority of our revenue for the foreseeable future will be derived from operations supporting PBF Energy's refineries, particularly its Delaware City, Toledo and Torrance refineries. We are examining further diversification of our customer base by potentially developing third-party throughput volumes in our existing system and continuing to expand our asset portfolio to service third-party customers. Unless we are successful in attracting additional third-party customers, our ability to increase volumes will be dependent on PBF Holding, which has no obligation under our commercial agreements to supply our facilities with additional volumes in excess of its minimum volume commitments. If we are unable to increase throughput volumes, future growth may be limited.
Noncontrolling Interest. As a result of the Contribution Agreement, in which PBFX, through its subsidiary, PBFX Op Co, acquired from PBF LLC 50% of the issued and outstanding limited liability company interests of TVPC, PBFX Op Co became the managing member of TVPC and fully consolidates TVPC. With respect to the consolidation of TVPC, the Partnership records a noncontrolling interest for the remaining 50% economic interest in TVPC held by TVP Holding Company LLC ("TVP Holding"). Noncontrolling interest on the consolidated statements of operations includes the portion of net income or loss attributable to the economic interest in TVPC held by TVP Holding. Noncontrolling interest on the condensed consolidated balance sheets includes the portion of net assets of TVPC attributable to TVP Holding.

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How We Evaluate Our Operations

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability and include but are not limited to volumes, including terminal and pipeline throughput and storage capacity; operating and maintenance expenses; and EBITDA, EBITDA attributable to PBFX and distributable cash flow. We define EBITDA, EBITDA attributable to PBFX and distributable cash flow below.

Volumes. The amount of revenue we generate primarily depends on the volumes of crude oil and products that we throughput at our terminaling and pipeline operations and our available storage capacity. These volumes are primarily affected by the supply of and demand for crude oil and refined products in the markets served directly or indirectly by our assets. Although PBF Energy has committed to minimum volumes under the commercial agreements described above, our results of operations will be impacted by:

- PBF Energy's utilization of our assets in excess of the minimum volume commitments;
- our ability to identify and execute accretive acquisitions and organic expansion projects, and capture PBF Energy's incremental volumes or third-party volumes; and
- our ability to increase throughput volumes at our facilities and provide additional ancillary services at those terminals and pipelines.

Operating and Maintenance Expenses. Our management seeks to maximize the profitability of our operations by effectively managing operating and maintenance expenses. These expenses are comprised primarily of labor expenses, outside contractor expenses, utility costs, insurance premiums, repairs and maintenance expenses and related property taxes. These expenses generally remain relatively stable across broad ranges of throughput volumes but can fluctuate from period to period depending on the mix of activities performed during that period and the timing of these expenses. We will seek to manage our maintenance expenditures on our assets by scheduling maintenance overtime to avoid significant variability in our maintenance expenditures and to minimize their impact on our cash flow.

EBITDA, EBITDA attributable to PBFX and Distributable Cash Flow. We define EBITDA as net income (loss) before net interest expense, income tax expense, depreciation and amortization expense. We define EBITDA attributable to PBFX as net income (loss) attributable to PBFX before net interest expense, income tax expense, depreciation and amortization expense attributable to PBFX, which excludes the results of Acquisitions from PBF prior to the effective dates of such transactions. We define distributable cash flow as EBITDA attributable to PBFX plus non-cash unit-based compensation expense, less net cash paid for interest, maintenance capital expenditures and income taxes. Distributable cash flow will not reflect changes in working capital balances. EBITDA, EBITDA attributable to PBFX and distributable cash flow are not presentations made in accordance with U.S. GAAP. EBITDA, EBITDA attributable to PBFX and distributable cash flow are non-GAAP supplemental financial measures that management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess:

- our operating performance as compared to other publicly traded partnerships in the midstream energy industry, without regard to historical cost basis or, in the case of EBITDA, financing methods;
- the ability of our assets to generate sufficient cash flow to make distributions to our unitholders;
- our ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

We believe that the presentation of EBITDA and EBITDA attributable to PBFX provides useful information to investors in assessing our financial condition and results of operations. We believe that the presentation of distributable cash flow will provide useful information to investors as it is a widely accepted financial indicator used by investors to compare partnership performance and provides investors with an enhanced perspective of the

operating performance of our assets and the cash our business is generating. EBITDA, EBITDA attributable to PBFX and distributable cash flow should not be considered alternatives to net income, operating income, cash from operations or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA, EBITDA attributable to PBFX and distributable cash flow have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities. Additionally, because EBITDA, EBITDA attributable to PBFX and distributable cash flow may be defined differently by other companies in our industry, our definition of such matters may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. EBITDA, EBITDA attributable to PBFX and distributable cash flow are reconciled to net income and net cash provided by operating activities in "—Results of Operations" below.

Results of Operations

A discussion and analysis of the factors contributing to our results of operations is presented below. The financial statements, together with the following information, are intended to provide investors with a reasonable basis for assessing our historical operations, but should not serve as the only criteria for predicting our future performance.

Combined Overview. The following tables summarize our results of operations and financial data for the three and nine months ended September 30, 2016 and 2015. The following data should be read in conjunction with our condensed consolidated financial statements and the notes thereto included elsewhere in this Form 10-Q.

	Three Months Ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Revenue:				
Affiliate	$43,842	$37,082	$118,356	$104,796
Third-Party	4,591	—	7,285	—
Total revenue	48,433	37,082	125,641	104,796
Costs and expenses:				
Operating and maintenance expenses	12,814	4,963	26,555	18,165
General and administrative expenses	4,419	3,007	13,893	9,798
Depreciation and amortization	5,140	1,649	8,922	4,919
Total costs and expenses	22,373	9,619	49,370	32,882
Income from operations	26,060	27,463	76,271	71,914
Other income (expense):				
Interest expense, net	(7,280)	(6,757)	(21,298)	(13,174)
Amortization of loan fees	(416)	(423)	(1,261)	(891)
Net income	18,364	20,283	53,712	57,849
Less: Net (loss) income attributable to Predecessor	(4,131)	—	(4,131)	1,274
Less: Net income attributable to noncontrolling interest	1,621	—	1,621	—
Net income attributable to the Partnership	$20,874	$20,283	$56,222	$56,575
Other Data:				
EBITDA attributable to PBFX	$31,482	$29,112	$85,475	$75,296
Distributable cash flow	25,073	22,208	66,558	63,575
Capital expenditures, including the Plains Asset Purchase	2,625	962	103,027	1,182

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Reconciliation of Non-GAAP Financial Measures

As described in "How We Evaluate Our Operations," our management uses EBITDA, EBITDA attributable to PBFX and distributable cash flow to analyze our performance. The following table presents a reconciliation of EBITDA, EBITDA attributable to PBFX and distributable cash flow to net income, the most directly comparable U.S. GAAP financial measure on a historical basis, for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Net income	$18,364	$20,283	$53,712	$57,849
Interest expense, net	7,280	6,757	21,298	13,174
Amortization of loan fees	416	423	1,261	891
Depreciation and amortization	5,140	1,649	8,922	4,919
EBITDA	31,200	29,112	85,193	76,833
Less: Predecessor EBITDA	(2,349)	—	(2,349)	1,537
Less: Noncontrolling interest EBITDA	2,067	—	2,067	—
EBITDA attributable to PBFX	31,482	29,112	85,475	75,296
Non-cash unit-based compensation expense	963	815	3,673	2,428
Interest expense, net	(7,280)	(6,757)	(21,298)	(13,187)
Maintenance capital expenditures	(92)	(962)	(1,292)	(962)
Distributable cash flow	$25,073	$22,208	$66,558	$63,575

The following table presents a reconciliation of EBITDA, EBITDA attributable to PBFX and distributable cash flow to net cash provided by operating activities, the most directly comparable U.S. GAAP financial measure on a historical basis, for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Net cash provided by operating activities:	$25,776	$25,401	$68,619	$63,389
Change in current assets and liabilities	(893)	(2,231)	(1,051)	2,698
Interest expense, net	7,280	6,757	21,298	13,174
Non-cash unit-based compensation expense	(963)	(815)	(3,673)	(2,428)
EBITDA	31,200	29,112	85,193	76,833
Less: Predecessor EBITDA	(2,349)	—	(2,349)	1,537
Less: Noncontrolling interest EBITDA	2,067	—	2,067	—
EBITDA attributable to PBFX	31,482	29,112	85,475	75,296
Non-cash unit-based compensation expense	963	815	3,673	2,428
Interest expense, net	(7,280)	(6,757)	(21,298)	(13,187)
Maintenance capital expenditures	(92)	(962)	(1,292)	(962)
Distributable cash flow	$25,073	$22,208	$66,558	$63,575

Three Months Ended September 30, 2016 Compared to the Three Months Ended September 30, 2015

Summary. Our net income for the three months ended September 30, 2016 decreased approximately $1.9 million to approximately $18.4 million from approximately $20.3 million for the three months ended September 30, 2015. The decrease in net income was primarily due to the following:

- an increase in operating and maintenance expenses of approximately $7.9 million, or 158.2%, as a result of increased costs for the East Coast Terminals and the Torrance Valley Pipeline (which includes Predecessor expenses from July 1, 2016 through acquisition) and an increase in outside services and maintenance and material expenses;
- an increase in general and administrative expenses of approximately $1.4 million, or 47.0%, as a result of acquisition costs related to the Plains Asset Purchase and the TVPC Acquisition of $1.3 million, and allocated pre-acquisition costs associated with the TVPC Acquisition of $0.4 million, partially offset by a decrease in reimbursable expenses associated with the omnibus agreement of approximately $0.3 million;
- an increase in depreciation and amortization expenses of approximately $3.5 million, or 211.7%, as a result of the additions to property, plant and equipment related to the East Coast Terminals and the Torrance Valley Pipeline; and
- an increase in interest expense, net of approximately $0.5 million attributable to the interest costs associated with the 2023 Notes and higher borrowings under our Revolving Credit Facility;

partially offset by the following:

- an increase in revenues of approximately $11.4 million, or 30.6%, attributable to the East Coast Terminals operations, commercial agreements with PBF Energy related to the Torrance Valley Pipeline entered into in September 2016, and increased throughput at the Toledo Truck Terminal, Toledo Propane Loading Facility and Delaware City Products Pipeline.

EBITDA attributable to PBFX for the three months ended September 30, 2016 increased approximately $2.4 million to approximately $31.5 million from approximately $29.1 million for the three months ended September 30, 2015 due to the factors noted above, excluding the impact of depreciation and interest.

Nine Months Ended September 30, 2016 Compared to the Nine Months Ended September 30, 2015

Summary. Our net income for the nine months ended September 30, 2016 decreased approximately $4.1 million to approximately $53.7 million from approximately $57.8 million for the nine months ended September 30, 2015. The decrease in net income was primarily due to the following:

- an increase in operating and maintenance expenses of approximately $8.4 million, or 46.2%, as a result of increased costs associated with the East Coast Terminals and the Torrance Valley Pipeline (which includes Predecessor expenses from July 1, 2016 through acquisition), an increase in maintenance and material expenses related to the Storage segment and an increase in outside services related to certain assets within the Transportation and Terminaling segment;
- an increase in general and administrative expenses of approximately $4.1 million, or 41.8%, as a result of an increase in acquisition costs related to the Plains Asset Purchase and the TVPC Acquisition of approximately $3.4 million, an increase in expenses associated with our unit-based compensation of approximately $1.3 million, partially offset by a decrease in reimbursable expenses associated with the omnibus agreement of approximately $0.4 and net pre-acquisition allocated costs associated with the Acquisitions from PBF of approximately $0.2 million;
- an increase in depreciation and amortization expenses of approximately $4.0 million, or 81.4%, as a result of the additions to property, plant and equipment related to the East Coast Terminals and the Torrance Valley Pipeline;
- an increase in interest expense, net of approximately $8.1 million attributable to the interest costs associated with the 2023 Notes and higher borrowings under our Revolving Credit Facility; and

- an increase in amortization of loan fees of approximately $0.4 million due to the amortization of capitalized debt issuance costs associated with the 2023 Notes.

partially offset by the following:

- an increase in revenues of approximately $20.8 million, or 19.9%, attributable to the East Coast Terminals operations, commercial agreements with PBF Energy related to the Torrance Valley Pipeline entered into in September 2016, and the Delaware City Products Pipeline and Truck Rack entered into in May 2015, increased throughput at the Toledo Truck Terminal and higher storage capacity at the Toledo Storage Facility.

EBITDA attributable to PBFX for the nine months ended September 30, 2016 increased approximately $10.2 million to approximately $85.5 million from approximately $75.3 million for the nine months ended September 30, 2015 due to the factors noted above, excluding the impacts of depreciation, interest and amortization of loan fees.

Operating Segments

We review operating results in two reportable segments: (i) Transportation and Terminaling; and (ii) Storage. Decisions concerning the allocation of resources and assessment of operating performance are made based on this segmentation. Management measures the operating performance of each of its reportable segments based on the segment operating income. Segment operating income is defined as net sales less operating expenses and depreciation and amortization. General and administrative expenses and interest expenses not included in the Transportation and Terminaling and Storage segments are included in Corporate. Segment reporting is further discussed in Note 10 of the Notes to Condensed Consolidated Financial Statements in this Form 10-Q.

Transportation and Terminaling Segment

The following table and discussion is an explanation of our results of operations of the Transportation and Terminaling segment for the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Revenue:				
Affiliate	$38,360	$31,764	$102,030	$88,727
Third-Party	4,591	—	7,285	$—
Total revenue	42,951	31,764	109,315	88,727
Costs and expenses:				
Operating and maintenance expenses	10,262	3,069	19,809	12,625
Depreciation and amortization	4,545	980	7,092	2,964
Total costs and expenses	14,807	4,049	26,901	15,589
Transportation and Terminaling Segment Operating Income	$28,144	$27,715	$82,414	$73,138
Key Operating Information				
Transportation and Terminaling Segment				
Terminals				
Total throughput (bpd)*	154,466	88,044	158,789	110,192
Lease tank capacity (average lease capacity barrels per month)	2,036,599	N/A	2,045,556	N/A
Pipelines				
Total throughput (bpd)*	130,063	38,844	128,434	45,401
Lease tank capacity (average lease capacity barrels per month)	1,475,619	N/A	1,475,619	N/A

* Calculated as the sum of the average throughput per day for each Terminal and Pipeline asset for the period presented.

Three Months Ended September 30, 2016 Compared to the Three Months Ended September 30, 2015

Revenue. Revenue increased approximately $11.2 million, or 35.2%, to approximately $43.0 million for the three months ended September 30, 2016 compared to approximately $31.8 million for the three months ended September 30, 2015. The increase in revenue was primarily attributable to the effects of the East Coast Terminals

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operation acquired in connection with the Plains Asset Purchase, commercial agreements with PBF Energy related to the Torrance Valley Pipeline entered into in September 2016 and increased throughput at the Toledo Truck Terminal, Toledo Propane Loading Facility and Delaware City Products Pipeline. Prior to the acquisition of the Torrance Valley Pipeline, those assets were a part of the integrated operations of PBF Energy and the operation of those assets did not generate third-party or inter-entity revenue. Following the closing of the acquisition, revenues were generated from commercial agreements with PBF Energy. Additionally, subsequent to the closing of the Plains Asset Purchase, we have begun to generate third-party revenue related to the East Coast Terminals as well as incremental affiliate revenue.

Operating and Maintenance Expenses. Operating and maintenance expenses increased approximately $7.2 million, or 234.4%, to approximately $10.3 million for the three months ended September 30, 2016 compared to approximately $3.1 million for the three months ended September 30, 2015. The increase in operating and maintenance expenses was primarily attributable to the increased operating costs for the East Coast Terminals and the Torrance Valley Pipeline (which includes Predecessor expenses from July 1, 2016 through acquisition) and approximately $1.0 million of higher operating expenses associated with outside services.

Depreciation and Amortization Expenses. Depreciation and amortization expense was approximately $4.5 million for the three months ended September 30, 2016 compared to approximately $1.0 million for the three months ended September 30, 2015. Depreciation and amortization expense for the three months ended September 30, 2016 increased approximately $0.9 million due to depreciation associated with the East Coast Terminals acquired in April 2016 and approximately $2.7 million due to depreciation associated with the Torrance Valley Pipeline acquired in August 2016.

Nine Months Ended September 30, 2016 Compared to the Nine Months Ended September 30, 2015

Revenue. Revenue increased approximately $20.6 million, or 23.2%, to approximately $109.3 million for the nine months ended September 30, 2016 compared to approximately $88.7 million for the nine months ended September 30, 2015. The increase in revenue was primarily attributable to the East Coast Terminals operations, commercial agreements with PBF Energy related to the Torrance Valley Pipeline entered into in September 2016, and the Delaware City Products Pipeline and Truck Rack entered into in May 2015 and increased throughput at the Toledo Truck Terminal and the Toledo Propane Loading Facility. Prior to the acquisition of the Torrance Valley Pipeline and the Delaware City Products Pipeline and Truck Rack, those assets were a part of the integrated operations of PBF Energy and the operation of those assets did not generate third-party or inter-entity revenue, with the exception of the Delaware City Products Pipeline. Following the closing of each acquisition, revenues were generated from commercial agreements with PBF Energy. Additionally, subsequent to the closing of the Plains Asset Purchase, we have begun to generate third-party revenue related to the East Coast Terminals as well as incremental affiliate revenue.

Operating and Maintenance Expenses. Operating and maintenance expenses increased approximately $7.2 million, or 56.9%, to approximately $19.8 million for the nine months ended September 30, 2016 compared to approximately $12.6 million for the nine months ended September 30, 2015. The increase in operating and maintenance expenses was primarily attributable to the increased operating costs for the East Coast Terminals and the Torrance Valley Pipeline (which includes Predecessor expenses from July 1, 2016 through acquisition) and approximately $1.0 million of higher operating expenses associated with outside services.

Depreciation and Amortization Expenses. Depreciation and amortization expense was approximately $7.1 million for the nine months ended September 30, 2016 compared to approximately $3.0 million for the nine months ended September 30, 2015. Depreciation and amortization expense for the nine months ended September 30, 2016 increased approximately $1.5 million due to depreciation associated with the East Coast Terminals acquired in April 2016 and approximately $2.7 million due to depreciation associated with the Torrance Valley Pipeline acquired in August 2016.

Storage Segment

The following table and discussion is an explanation of our results of operations of the Storage segment for the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Revenue:				
Affiliate	$5,482	$ 5,318	$16,326	$ 16,069
Third-Party	—	—	—	—
Total revenue	5,482	5,318	16,326	16,069
Costs and expenses:				
Operating and maintenance expenses	2,552	1,894	6,746	5,540
Depreciation and amortization	595	669	1,830	1,955
Total costs and expenses	3,147	2,563	8,576	7,495
Storage Segment Operating Income	$2,335	$ 2,755	$7,750	$ 8,574
Key Operating Information				
Storage Segment				
Storage capacity reserved (average shell capacity barrels per month)	3,654,916	3,545,620	3,628,037	3,570,929

Three Months Ended September 30, 2016 Compared to the Three Months Ended September 30, 2015

Revenue. Revenue increased approximately $0.2 million, or 3.1%, to approximately $5.5 million for the three months ended September 30, 2016 compared to approximately $5.3 million for the three months ended September 30, 2015. The increase in revenue was primarily attributable to higher storage capacity at the Toledo Storage Facility.

Operating and Maintenance Expenses. Operating and maintenance expenses increased approximately $0.7 million, or 34.7%, to approximately $2.6 million for the three months ended September 30, 2016 compared to approximately $1.9 million for the three months ended September 30, 2015. The increase in operating and maintenance expenses was primarily attributable to higher maintenance and material expense.

Depreciation and Amortization Expenses. Depreciation and amortization expense was approximately $0.6 million for the three months ended September 30, 2016 compared to approximately $0.7 million for the three months ended September 30, 2015. Depreciation and amortization expense was relatively consistent during the comparable periods.

Nine Months Ended September 30, 2016 Compared to the Nine Months Ended September 30, 2015

Revenue. Revenue increased approximately $0.3 million, or 1.6%, to approximately $16.3 million for the nine months ended September 30, 2016 compared to approximately $16.1 million for the nine months ended September 30, 2015. The increase in revenue was primarily attributable to higher storage capacity at the Toledo Storage Facility.

Operating and Maintenance Expenses. Operating and maintenance expenses increased approximately $1.2 million, or 21.8%, to approximately $6.7 million for the nine months ended September 30, 2016 compared to

approximately $5.5 million for the nine months ended September 30, 2015. The increase in operating and maintenance expenses was primarily attributable to higher maintenance and material expense of approximately $1.7 million, partially offset by a decrease in outside services, insurance and taxes of approximately $0.5 million at the Toledo Storage Facility.

Depreciation and Amortization Expenses. Depreciation and amortization expense was approximately $1.8 million for the nine months ended September 30, 2016 compared to approximately $2.0 million for the nine months ended September 30, 2015. Depreciation and amortization expense was relatively consistent during the comparable periods.

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Liquidity and Capital Resources

We expect our ongoing sources of liquidity to include cash generated from operations, reimbursement by PBF Energy for certain capital expenditures, liquidation of marketable securities, borrowings under our credit facility, and issuances of additional debt and equity securities. We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements, long-term capital expenditure requirements and minimum quarterly cash distributions.

We have paid, and intend to continue to pay, a quarterly distribution of at least $0.30 per unit per quarter, which equates to approximately $12.7 million per quarter, or approximately $50.8 million per year, based on the current number of common units, subordinated units and associated IDRs outstanding. We do not have a legal obligation to pay this distribution. On March 8, 2016, we paid a quarterly cash distribution, based on the results of the fourth quarter of 2015, totaling approximately $14.7 million, or $0.41 per unit, to unitholders of record on February 22, 2016. On May 31, 2016, we paid a quarterly cash distribution, based on the results of the first quarter of 2016, totaling approximately $16.4 million, or $0.42 per unit, to unitholders of record on May 13, 2016. On August 23, 2016, we paid a quarterly cash distribution, based on the results of the second quarter of 2016, totaling approximately $16.9 million, or $0.43 per unit, to unitholders of record on August 9, 2016.

Credit Facilities

On May 14, 2014, we entered into the Revolving Credit Facility and a three year $300 million term loan facility (the “Term Loan”), each with Wells Fargo Bank, National Association, as administrative agent, and a syndicate of lenders. The Revolving Credit Facility is available to fund working capital, acquisitions, distributions and capital expenditures and for other general partnership purposes. The maximum amount of the Revolving Credit Facility was increased from $325.0 million to $360.0 million in May 2016. The Partnership has the ability to further increase the maximum amount of the Revolving Credit Facility by an additional $240.0 million, to a total facility size of $600.0 million, subject to receiving increased commitments from lenders or other financial institutions and satisfaction of certain conditions. The Revolving Credit Facility includes a $25.0 million sublimit for standby letters of credit and for swingline loans. Obligations under the Revolving Credit Facility and certain cash management and hedging obligations designated by the Partnership are guaranteed by its restricted subsidiaries, and are secured by a first priority lien on the Partnership’s assets and those of the Partnership’s restricted subsidiaries other than excluded assets and a guaranty of collection from PBF LLC. The maturity date of the Revolving Credit Facility may be extended for one year on up to two occasions, subject to certain customary terms and conditions. Borrowings under the Revolving Credit Facility bear interest at either a Base Rate (as defined in the Revolving Credit Facility) plus an applicable margin ranging from 0.75% to 1.75%, or at LIBOR plus an applicable margin ranging from 1.75% to 2.75%. The applicable margin will vary based upon the Partnership’s Consolidated Total Leverage Ratio, as defined in the Revolving Credit Facility.

The Term Loan was used to fund distributions to PBF LLC and is guaranteed by a guaranty of collection from PBF LLC and secured at all times by cash or U.S. Treasury securities in an amount equal to or greater than the outstanding principal amount of the Term Loan. Borrowings under the Term Loan bear interest either at Base Rate (as defined in the Term Loan), or at LIBOR plus an applicable margin equal to 0.25%.

The Revolving Credit Facility and Term Loan contain covenants that limit or restrict our ability to make cash distributions. We are required to maintain certain financial ratios, each tested on a quarterly basis for the immediately preceding four quarter period. We are in compliance with our covenants under the Revolving Credit Facility and Term Loan as of September 30, 2016.

On May 12, 2015, we completed the offering of $350.0 million of 2023 Notes. The initial purchasers in the offering purchased $330.1 million aggregate principal amount of 2023 Notes and certain of PBF Energy’s officers and directors and their affiliates and family members purchased the remaining $19.9 million aggregate principal

amount of 2023 Notes. We pay interest on the 2023 Notes semi-annually on May 15 and November 15 with our first interest payment taking place on November 15, 2015. The 2023 Notes mature on May 15, 2023.
The 2023 Notes contain customary terms, events of default and covenants for an issuer of non-investment grade debt securities. These covenants include limitations or restrictions on us and our restricted subsidiaries' ability to, among other things, make distributions. These covenants are subject to a number of important limitations and exceptions. As of September 30, 2016, we are in compliance with all covenants under the 2023 Notes.

Cash Flows
The following table sets forth our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2016	2015
	(In thousands)	
Net cash provided by operating activities	$68,619	$63,389
Net cash provided by (used in) investing activities	71,250	(485)
Net cash used in financing activities	(114,276)	(58,833)
Net change in cash and cash equivalents	$25,593	$4,071

Net cash provided by operating activities increased approximately $5.2 million to approximately $68.6 million for the nine months ended September 30, 2016 compared to approximately $63.4 million for the nine months ended September 30, 2015. The increase in net cash provided by operating activities was primarily due to a decrease in working capital of approximately $3.7 million driven mostly by the timing of the collection of affiliate accounts receivables as well as an increase of approximately $5.6 million related to non-cash charges for depreciation, amortization of deferred financing costs and unit-based compensation. These increases were partially offset by a decrease in net income of approximately $4.1 million to approximately $53.7 million recognized during the nine months ended September 30, 2016, compared to approximately $57.8 million for the nine months ended September 30, 2015.
Net cash provided by investing activities increased approximately $71.7 million to approximately $71.3 million for the nine months ended September 30, 2016 compared to net cash used in investing activities of approximately $0.5 million for the nine months ended September 30, 2015. The increase in net cash used in investing activities was primarily due to the net sale of approximately $173.6 million of marketable securities during the nine months ended September 30, 2016, offset by the Plains Asset Purchase for approximately $98.4 million and an increase in capital expenditures of approximately $3.5 million.
Net cash used in financing activities increased approximately $55.4 million to approximately $114.3 million for the nine months ended September 30, 2016 compared to approximately $58.8 million for the nine months ended September 30, 2015. The cash outflows for the nine months ended September 30, 2016 were primarily driven by distributions to PBF LLC related to Acquisitions from PBF of $175.0 million, repayment of our Term Loan of approximately $174.5 million and distributions to unitholders of approximately $48.0 million, partly offset by net borrowings of our Revolving Credit Facility of approximately $144.7 million, net proceeds from the issuance of common units as part of the April and August 2016 Offerings of approximately $138.3 million and a contribution from the Partnership's parent of approximately $0.4 million related to the pre-acquisition activities of TVPC. Net cash used in financing activities for the nine months ended September 30, 2015 consisted of net repayments of our Revolving Credit Facility of approximately $250.6 million, distributions to PBF LLC related to the Delaware City Products Pipeline and Truck Rack Acquisition of approximately $112.5 million, distributions to unitholders of approximately $35.8 million, distribution to PBFX's parent of approximately $1.0 million related to the pre-acquisition activity of the Delaware City Products Pipeline and Truck Rack, net repayment of our Term Loan of approximately $0.7 million and deferred financing costs of approximately $8.2 million, partially offset by the proceeds from the issuance of the 2023 Notes of approximately $350.0 million.

Capital Expenditures

Our capital requirements have consisted of and are expected to continue to consist of maintenance capital expenditures and expansion capital expenditures. Maintenance capital expenditures are cash expenditures (including expenditures for the addition or improvement to, or the replacement of, our capital assets, and for the acquisition of existing, or the construction or development of new, capital assets) made to maintain our long-term operating income or operating capacity. Examples of maintenance capital expenditures are expenditures for the refurbishment and replacement of terminals, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations. Expansion capital expenditures are cash expenditures incurred for acquisitions or capital improvements that we expect will increase our operating income or operating capacity over the long term. Examples of expansion capital expenditures include the acquisition of equipment and the construction, development or acquisition of unloading equipment or other equipment at our facilities or additional throughput capacity to the extent such capital expenditures are expected to expand our operating capacity or our operating income.

Capital expenditures for the nine months ended September 30, 2016 were approximately $103.0 million, including the Plains Asset Purchase of approximately $98.4 million. We currently expect to spend between $120.3 to $121.3 million during 2016 for capital expenditures, which includes capital expenditures related to the East Coast Terminals and the Torrance Valley Pipeline. We anticipate the forecasted maintenance capital expenditures will be funded primarily with cash from operations and through the liquidation of marketable securities.

We have sold, and expect to continue to sell, our U.S. Treasury or other investment grade securities currently used to secure our obligations under the Term Loan over time to fund our capital expenditures, and immediately prior to selling such securities, we expect to continue to repay an equal amount of Term Loan borrowings with borrowings under our Revolving Credit Facility. We may also rely on external sources including other borrowings under our Revolving Credit Facility, and issuances of equity and debt securities to fund any significant future expansion.

Under our omnibus agreement with PBF GP, PBF LLC and PBF Holding, PBF Energy has agreed to reimburse us for any costs up to $20.0 million per event (net of any insurance recoveries) that we incur for repairs required due to the failure of any Contributed Asset to operate in substantially the same manner and condition as such asset was operating prior to the closing of the Offering and the Acquisitions from PBF during the first five years after the closing of the Offering and the Acquisitions from PBF, and any matters related thereto.

Contractual Obligations

With the exception of the debt activity in connection with the Plains Asset Purchase and the TVPC Acquisition and routine fluctuations in the balances of our Revolving Credit Facility and Term Loan, there have been no significant changes in our debt obligations since those reported in our 2015 Form 10-K. See Note 4 of the Notes to the Condensed Consolidated Financial Statements in this Form 10-Q for more information regarding our debt obligations.

Off-Balance Sheet Arrangements

We have not entered into any transactions, agreements or other contractual arrangements that would result in off-balance sheet liabilities, other than outstanding letters of credit in the amount of approximately $3.6 million.

Environmental and Other Matters

Environmental Regulation

Our operations are subject to extensive and frequently changing federal, state and local laws, regulations and ordinances relating to the protection of the environment. Among other things, these laws and regulations govern the emission or discharge of pollutants into or onto the land, air and water, the handling and disposal of solid and

hazardous wastes and the remediation of contamination. As with the industry generally, compliance with existing and anticipated environmental laws and regulations increases our overall cost of business, including our capital costs to develop, maintain, operate and upgrade equipment and facilities. While these laws and regulations affect our maintenance capital expenditures and net income, we believe they do not affect our competitive position, as the operations of our competitors are similarly affected. We believe our facilities are in substantial compliance with applicable environmental laws and regulations. However, these laws and regulations are subject to changes, or to changes in the interpretation of such laws and regulations, by regulatory authorities, and continued and future compliance with such laws and regulations may require us to incur significant expenditures. Additionally, violation of environmental laws, regulations and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions limiting our operations, investigatory or remedial liabilities or construction bans or delays in the development of additional facilities or equipment. Furthermore, a release of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, subject us to substantial expenses, including costs to comply with applicable laws and regulations and to resolve claims by third-parties for personal injury or property damage, or by the U.S. federal government or state governments for natural resources damages. These impacts could directly and indirectly affect our business and have an adverse impact on our financial position, results of operations and liquidity. We cannot currently determine the amounts of such future impacts.

Environmental Liabilities

Contamination resulting from spills of crude oil or petroleum products are not unusual within the petroleum terminaling or transportation industries. Historic spills at truck and rail racks, and terminals as a result of past operations have resulted in contamination of the environment, including soils and groundwater.

Pursuant to the contribution agreements entered into in connection with the Offering and the Acquisitions from PBF, PBF Energy has agreed to indemnify us for certain known and unknown environmental liabilities that are based on conditions in existence at our Predecessor’s properties and associated with the ownership or operation of the Contributed Assets and arising from the conditions that existed prior to the closings of the Offering and the Acquisitions from PBF. In addition, we have agreed to indemnify PBF Energy for certain events and conditions associated with the ownership or operation of our assets that occur after the closings of the Offering and the Acquisitions from PBF, and for environmental liabilities related to our assets to the extent PBF Energy is not required to indemnify us for such liabilities or if the environmental liability is the result of the negligence, willful misconduct or criminal conduct of PBF Energy or its employees, including those seconded to us. As a result, we may incur the type of expenses described above in the future, which may be substantial.

In connection with the Plains Asset Purchase, the Partnership is responsible for the environmental remediation costs related to the East Coast Terminals for conditions that existed on the closing date up to a maximum of $250 thousand per year for 10 years, with Plains All American Pipeline, L.P. remaining responsible for any and all additional costs above such amounts during the period. At September 30, 2016, the aggregate undiscounted liability for the expected future remediation costs attributable to the East Coast Terminals is approximately $2.5 million and the Partnership expects to make aggregate payments for this liability of approximately $1.3 million over the next five years.

In connection with PBF Holding's acquisition of the Torrance refinery and related logistics assets, PBF Holding is responsible for all known and unknown environmental liabilities at each site acquired in connection with the acquisition. The total estimated liability of known environmental obligations associated with the Torrance Valley Pipeline was approximately $1.5 million. In accordance with the Contribution Agreement, PBF Holding has indemnified the Partnership for any and all costs associated with environmental remediation for obligations that existed on or before August 31, 2016, including all known or unknown events, which includes the recorded liability of approximately $1.5 million. At September 30, 2016 the Partnership expects to make the full aggregate payment for this liability within the next five years and receive reimbursements from PBF Holding accordingly.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. Because we do not generally own the crude oil or refined products that are distributed through our facilities, and because all of our commercial agreements with PBF Energy require PBF Energy to bear the risk of any material volume loss relating to the services we provide, we have minimal direct exposure to risks associated with fluctuating commodity prices.

We experience modest volume gains and losses, which we sometimes refer to as imbalances, within our assets as a result of variances in tank storage meter readings and volume fluctuations within the East Coast Terminals. We use a year-to-date weighted average market price to value our assets and liabilities related to product imbalances. For the three and nine months ended September 30, 2016, our imbalances resulted in an immaterial amount. In practice, we expect to settle positive refined product imbalances at the end of each year by selling excess volumes at current market prices. We may be required to purchase refined product volumes in the open market to make up negative imbalances, or settle through cash payments.

Debt that we incur under our Revolving Credit Facility and Term Loan bears interest at a variable rate and exposes us to interest rate risk. A 1.0% change in the interest rate associated with the borrowings outstanding under these facilities would result in a $3.5 million change in our interest expense, assuming we were to borrow all $360.0 million under our Revolving Credit Facility and the outstanding balance of our Term Loan was $59.7 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

PBFX maintains a system of disclosure controls and procedures that is designed to provide reasonable assurance that information which is required to be disclosed is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management in a timely manner. Under the supervision and with the participation of PBFX’s management, including PBFX’s principal executive officer and the principal financial officer, PBFX has evaluated the effectiveness of our system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of September 30, 2016. Based on that evaluation, PBFX’s principal executive officer and the principal financial officer have concluded that PBFX’s disclosure controls and procedures are effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

On April 29, 2016, PBFX’s wholly-owned subsidiary, PLPT, completed the Plains Asset Purchase, which consisted of the East Coast Terminals. PBFX is in the process of integrating the East Coast Terminals’ operations, including internal controls over financial reporting. There has been no other change in PBFX’s internal controls over financial reporting during the three months ended September 30, 2016 that has materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Although from time to time we may be involved in litigation and claims arising out of our operations in the normal course of business, we do not believe that we are a party to any litigation that will have a material adverse impact on our financial condition, results of operations or statements of cash flows. We are not aware of any material legal or governmental proceedings against us, or contemplated to be brought against us.

Item 1A. Risk Factors

There have been no significant changes from the risk factors previously disclosed in “Item 1A. Risk Factors” of our 2015 Form 10-K.

Item 6. Exhibits

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this report and such Exhibit Index is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Contribution Agreement dated as of August 31, 2016 by and between PBF Energy Company LLC and PBF Logistics LP (incorporated by reference herein to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.1	Fourth Amended and Restated Omnibus Agreement dated as of August 31, 2016 among PBF Holding Company LLC, PBF Energy Company LLC, PBF Logistics GP LLC and PBF Logistics LP (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.2	Fourth Amended and Restated Operation and Management Services and Secondment Agreement dated as of August 31, 2016 among PBF Holding Company LLC, Delaware City Refining Company LLC, Toledo Refining Company LLC, Torrance Refining Company LLC, Torrance Logistics Company LLC, PBF Logistics GP LLC , PBF Logistics LP, Delaware City Terminaling Company LLC, Delaware Pipeline Company LLC, Delaware City Logistics Company LLC, Toledo Terminaling Company LLC and PBFX Operating Company LLC (incorporated by reference herein to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.3	Transportation Services Agreement dated as of August 31, 2016 among PBF Holding Company LLC and Torrance Valley Pipeline Company LLC (incorporated by reference herein to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.4	Pipeline Service Order dated as of August 31, 2016, by and between Torrance Valley Pipeline Company LLC, and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.5	Pipeline Service Order dated as of August 31, 2016, by and between Torrance Valley Pipeline Company LLC, and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.5 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.6	Dedicated Storage Service Order dated as of August 31, 2016, by and between Torrance Valley Pipeline Company LLC, and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.6 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.7	Throughput Storage Service Order dated as of August 31, 2016, by and between Torrance Valley Pipeline Company LLC, and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.7 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
31.1*	Certification of Thomas J. Nimbley, Chief Executive Officer of PBF Logistics LP pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Erik Young, Chief Financial Officer of PBF Logistics LP pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*/**	Certification of Thomas J. Nimbley, Chief Executive Officer of PBF Logistics LP pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*/**	Certification of Erik Young, Chief Financial Officer of PBF Logistics LP pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
** Furnished, not filed.

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.

			PBF Logistics LP
		By:	PBF Logistics GP LLC, its general partner
Date	November 4, 2016	By:	/s/ Erik Young
			Erik Young
			Senior Vice President, Chief Financial Officer
			(Duly Authorized Officer and Principal Financial Officer)

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EXHIBIT INDEX

Exhibit Number	Description
2.1	Contribution Agreement dated as of August 31, 2016 by and