

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number: 001-35397

RENEWABLE ENERGY GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-4785427
(I.R.S. Employer
Identification No.)

416 South Bell Avenue, Ames, Iowa
(Address of principal executive offices)

50010
(Zip Code)

Registrant's telephone number, including area code: (515) 239-8000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock, par value \$0.001 per share	NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

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

As of June 30, 2018, the aggregate market value of Common Stock held by non-affiliates was \$556,864,879.

As of February 28, 2019, 37,355,193 shares of Common Stock of the registrant were issued and outstanding.

Documents Incorporated By Reference

All or a portion of Items 10 through 14 in Part III of this Form 10-K are incorporated by reference to the Registrant's definitive proxy statement on Schedule 14A, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if the Registrant's Schedule 14A is not filed within such period, will be included in an amendment to this Report on Form 10-K which will be filed within such 120 day period.

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PART I

Cautionary Statement Regarding Forward-Looking Information

This annual report on Form 10-K contains, in addition to historical information, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “would,” “might,” “could,” “estimate,” “continue,” “anticipate,” “design,” “intend,” “plan,” “seek,” “potential,” “expect” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives, and financial needs. Forward-looking statements include, but are not limited to, statements about:

- our financial performance, including revenues, cost of revenues and operating expenses;
- government programs, policymaking and requirements relating to renewable fuels;
- the availability, future price and volatility of feedstocks;
- the future price and volatility of petroleum;
- our liquidity and working capital requirements;
- anticipated trends and challenges in our business and competition in the markets in which we operate;
- our ability to successfully implement our acquisition strategy and integration strategy;
- our plan to sell the REG Life Sciences business;
- our ability to protect proprietary technology and trade secrets;
- our risk management activities;
- product performance, in cold weather or otherwise;
- seasonal fluctuations in our business;
- our current products as well as products we are developing;
- critical accounting policies and estimates, the impact or anticipated impact of recent accounting pronouncements, guidance or changes in accounting principles and future recognition of impairments for the fair value of assets, including goodwill, financial instruments, intangible assets and other assets acquired; and
- assumptions underlying or relating to any of the foregoing.

These statements reflect current views with respect to future events and are based on assumptions and subject to risks and uncertainties. We note that a variety of factors, including but not limited to those Risk Factors discussed in Item 1A, could cause actual results and experience to differ materially from the anticipated results or expectations expressed in our forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Forward-looking statements contained in this report present management’s views only as of the date of this report. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our 10-Q and 8-K reports filed with the Securities and Exchange Commission after the date hereof.

ITEM 1. Business

General

We focus on providing cleaner, lower carbon transportation fuels. We are North America's largest producer of advanced biofuels. We utilize a nationwide production, distribution and logistics system as part of an integrated value chain model designed to convert natural fats, oils and greases into advanced biofuels. During 2018, we sold 649 million total gallons of fuel (including fuel purchased from third parties for resale) and generated revenues of \$2.4 billion. We believe our fully integrated approach, which includes acquiring feedstock, managing biorefinery facility construction and upgrades, operating biorefineries, and distributing fuel through a network of terminals, positions us to serve the market for cleaner transportation fuels. In May 2018, we launched our latest innovation in diesel fuel, REG Ultra Clean™ Diesel. REG Ultra Clean™ Diesel is among the lowest emission diesel fuels on the market today.

Plant Network

We own and operate a network of 14 biorefineries. Twelve biorefineries are located in the United States and two in Germany. Twelve biorefineries produce traditional biodiesel, one produces renewable diesel ("RD"), and one is a fermentation facility. Our thirteen biomass-based diesel production facilities have an aggregate nameplate production capacity of 520 million gallons per year ("mmgy").

We own and operate the following facilities in North America:

Property	Nameplate ¹ Production Capacity (mmgy)	Effective Capacity ² (mmgy)	REG Operations Commenced	Feedstock Capability
Ralston, Iowa	30	39.9	2002	Refined Oils and Fats
Albert Lea, Minnesota	30	45.6	2005	Crude, High FFA and Refined Oils and Fats
Newton, Iowa	30	34.7	2007	Crude, High FFA and Refined Oils and Fats
Seabrook, Texas	35	47.8	2008	Refined Oils and Fats
Danville, Illinois	45	46.5	2009	Crude, High FFA and Refined Oils and Fats
Seneca, Illinois	60	73.4	2010	Crude, High FFA and Refined Oils and Fats
New Boston, Texas	15	17.3	2013	Crude, High FFA and Refined Oils and Fats
Mason City, Iowa	30	38.5	2013	Crude, High FFA and Refined Oils and Fats
Geismar, Louisiana	75	90.3	2014	Crude, High FFA and Refined Oils and Fats
Okeechobee, Florida ³	n/a	n/a	2014	N/A
Grays Harbor, Washington	100	106.7	2015	Refined Oils and Fats
Madison, Wisconsin	20	27.2	2016	Crude, High FFA and Refined Oils and Fats

¹ The nameplate capacity listed above is based on original plant design.

² Effective capacity represents the maximum average throughput that satisfies certain defined technical constraints.

³ Okeechobee is a demo-scale fermentation facility associated with our Life Sciences business.

Our production network in Europe consists of the following facilities:

Property	Nameplate Production Capacity ¹	Effective Capacity ²	REG Operations Commenced	Feedstock Capability
Emden, Germany	27	29.7	2016	Crude, High FFA and Refined Oils and Fats
Oeding, Germany	23	23.9	2016	Crude, High FFA and Refined Oils and Fats

¹ The nameplate capacity listed above is based on the output of the original plant design. In Germany, nameplate capacity can be based on input, which is 30 mmgy for Emden and 26 mmgy for Oeding or 185,000 metric tons for these two locations.

² Effective capacity represents the maximum average throughput that satisfies certain defined technical constraints.

We maintain a testing laboratory at our corporate headquarters in Ames, Iowa, for testing various feedstocks for conversion into biomass-based diesel and various new manufacturing processes for the production of biomass-based diesel. We also have a regional office in Tulsa, Oklahoma, focused on maintaining and developing advanced biofuel technologies and renewable chemicals.

We produce renewable diesel at our Geismar, Louisiana facility. Renewable diesel generally carries a premium price compared to biodiesel as a result of a variety of factors including the ability to blend it with petroleum diesel seamlessly, better cold weather performance, and because it generates more RINs on a per gallon basis. We are evaluating long-term opportunities to further our ability to leverage our renewable diesel technology and expand renewable diesel production to meet the growing demand for cleaner transportation fuels. For example, in October 2018, we announced a collaboration project with Phillips 66 on the possible construction of a large-scale renewable diesel plant in Washington state. The plant would utilize our propriety BioSynfining® technology for the production of renewable diesel fuel. We have not reached a definitive agreement with Phillips 66 with respect to this potential joint development project and there is no assurance that an agreement will be reached. We are also evaluating a large-scale expansion of our renewable diesel facility in Geismar, Louisiana.

Our Feedstocks and Other Inputs

We are a lower-cost, lower carbon biomass-based diesel producer. We primarily produce our biomass-based diesel from a wide variety of lower-cost, lower carbon feedstocks, including inedible corn oil, used cooking oil and inedible animal fat. We also produce biomass-based diesel from virgin vegetable oils, such as soybean oil or canola oil, which tend to be higher in price. We believe our ability to process a wide variety of feedstocks in most of our facilities provides us with a cost advantage over many biomass-based diesel producers, particularly those that rely primarily on higher cost virgin vegetable oils.

We have the ability to adjust our processing in most of our facilities to accommodate different feedstocks and feedstock mixes. Our ability to use a wide range of feedstocks gives us a feedstock cost advantage over many other producers because we have the flexibility to respond to changes in feedstock pricing. In 2018, approximately 77% of our total feedstock usage was lower-cost inedible corn oil, used cooking oil or rendered animal fat feedstock. The remaining 23% consisted of refined vegetable oils, such as soybean oil or canola oil.

We procure our feedstocks from numerous vendors in quantities ranging from truckload to railcar to water vessel to pipeline. There is no established futures market for the lower-cost feedstocks that we utilize. Inedible corn oil is typically purchased in forward positions of one to three months, and occasionally longer, on fixed priced contracts. We generally purchase used cooking oil and rendered animal fats on one to four week forward positions using fixed pricing or an indexed price compared to a published index such as USDA reports or recognized industry price reports such as The Jacobsen or Informa. Soybean and canola oils can be purchased on a spot or forward contract basis from a number of suppliers and pricing for these vegetable oils is compared to the broadly traded Soybean Oil Index of the Chicago Mercantile Exchange.

From time to time, we work with developers of next generation feedstocks, such as algae and camelina, to assist them in bringing these new feedstocks to market. We have converted several of these feedstocks, as well as other second generation feedstocks, into high quality biomass-based diesel in our laboratory and production facilities. We believe we are well positioned to incorporate many new feedstocks into our production process as they become commercially available.

We procure methanol and chemical catalysts used in our production process such as sodium methylate and hydrochloric acid, under fixed-price contracts and formula-indexed contracts based upon competitive bidding. These procurement contracts typically last from three months to one year. The price of methanol is indexed to the monthly reported published price.

Distribution

We have established a national distribution system to supply biomass-based diesel throughout the United States. Each of our biomass-based diesel facilities is equipped with an on-site rail loading system, a truck loading system, or both. Our Seneca biorefinery near the Illinois River has direct barge access for supplying customers using the inland waterways system. Our Houston biorefinery has barge and deep-water ship loading capability. Our Grays Harbor biorefinery has deep-water capability for PANAMAX class vessels. We also manage some customers' biomass-based diesel storage tanks and replenishment process. Our distribution performance for 2018 is depicted below.

2018 Movement Control



Railcar movement accounts for all cars monitored and/or moved with product and empty.
Water movement accounts for all barges, ships, and containers monitored and/or moved with by REG.

As of December 31, 2018, we leased over 1,100 railcars for transportation and leased biomass-based diesel storage tanks in 46 terminals. In general, the terminals where we lease our biomass-based diesel storage tanks are petroleum fuel terminals so that fuel distributors and other biomass-based diesel customers can create a biomass-based diesel blend at the terminal before further distribution. Terminal contracts typically have one- to three-year terms and are generally renewable subject to certain terms and conditions. During 2018, REG sold products in 49 states in the U.S., six Canadian Provinces, and 19 other countries around the world.

In addition to biomass-based diesel, we also sell petroleum-based heating oil and diesel fuel, which enables us to offer additional biofuel blends to a broader customer base. We sell heating oil and ultra-low sulfur diesel ("ULSD") at terminals throughout the northeastern U.S. We sell additional biofuel blends at terminal locations in the Midwest, West Coast and Texas. We continue to look for terminal expansion opportunities across North America.

Government Programs Favoring Biomass-Based Diesel Production and Use

The biomass-based diesel industry benefits from numerous federal and state government programs.

Renewable Fuel Standard

Biomass-based diesel has historically been more expensive to produce than petroleum-based diesel. The biomass-based diesel industry's growth has largely been the result of federal and state programs that require or incentivize production and use of biomass-based diesel, which allows biomass-based diesel to be priced competitively with petroleum-based diesel.

The Renewable Fuel Standard's ("RFS2") biomass-based diesel requirement became effective in 2010, requiring for the first time that a certain percentage of the diesel fuel consumed in the United States be made from renewable sources. The biomass-based diesel requirement can be satisfied by two primary fuels, biodiesel and renewable diesel. Required volumes under the RFS2 program, referred to as the renewable volume obligation ("RVO"), are determined by the United States Environmental Protection Agency, or EPA. The final RVO targets for the biomass-based diesel and advanced biofuels volumes for the years 2015 to 2020 as set by the EPA are as follows:

	2015	2016	2017	2018	2019	2020
Biomass-based diesel	1.73 billion gallons	1.90 billion gallons	2.00 billion gallons	2.10 billion gallons	2.10 billion gallons	2.43 billion gallons
Total Advanced biofuels	2.88 billion RINs*	3.61 billion RINs*	4.28 billion RINs*	4.29 billion RINs*	4.92 billion RINs*	N/A

(* ethanol equivalent gallons)

The biomass-based diesel requirement is one of four separate renewable fuel requirements under RFS2. The RFS2 requirements are based on two primary categories and two subcategories. The two primary categories are conventional renewable fuel, which is primarily satisfied by corn ethanol, and advanced biofuel, which is defined as a biofuel that reduces lifecycle greenhouse gas emissions by at least 50% compared to the petroleum-based fuel the biofuel is replacing. The advanced biofuel category has two subcategories, cellulosic biofuel, to be satisfied by newly developed cellulosic biofuels, such as ethanol made from woody biomass, and biomass-based diesel, which is satisfied by biodiesel and renewable diesel. RFS2's total advanced biofuel requirement is larger than the combined cellulosic fuel and biomass-based diesel requirements, thus requiring the use of additional volumes of advanced biofuels.

The RFS2 requirement for advanced biofuels can be satisfied by any advanced biofuel, including biodiesel, renewable diesel, biogas used in transportation, biobutanol, cellulosic ethanol or sugarcane-based ethanol, so long as it meets the 50% greenhouse gas reduction requirement.

The advanced biofuel RVO is expressed in terms of ethanol equivalent volumes, or EEV, which is based on the fuel's renewable energy content compared to ethanol. Biodiesel has an EEV of 1.5 and renewable diesel typically has an EEV of 1.7, compared to 1.0 for sugarcane-based ethanol. Accordingly, it requires less biomass-based diesel than sugarcane-based ethanol to meet the required volumes as each gallon of biomass-based diesel counts as more gallons for purposes of fulfilling the advanced biofuel RVO, providing an incentive for refiners and importers to purchase biomass-based diesel to meet their advanced biofuel RVO.

The RFS2 volume requirements apply to petroleum refiners and petroleum fuel importers in the 48 contiguous states and Hawaii, who are defined as "Obligated Parties" in the RFS2 regulations. Obligated Parties are required to incorporate into their petroleum-based fuel a certain percentage of renewable fuel or purchase credits in the form of renewable identification numbers ("RINs") from those who do. An Obligated Party's RVO is based on the volume of petroleum-based fuel they produce or import. The largest United States petroleum refining companies, such as Valero, Phillips 66, ExxonMobil, British Petroleum, Chevron, Shell, Marathon and Citgo, represent the majority of the total RVO, with the remainder made up of smaller refiners and importers.

Renewable Identification Numbers

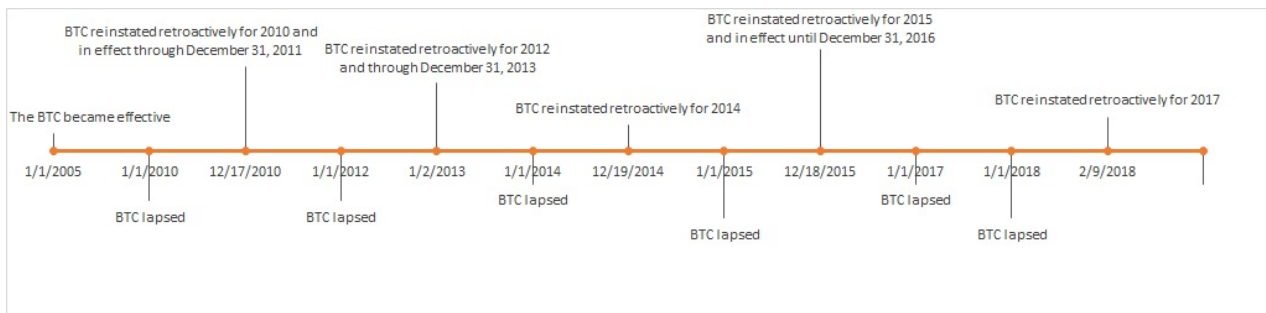
The EPA created the RIN system to track renewable fuel production and compliance with the renewable fuel standard. EPA registered producers of renewable fuel may generate RINs for each gallon of renewable fuel they produce. In the case of biomass-based diesel, generally 1.5 to 1.7 biomass-based diesel RINs may be generated for each gallon of biomass-based diesel produced, based upon the fuel's renewable energy content. Renewable fuel, including biomass-based diesel, can then be sold with associated RINs attached. RINs may also be separated from the gallons of renewable fuel they represent and once separated they may be sold as a separate commodity. RINs are ultimately used by Obligated Parties to demonstrate compliance with RFS2. Obligated Parties must obtain and retire the required number of RINs to satisfy their RVO during a particular compliance period. An Obligated Party can obtain RINs by buying renewable fuels with RINs attached, buying RINs that have been separated, or producing renewable fuels themselves. All RIN activity under RFS2 must be entered into the EPA's moderated transaction

system, which tracks RIN generation, transfer and retirement. RINs are retired when used for compliance with the RFS2 requirements.

The value of RINs is significant to the price of biomass-based diesel. In 2018, RIN prices as a percentage contribution to the daily average B100 spot price, as reported by the Oil Pricing Information System, or OPIS, fluctuated significantly throughout the year and ranged from a low of \$0.47 per gallon, or 16% of the average B100 spot price per gallon, in October to a high of \$1.36 per gallon, or 43% of the average spot price, in February.

Biodiesel Tax Credit

The federal biodiesel mixture excise tax credit, or BTC, is not currently in effect, but has historically provided a \$1.00 refundable tax credit per gallon to the first blender of biomass-based diesel with petroleum-based diesel fuel. The BTC can then be credited against such biodiesel federal excise tax liability or the blender can obtain a cash refund from the United States Treasury for the value of the credit. The BTC was first implemented on January 1, 2005, although on several occasions it has been allowed to lapse and then has been reinstated, in some cases on a retroactive basis, as described in the following table:



The BTC is an incentive shared across the biofuel production and distribution chain through routine, daily trading and negotiation. In February 2018, the BTC was retroactively reinstated for 2017, but was not reinstated for 2018. It is uncertain whether the BTC will be reinstated for 2018 or any later years.

California Low Carbon Fuel Standard Credits

The California Low Carbon Fuel Standard, or LCFS, regulation is a rule designed to reduce greenhouse gas emissions associated with transportation fuels used in California. The regulation quantifies lifecycle greenhouse gas emissions by assigning a “carbon intensity” (“CI”) score to each transportation fuel based on that fuel’s lifecycle assessment. Each petroleum fuel provider (generally the fuel’s producer or importer, or “regulated party”) is required to ensure that the overall CI score for its fuel pool meets the annual carbon intensity target for a given year. A regulated party’s fuel pool can include gasoline, diesel, and their blendstocks and substitutes.

We obtain CI credits when we sell qualified biomass-based diesel into California. During 2018, California CI credits ranged from \$111.00 per metric ton to \$200.50 per metric ton, as reported by OPIS.

Other Government Programs

According to the U.S. Department of Energy, more than 40 states have implemented various programs that encourage the use of biomass-based diesel through blending requirements as well as various tax incentives. The chart below summarizes some of the most significant programs.

Government	Program description
Illinois	Illinois offers an exemption from the generally applicable 6.25% sales tax on fuel for biomass-based diesel blends that incentivizes blending at 11% biomass-based diesel, or B11, through December 31, 2023. Illinois' program has made that state one of the largest biomass-based diesel markets in the country
Iowa	Iowa has a retailer's incentive for blended fuel which has been modified over time. For 2018 through 2024, retailers earn \$0.035 per gallon of B5 - B10 and \$0.055 per gallons for B11 and above. Iowa also has a biomass-based diesel production incentive that provides \$0.02 per gallon of production capped after the first 25 million gallons per production plant. Iowa recently enacted an increase in its excise tax on fuel, which is three cents per gallon less for B11 or higher blends than the diesel fuel tax.
Texas	The biomass-based diesel portion of biomass-based diesel blends are exempt from Texas state excise tax, which results in a \$0.20 per gallon incentive for B100.
Minnesota	Minnesota law requires a B5 biodiesel blend except during the summer months when a B20 blend is required.
Pennsylvania and Washington	These states have all adopted legislation requiring biomass-based diesel blends beginning at B2 with incremental increases, provided certain feedstock or production minimums are met. In addition, Washington State is in the process of developing legislation on a low carbon fuel programs.
Oregon	The Oregon Clean Fuel Program requires a 10% reduction of the average carbon intensity of Oregon's transportation fuels from 2015 levels by 2025. The baseline year for the program is 2015 and represents 10 percent ethanol blended with gasoline and 5 percent biodiesel blended with diesel. The Oregon Renewable Fuels Standard requires all gasoline sold in the state to be blended with 10 percent ethanol (E10). In addition, all diesel fuel sold in the state must be blended with at least 5 percent biodiesel (B5).
City of New York, Connecticut and Vermont	In October 2016, the City of New York adopted legislation requiring biomass-based diesel blends at a 5% rate for heating oil starting on October 1, 2017 and the blend level then moves to 10% in 2025, 15% in 2030 and 20% in 2034. Several northeast states, including Connecticut and Vermont, have adopted legislation requiring biomass-based diesel blends in home heating oil.
Canada	While a number of provinces in Canada have biofuel programs (British Columbia has an LCFS, Alberta has a usage requirement, and Ontario has a usage requirement), the federal government is currently engaged in the rulemaking process on a nationwide Clean Fuel Standard, which may incorporate a number of carbon reducing policies.

Although we believe that other government requirements for the use of biofuels increase demand for our biomass-based diesel within such regions, they may not increase overall demand in excess of RFS2 requirements. Rather, existing demand for our biofuel from Obligated Parties in connection with federal requirements may shift to regions that have use requirements or tax incentive programs.

RED Program

The Renewable Energy Directive ("RED") in the European Union ("EU") establishes a 20% target by 2020 for the use of renewable energy in the transport sector in EU member states. Given the existing limited market presence of alternative fuels or electromobility, the majority of the target is currently being achieved through biofuels. EU member states produce yearly renewable energy action plans indicating their yearly national obligations for the use of renewable energy in the transport sector. These national obligations progressively increase every year until achieving the 10% target in 2020. Biofuels produced from certain types of feedstocks, such as used cooking oil, benefit from an extra incentive as these feedstocks count double towards the 20% target and towards the national obligations. In 2018, the EU institutions adopted the so-called RED II, which is valid during the period from 2021 to 2030 and provides additional incentives for biofuel produced from waste feedstocks and even opens new outlets such as marine fuels.

Competition

We face competition from producers and suppliers of petroleum-based diesel fuel, other biomass-based diesel producers, marketers, traders and distributors. The size of the biomass-based diesel industry is small compared to the size of the petroleum-based diesel fuel industry and large petroleum companies have greater resources than we do. Our principal competitive differentiators are biomass-based diesel and RIN quality, supply reliability and price. In the United States and Canadian biomass-based diesel markets, we compete with independent biomass-based diesel producers as well as large, multi-product companies that have greater resources than we do. Archer Daniels Midland Company, Cargill Incorporated, Louis Dreyfus Commodities Group and Ag Processing Inc. are major international agribusiness corporations and biodiesel producers with the financial, feedstock sourcing and marketing resources to be formidable competitors in the biodiesel industry. These agribusiness

competitors tend to make biodiesel from higher cost virgin vegetable oils such as soybean or canola oil, which they produce as part of their integrated agribusinesses. We are also in competition with several large and well capitalized producers of renewable diesel. Neste Corporation has approximately 882 million gallons of renewable diesel production capacity in Asia and Europe, a significant portion of which is imported into the United States. It has recently announced its decision to expand its renewable products production capacity in Singapore. Diamond Green Diesel, LLC, a joint venture between Valero Energy Corporation and Darling Ingredients Inc., operates a 275 mmgy capacity renewable diesel facility and has announced plans to expand capacity to 675 mmgy by 2021. We also face the prospect that petroleum refiners will be increasingly competitive with us, either by converting oil refineries to produce renewable diesel or by co-processing renewable feedstock with crude oil. Several smaller petroleum refiners in the United States have effected conversions of their facilities from crude oil to renewables in the past year and some of the largest refiners have reportedly started co-processing renewable feedstocks or have announced plans to do so. If refinery conversions accelerate or if co-processing expands significantly, the competition we face could increase significantly. We also face competition in the biomass-based diesel RIN compliance market from producers of renewable diesel and in the advanced biofuel RIN compliance market from producers of other advanced biofuels, such as Brazilian sugarcane ethanol producers and producers of biogas used in transportation. Competition from imported biodiesel changed significantly in 2018, when the International Trade Commission and U.S. Department of Commerce imposed countervailing duties against unfairly subsidized biodiesel exports to the U.S. from Argentina and Indonesia. According to the U.S. Energy Information Administration ("EIA") data, biodiesel imports from Argentina decreased from 437 million gallons in 2016 to 280 million gallons in 2017 and no imports entered the U.S. since August 2017. Biodiesel imports from Indonesia totaled 107 million gallons in 2016 and no imports have been reported since December 2016. However, renewable diesel imports from Singapore to the U.S have maintained a steady rate. Imports from Singapore totaled 223 million gallons in 2016, 189 million gallons in 2017, and is on pace for volume in 2018 similar to 2017 based on 11 months of data.

In our marketing and distribution operations, besides the integrated producers, we are also faced with competition from biomass-based diesel traders such as Lincoln Energy, NGL, BP, Shell, Vitol and others. The integrated producers and traders at times may have advantages because of logistics, feedstock accessibility and price, geographical location to customers, blending infrastructure, financial resources, and risk appetite for positions and/ or taking greater amounts of risk on a return of the blenders tax credit. These same trading companies may have greater financial resources than we do and are able to take significant biomass-based diesel positions in the marketplace. These competitors are often customers and/or suppliers of ours as well.

Risk Management

The prices for feedstocks and biomass-based diesel, including the value associated with government incentives, can be volatile and are not always closely correlated. Lower-cost feedstocks are particularly difficult to risk manage given that such feedstocks are not traded in any public futures market. To manage feedstock and biomass-based diesel price risks, we utilize forward contracting, hedging and other risk management strategies, including the use of futures, swaps, options and over-the-counter products.

In establishing our risk management strategies, we draw from our own in-house risk management expertise and consult with industry experts. We utilize research conducted by outside firms to provide additional market information and risk management strategies. We believe combining these sources of knowledge, experience and expertise expands our view of the fluctuating commodity markets for raw materials and energy to improve our risk management strategies.

Seasonality

Our operating results are influenced by seasonal fluctuations in the price of and demand for biodiesel. Seasonal fluctuations may be based on both the weather and the status of both the BTC and RVO.

Demand may be higher in the quarters leading up to the expiration of the BTC as customers seek to purchase biomass-based diesel when they can benefit from the agreed upon value sharing of the BTC with producers. This higher demand prompted by an expiring BTC has often resulted in reduced demand for biodiesel in the following quarter. In addition, RIN prices may also be subject to seasonal fluctuations. The RIN is dated for the calendar year in which it is generated. Since 20% of an Obligated Party's annual RVO can be satisfied by prior year RINs, most RINs must come from biofuel produced or imported during the RVO year. As a result, RIN prices can be expected to increase as the calendar year progresses if the RIN market is undersupplied compared to that year's RVO and decrease if it is oversupplied.

Seasonal fluctuation in our business also occurs in the colder months when historically there has been reduced demand for biodiesel in northern and eastern United States markets, which are some of the primary markets in which we operate. Biodiesel typically has a higher cloud point than petroleum-based diesel or renewable diesel. The cloud point is the temperature below which a fuel exhibits a noticeable cloudiness and eventually gels, leading to fuel handling and performance problems for

customers and suppliers. Reduced demand in the winter for our higher cloud point biodiesel may result in excess supply of such higher cloud point biodiesel and lower prices for such higher cloud point biodiesel. To mitigate some of these seasonal fluctuations in demand, we have upgraded our Newton and Danville biorefineries to produce distilled biodiesel which improves cold-weather performance.

History

Our predecessor, REG Biofuels, LLC, formerly named REG Biofuels Inc., which was formerly named Renewable Energy Group, Inc., was formed under the laws of the State of Delaware in August 2006 upon acquiring the assets and operations of the biodiesel division of West Central Cooperative, or West Central, and two of West Central's affiliated companies, InterWest, L.C. and REG, LLC. West Central is now known as Landus Cooperative.

Employees

As of December 31, 2018, we had 762 full-time employees in the U.S. and 88 international employees. None of our U.S. employees are represented by a labor organization or under any collective bargaining agreements. We consider our relationship with our employees to be good.

Intellectual Property

We own a significant number of U.S. and international patents and expect to file additional patent applications as we continue to pursue technological innovations. We have also developed trade secrets, and have licensed intellectual property related to our biomass-based diesel and industrial biotechnology businesses. We have developed a patented technology that uses microbes to convert sugars to biodiesel in a one-step fermentation process similar to ethanol manufacturing. Some of the patents issued to us do not expire until 2034 and additional patent applications in prosecution if issued will extend beyond 2034.

Customer concentration

Our sales to one customer, Pilot Travel Centers LLC, or Pilot, were \$219.2 million, \$182.2 million and \$144.8 million, representing approximately 9%, 8% and 8% of our total revenues for each of 2018, 2017, and 2016, respectively. Our revenues from Pilot generally do not directly include the RINs associated with the gallons of biomass-based diesel sold. The value of those RINs represented approximately an additional 2%, 9% and 9% of our total sales in 2018, 2017 and 2016, respectively, based on the OPIS average RIN price for the year.

Executive Officers of the Registrant

Cynthia J. Warner, age 60, has served as our President and Chief Executive Officer since January 2019. Ms. Warner was Executive Vice President, Operations for Andeavor (formerly known as Tesoro Corporation) from August 2016 until Andeavor's acquisition by Marathon Petroleum Corporation in October 2018. Prior to that, Ms. Warner served as Andeavor's Executive Vice President, Strategy and Business Development, since October 2014. From 2012 to August 2014, Ms. Warner was Chairman and Chief Executive Officer of Sapphire Energy, Inc. and she continued to serve as Chairman through February 2015. From 2009 to 2011, Ms. Warner was President of Sapphire Energy. From 2007 to 2009, she was Group Vice President, Global Refining, at BP plc. Ms. Warner has served as a member of the Board of Directors of IDEX Corporation (NYSE: IEX) since February 2013. She is also a member of the National Petroleum Council. Ms. Warner has a Bachelor of Engineering degree in Chemical Engineering from Vanderbilt University and an MBA from Illinois Institute of Technology.

Chad Stone, age 49, has served as our Chief Financial Officer since August 2009. Prior to joining REG, from October 2007 to May 2009, he was a Director at Protiviti Inc., a global business consulting and internal audit firm. From August 1997 to September 2007, Mr. Stone served as Director with PricewaterhouseCoopers and he worked at Arthur Andersen from July 1992 to August 1997, departing as a manager. Mr. Stone was elected to the governing Board of the National Biodiesel Board in 2015, and has served as Vice-Chairman since November 2018, previously having served as Secretary from November 2016 to November 2018. Mr. Stone served on the Executive Board of the Iowa Biodiesel Board from September 2010 to September 2016, serving as Vice-Chairman from 2014-2015. Since October 2015, Mr. Stone has served on the University of Iowa School of Management's Advisory Committee. Mr. Stone has over 20 years of experience in leading financial reporting, strategy, policy and compliance. Mr. Stone holds an M.B.A. with concentrations in finance, economics and accounting from the University of Chicago, Graduate School of Business and a B.B.A in Accounting from the University of Iowa. He is also a Certified Public Accountant.

Brad Albin, age 56, has served as our Vice President, Manufacturing since February 2008. Mr. Albin joined REG in 2006. From 2002 to 2006, Mr. Albin served as Executive Director of Operations for Material Sciences Corporation, where he directed multi-plant operations for automotive and global appliance industries. From 1996 to 2002, Mr. Albin was the Vice President of Operations for Griffin Industries. Mr. Albin has over 25 years of experience in executive operations positions in multi-feedstock

biomass-based diesel, chemical, food and automotive supplier companies, such as The Monsanto Company, The NutraSweet Company and Griffin Industries. Mr. Albin was a charter member of the National Biodiesel Accreditation Committee. Mr Albin is a current director on two boards where REG has investments and was previously on the Board of Managers for Petrotec GmbH before REG acquired full ownership in 2017. Mr. Albin was previously the President and Vice President of the Iowa Renewable Fuels Association from 2011-2013. In November 2014, Mr. Albin completed the Advanced Management Program from the University of Chicago Booth School of Business and he holds a B.S. in Chemistry from Eastern Illinois University.

Gary Haer, age 65, has served as our Vice President, Sales and Marketing since we commenced operations in August 2006. From October 1998 to August 2006, Mr. Haer served as the National Sales and Marketing Manager for biodiesel for West Central Cooperative, now known as Landus Cooperative, and was responsible for developing the marketing and distribution infrastructure for biodiesel sales in the United States. Mr. Haer has over 20 years of experience in the biomass-based diesel industry. Mr. Haer previously served on the Executive Committee of the National Biodiesel Board's Governing Board and was Past Chairman. He held various officer positions during his tenure from 1998 to 2017. Mr. Haer holds an M.B.A. from Baker University and a B.S. in Accounting from Northwest Missouri State University.

Eric M. Bowen, age 47, has served as our Vice President, Corporate Business Development & Legal Affairs since January 2013, and has led the REG Life Sciences business unit since January 2014. From June 2010 to January 2013, Mr. Bowen served as our Executive Director, Corporate Business Development and Legal Affairs. From 2005 to June 2010, Mr. Bowen was Founder, President and CEO of Tellurian Biodiesel, Inc. (formerly San Francisco Biodiesel), which was acquired by the Company. Prior to entering the advanced biofuels industry, Mr. Bowen practiced corporate and securities law in Silicon Valley. Mr. Bowen has been active in setting biofuels policy as a founding member of the California Advanced Biofuels Alliance and as Chairman from 2007 to 2012. He also served as Chairman of the San Francisco Biodiesel Taskforce and as a member of the California LCFS Advisory Panel. Mr. Bowen has served as a member of the Board of Directors of a company in which REG has invested since November 2013. Mr. Bowen is also on the board of the California Advanced Biofuel Alliance. Mr Bowen holds a J.D. from the University of California, Berkeley and a B.A. from the University of Oregon Honors College.

Available Information

Our internet address is <http://www.regi.com>. Through that address, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge as soon as reasonably practicable after they are filed with the United States Securities and Exchange Commission. The information contained on our website is not included in, or incorporated by reference into, this annual report on Form 10-K.

ITEM 1A. Risk

Factors

Our business, financial condition, results of operations and liquidity are subject to various risks and uncertainties, including those described below. As a result, the trading price of our common stock could decline.

RISKS RELATED TO FEDERAL AND STATE INCENTIVES

The Renewable Fuel Standard Program, a Federal law mandating the consumption of qualifying biofuels, could be repealed, curtailed or otherwise changed, which might have a material adverse effect on our revenues, operating margins and financial condition.

We and other participants in the biomass-based diesel industry rely on governmental programs requiring or incentivizing the consumption of biofuels. Biomass-based diesel has historically been more expensive to produce than petroleum-based diesel fuel and these governmental programs support a market for biomass-based diesel that might not otherwise exist.

One of the most important of these programs is the Renewable Fuel Standard ("RFS2"), a Federal law which requires that transportation fuels in the United States contain a minimum amount of renewable fuel. This program is administered by the Environmental Protection Agency ("EPA"). The EPA's authority includes setting annual minimum aggregate levels of consumption in four renewable fuel categories, including the two primary categories in which our fuel competes (biomass-based diesel and advanced biofuel). The parties obligated to comply with this renewable volume obligation ("RVO"), are petroleum refiners and petroleum fuel importers.

The petroleum industry is strongly opposed to the RFS2 and can be expected to continue to press for changes both in the RFS2 itself and in the way that it is administered by the EPA. One key point of contention is the rate of growth in the annual RVO. The RVO for biomass-based diesel was set at steadily rising levels beginning at 1.0 billion gallons in 2012 and increasing to 2.00 billion gallons in 2017. However, growth in the RVO was constrained from 2017 through 2019, as the biomass-based diesel RVO increased by only 100,000 gallons from 2.00 billion to 2.10 billion gallons while the advanced biofuel RVO increased from 4.28 billion gallons to 4.92 billion gallons. For 2020, the EPA set the biomass-based diesel RVO

at 2.43 billion gallons. The 2020 advanced biofuel RVO will be established later this year. We believe that growth in the annual RVOs strongly influences our ability to grow our business and supports the price of our fuel through the RINs. The EPA's future decisions regarding the RVO will significantly influence our revenues and profit margins.

The RFS2 also grants to the EPA authority to grant small refiner waivers, waiving, in whole or in part, a qualifying refiner's obligation based on a determination that the program is causing severe economic harm to that refinery. Prior to 2016, relatively few requests were made for waivers and roughly half of those requests were granted by the EPA. In the 2016 compliance year, the EPA received 20 requests, granted 19, with one remaining pending today, which amounted to approximately 790 million total RINs that were being waived through exceptions. In the 2017 and 2018 compliance years, the EPA received 37 waiver requests each year. According to the EPA, 29 of the 2017 requests were granted with seven still pending and one withdrawn, which amounted to 1,460 million RINs or 7.6% of the total RIN requirement that was waived. All 37 requests for 2018 remain pending. We believe that these exemptions, in addition to other factors such as HOBOS spread, impacted the demand for and price of RINs as the average price of D4 RINs fell from \$0.82 to \$0.55 during 2018 according to OPIS data. If the EPA continues this practice, it will harm demand for and the price of RINs and thus our profitability.

The United States Congress could repeal, curtail or otherwise change the RFS2 program in a manner adverse to us. Similarly, the EPA could curtail or otherwise change its administration of the RFS2 program in a manner adverse to us, including by not increasing or even decreasing the RVO, by waiving compliance with the RVO or otherwise. In addition, while Congress specified RFS2 volume requirements through 2022 (subject to adjustment in the rulemaking process), beginning in 2023 required volumes of renewable fuel will be largely at the discretion of the EPA (in coordination with the Secretary of Energy and Secretary of Agriculture). We cannot predict what changes, if any, will be instituted or the impact of any changes on our business, although adverse changes could seriously harm our revenues, earnings and financial condition.

Loss of or reductions in Federal and State Government tax incentives for biomass-based diesel production or consumption may have a material adverse effect on our revenues and operating margins.

Federal and State Government tax incentives have assisted the biomass-based diesel industry by making the price of biomass-based diesel more cost competitive with the price of petroleum-based diesel fuel to the end user.

Federal Tax Incentives

The most significant tax incentive program has been the federal biodiesel mixture excise tax credit, referred to as the Biodiesel Tax Credit ("BTC"). Under the BTC, the first person to blend pure biomass-based diesel with petroleum-based diesel fuel receives a \$1.00-per-gallon refundable tax credit.

The BTC was established on January 1, 2005 and has lapsed and been reinstated retroactively and prospectively several times. Most recently in February 2018, the BTC was retroactively reinstated for 2017, but was not reinstated for any subsequent periods. As a result, the BTC has not been in effect since January 1, 2018. As was the case in previous periods when the BTC was not in effect, we and many other biomass-based diesel industry producers have adopted contractual arrangements with customers and vendors specifying the allocation and sharing of any retroactively reinstated incentive. Whether the BTC will be reinstated for 2018 or future years will have a very significant impact on our results of operations and financial condition. Reinstatement of the BTC for 2017 resulted in a \$205 million net benefit (after satisfaction of sharing arrangements) to our net income in the first quarter of 2018 and to our Adjusted EBITDA for 2017. We estimate that if the BTC is reinstated for 2018 on the same terms as in 2017, the net benefits to our net income in the period in which it is reinstated and Adjusted EBITDA for business conducted in the year ended December 31, 2018, would each increase by approximately \$237 million.

Unlike the RFS2 program, the BTC has a direct effect on Federal Government spending and changes in federal budget policy could result in its elimination or in changes to its terms that are less beneficial to us. We cannot predict what action, if any, Congress may take with respect to the BTC. There is no assurance that the BTC will be reinstated, that it will be reinstated on the same terms or, if reinstated, that its application will be retroactive, prospective or both. Due to the significance of this program to our business, adverse changes in the BTC can be expected to seriously harm our results of operations and financial condition.

State Tax Incentives

Several states have enacted tax incentives for the use of biodiesel. For example, Illinois has a generally applicable 6.25% sales tax, but offers an exemption from this tax for a blend of fuel that consists of 11% biodiesel ("B11"). In Iowa, for 2018 through 2024, retailers earn \$0.035 per gallon of B5 - B10 and \$0.055 per gallon for B11 and above. Iowa also has a biomass-based diesel production incentive that provides \$0.02 per gallon of production capped after the first 25 million gallons per production plant. The biomass-based diesel portion of biomass-based diesel blends are exempt from Texas state excise tax, which results in a \$0.20 per gallon incentive for B100. Minnesota law requires a B5 biodiesel blend except during the summer months when a B20 blend is required. State budget or other considerations could cause the modification or elimination of tax

incentive programs. The curtailment or elimination of such incentives could materially and adversely affect our revenues and profitability.

We derive a significant portion of our revenues from sales of our renewable fuel in the State of California primarily as a result of California's Low Carbon Fuel Standard; adverse changes in this law or reductions in the value of the credits we receive under the LCFS and sell to third parties would harm our revenues and profits.

We estimate that our revenues from the sale of renewable fuel in California and from sales of credits received under California's Low Carbon Fuel Standard ("LCFS") were approximately \$353.3 million in 2018. The LCFS is designed to reduce greenhouse gas emissions associated with transportation fuels used in California by ensuring that the total amount of fuel consumed meets declining targets for such emissions. The regulation quantifies lifecycle greenhouse gas emissions by assigning a "carbon intensity" ("CI") score to each transportation fuel based on that fuel's lifecycle assessment. Each petroleum fuel provider, generally the fuel's producer or importer is required to ensure that the overall CI score for its fuel pool meets the annual carbon intensity target for a given year. This obligation is tracked through credits and deficits and credits can be traded. We receive LCFS credits when we sell qualified biomass-based diesel in California. As a result of the trading price of LCFS credits, California has become a desirable market in which to sell our renewable fuel. In 2018, LCFS credit prices increased from \$116 per credit on January 2, 2018 to \$195 per credit on December 31, 2018. As a result, an increasing percentage of our revenue and profit is related to sales to California and LCFS credit values. If the value of LCFS credits were to materially decrease as a result of greater supply or reduced demand for qualifying renewable fuel, if the fuel we produce is deemed not to qualify for LCFS credits or if the LCFS or the manner in which it is administered or applied were otherwise changed in a manner adverse to us, our revenues and profits could be seriously harmed.

RISKS RELATED TO OUR BUSINESS OPERATIONS AND THE MARKETS IN WHICH WE OPERATE

Increased industry-wide production of biodiesel as a result of potential utilization of existing excess production capacity, announced large plant expansions of renewable diesel and potential co-processing of renewable diesel by petroleum refiners, could reduce prices for our fuel and increase the cost of feedstocks used to produce them, which would seriously harm our revenues and results of operations.

If additional volumes of advanced biofuel RIN production come online and the EPA does not increase the RVO in accordance with the increased production, the volume of advanced biofuel RINs generated could exceed the volume required under the RFS2. In the event this occurs, biomass-based diesel and advanced biofuel RIN prices would be expected to decrease, potentially significantly, harming demand for our products and our profitability.

According to the National Biodiesel Board ("NBB"), in 2017, 4.1 billion gallons per year of biomass-based diesel production capacity in the United States was registered under the RFS2 program by NBB members. In addition to this amount, several hundred million more gallons of U.S. based biomass-based diesel production capacity was registered by non-NBB members and another 4.5 billion gallons of biomass-based diesel production was registered by foreign producers. These amounts far exceed both historic consumption of biomass-based diesel in the United States and required consumption under the RFS2.

Additionally, several leading biomass-based diesel companies have announced their intention to expand their production of renewable diesel for the U.S. market. World Energy has announced that it will expand capacity at its Los Angeles area biorefinery from its existing 45 mmgy to over 300 mmgy. Diamond Green Diesel, the largest U.S. producer of renewable diesel, has announced plans to expand its 275 million mmgy capacity by 400 mmgy. Neste, the largest global producer of renewable diesel, announced in December 2018 a 440 mmgy expansion of its Singapore facility that exports a significant portion of its production to the U.S. West Coast.

Further, due to the economic incentives available, several petroleum refiners have started or may soon start to produce co-processed renewable diesel, or CPRD. CPRD uses the same feedstocks we use to produce biomass-based diesel and it generates an advanced biofuel RIN. CPRD may be more cost-effective to produce than biomass-based diesel, particularly biodiesel.

If production of competitive advanced renewable fuels increases significantly as a result of utilization of existing excess production capacity or new capacity as described above, competition for a relatively fixed supply of feedstocks would increase significantly, harming our margins. Furthermore if supply of advanced renewable fuels exceeds demand, prices for our renewable fuel and for RINs and other credits may decrease significantly, harming our profitability and potentially forcing us to idle our facilities.

Our gross margins are dependent on the spread between biomass-based diesel prices and feedstock costs, each of which are volatile and can cause our results of operations to fluctuate substantially.

Biomass-based diesel has traditionally been marketed primarily as an additive or alternative to petroleum-based diesel fuel, and, as a result, biomass-based diesel prices have been heavily influenced by the price of petroleum-based diesel fuel, adjusted for government incentives supporting renewable fuels, more so than biomass-based diesel production costs. The absence of a close correlation between production costs and biomass-based diesel prices means that we may be unable to pass increased production costs on to our customers in the form of higher prices. If there is a decrease in the spread between biomass-based diesel prices and feedstock costs, whether as a result of an increase in feedstock prices or as a result of a reduction in biomass-based diesel and credit prices, our gross margins, cash flow and results of operations would be adversely affected.

Energy prices, particularly the market price for crude oil, are volatile. According to OPIS data, the average B100 price in the Upper Midwest ranged from a low of \$2.77 per gallon to a high of \$3.19 per gallon in 2018. Petroleum prices are volatile due to global factors, such as the impact of wars, political uprisings, new extraction technologies and techniques, OPEC production quotas, worldwide economic conditions, changes in refining capacity and natural disasters.

In addition, an element of the price of biomass-based diesel that we produce is the value of the associated credits, including RINs. RIN prices in the biomass-based diesel category as reported by OPIS fluctuated significantly in 2018, ranging from \$0.31 to \$0.91 per RIN while in 2017, RIN prices started the year at \$1.05 per RIN and declined to a low of \$0.79 per RIN in December. For years there has been significant volatility in RIN prices. For example, in 2013, RIN prices decreased sharply from \$1.09 per RIN on July 1, 2013 to \$0.35 per RIN on December 31, 2013. Reductions in RIN values, such as those experienced in prior years, may have a material adverse effect on our revenues and profits as they directly reduce the value we are able to capture for our biomass-based diesel.

A decrease in the availability or an increase in the price, of feedstocks may have a material adverse effect on our financial condition and operating results. The price and availability of feedstocks and other raw materials may be influenced by general economic, market and regulatory factors. These factors include weather conditions, farming decisions, government policies and subsidies with respect to agriculture and international trade and global supply and demand. During periods when the BTC has lapsed, biomass-based diesel producers may elect to continue purchasing feedstock and producing biomass-based diesel at negative margins under the assumption the BTC will be retroactively reinstated, and consequently, the price of feedstocks may not decrease to a level proportionate to current operating margins. Increasing production of biomass-based diesel and, particularly recent and prospective expansion of renewable diesel capacity, the development of alternative fuels and renewable chemicals also puts pressure on feedstock supply and availability to the biomass-based diesel industry. The biomass-based diesel industry may have difficulty in procuring feedstocks at economical prices if competition for biomass-based diesel feedstocks increases due to newly added biodiesel capacity or alternative fuels.

Historically, the spread between biomass-based diesel prices and feedstock costs has varied significantly. Although actual yields vary depending on the feedstock quality, the average monthly spread between the price per gallon of 100% pure biodiesel ("B100") as reported by The Jacobsen Publishing Company, and the price per gallon for the amount of choice white grease necessary to produce one gallon of B100 was \$1.28 in 2016, \$1.20 in 2017 and \$1.38 in 2018, assuming eight pounds of choice white grease yields one gallon of biomass-based diesel. The average monthly spread for the amount of crude soybean oil required to produce one gallon of B100, based on the nearby futures contract as reported on the Chicago Board of Trade, was \$0.73 in 2016, \$0.64 in 2017 and \$0.76 in 2018, assuming 7.5 pounds of soybean oil yields one gallon of biomass-based diesel. For each year from 2016 to 2018, approximately 72%, 73% and 77%, respectively, of our annual total feedstock usage was inedible corn oil, used cooking oil or inedible animal fat, and approximately 28%, 27% and 23%, respectively, was virgin vegetable oils. When the spread between biomass-based diesel prices and feedstock prices narrows, our profitability will be harmed.

Risk management transactions could significantly increase our operating costs and may not be effective.

In an attempt to partially offset the effects of volatile feedstock costs and biomass-based diesel fuel prices, we enter into contracts that establish market positions in feedstocks, such as inedible corn oil, used cooking oil, inedible animal fats and soybean oil, along with related commodities, such as heating oil and ultra-low sulfur diesel ("ULSD"). The financial impact of such market positions depends on commodity prices at the time that we are required to perform our obligations under these contracts as well as the cumulative sum of the obligations we assume under these contracts.

Risk management activities can themselves result in losses when a position is purchased in a declining market or a position is sold in a rising market. Risk management arrangements expose us to the risk of financial loss in situations where the counterparty defaults on its contract or, in the case of exchange-traded or over-the-counter futures or options contracts, where there is a change in the expected differential between the underlying price in the contract and the actual prices paid or received by us. Changes in the value of these futures instruments are recognized in current income and may result in margin calls. We had risk management gains of \$18.4 million from our derivative financial instrument trading activity for the year

ended December 31, 2018, compared to risk management losses of \$23.4 million for the year ended December 31, 2017. At December 31, 2018, the net notional volumes of NY Harbor ULSD, CBOT Soybean Oil and NYMEX Natural Gas covered under the open risk management contracts were approximately 83.3 million gallons and 218.3 million pounds and 1.3 million million British thermal units, respectively. A 10% positive change in the prices of NYMEX NY Harbor ULSD would have a negative effect of \$14.0 million on the fair value of these instruments at December 31, 2018. A 10% adverse change in the price of CBOT Soybean Oil would have had a negative effect of \$6.1 million on the fair value of these instruments at December 31, 2018. If these adverse changes in derivative instrument fair value were to occur in larger magnitude or simultaneously, a significant amount of liquidity would be needed to fund margin calls. In addition, we may also vary the amount of risk management strategies we undertake, or we may choose not to engage in risk management transactions at all. Our results of operation may be negatively impacted if we are not able to manage our risk management strategy effectively.

One customer accounted for a meaningful percentage of revenues and a loss of this customer could have an adverse impact on our total revenues.

One customer, Pilot Travel Centers LLC, ("Pilot"), the largest operator of travel centers in North America, accounted for 9%, 8% and 8% of our revenues in each of 2018, 2017 and 2016, respectively. Our revenues from Pilot generally do not include the RINs or LCFS credits associated with the gallons of biomass-based diesel sold to Pilot. The value of those RINs and LCFS credits represented approximately an additional 2%, 9% and 9% of our total sales in 2018, 2017 and 2016, respectively, based on the OPIS average RIN and LCFS price for these periods. In the event we lose Pilot as a customer or Pilot significantly reduces the volume of biomass-based diesel purchased from us, it could be difficult to replace the lost revenues, and our profitability and cash flow could be materially harmed. We do not have a long-term contract with Pilot that ensures a continuing level of business from Pilot.

Our facilities and our customers' facilities are subject to risks associated with fire, explosions, leaks, and natural disasters, which may disrupt our business and increase costs and liabilities.

Because biomass-based diesel and some of its inputs and outputs are combustible and/or flammable, a leak, fire or explosion may occur at a plant or customer's facility which could result in damage to the plant and nearby properties, injury to employees and others, and interruption of operations. For example, we experienced fires at our Geismar facility in April 2015 and again in September 2015 and there was a fire at our Madison facility in June 2017. As a result of these fires, people were injured and the affected facilities were shut down for lengthy periods while repairs and upgrades were completed.

The operations at our facilities are also subject to the risk of natural disasters. Our Houston and Geismar facilities, due to their Gulf Coast locations, are vulnerable to hurricanes and flooding, which may cause plant damage, injury to employees and others and interruption of operations. For example, in August 2016 we experienced reduced operating days at our Geismar facility as a result of local area flooding and reduced operating days at our Houston facility as a result of Hurricane Harvey in August 2017. A majority of our facilities are located in the Midwest, and are subject to tornado activity. In addition, California has become one of our largest markets, serviced by our Geismar and Midwest facilities. An earthquake or other natural disaster could disrupt our ability to transport, store and deliver products to the California market.

If we experience a fire or other serious incident at our facilities or if any of our facilities is affected by a natural disaster, we may incur significant additional costs including, among other things, loss of profits due to unplanned temporary or permanent shutdowns of our facilities, or the means of transporting our products, cleanup costs, liability for damages or injuries, legal expenses and reconstruction expenses, which would harm our results of operations and financial condition.

In addition to biodiesel and renewable diesel, we store and transport petroleum-based motor fuels. The dangers inherent in the storage and transportation of fuels could cause disruptions in our operations and could expose us to potentially significant losses, costs or liabilities.

We store fuel in aboveground storage tanks and transport fuel in our own trucks as well as with third-party carriers. Our operations are subject to significant hazards and risks inherent in transporting and storing fuel. These hazards and risks include, but are not limited to, traffic accidents, fires, explosions, spills, discharges, and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims, and other damage to our properties and the properties of others. Any such event not covered by our insurance could have a material adverse effect on our business, financial condition and results of operations.

Our insurance may not protect us against our business and operating risks.

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some

instances, certain insurance policies may become unavailable or available only for reduced amounts of coverage. As a result, we may not be able to renew our existing insurance policies or procure other desirable insurance on commercially reasonable terms, if at all. Although we intend to maintain insurance at levels we believe are appropriate for our business and consistent with industry practice, we will not be fully insured against all risks. In addition, pollution, environmental risks and the risk of natural disasters generally are not fully insurable. Losses and liabilities from uninsured and underinsured events and delay in the payment of insurance proceeds could have a material adverse effect on our financial condition and results of operations.

We operate in a highly competitive industry and competition in our industry would increase if new participants enter the biomass-based diesel or advanced biofuels business.

We operate in a very competitive environment. The biomass-based diesel industry primarily comprises smaller entities that engage exclusively in biodiesel production, large integrated agribusiness companies that produce biodiesel along with their soybean crush businesses and increasingly, integrated petroleum companies producing renewable diesel. We face competition for capital, labor, feedstocks and other resources from these companies. In the United States, we compete with soybean processors and refiners, including Archer-Daniels-Midland Company, Cargill, and Louis Dreyfus Commodities. In addition, petroleum refiners are increasingly entering into renewable diesel production. Such petroleum refiners include Neste Corporation with approximately 882 mmgy of global renewable diesel production capacity in Asia and Europe, and Valero Energy Corporation through its Diamond Green Diesel joint venture that operates an approximate 275 mmgy capacity renewable diesel facility in Norco, Louisiana that is in the process of being expanded by 400 mmgy. In addition, petroleum refiners such as Sinclair, British Petroleum and Andeavor (formerly known as Tesoro) have announced that they have begun co-processing renewable diesel at certain of their refineries. All of these named competitors have greater financial resources than we do and may be able to produce biomass-based diesel at a lower cost than we do due to their integrated operations or greater refining capacity.

Petroleum companies and diesel retailers form the primary distribution networks for marketing biomass-based diesel through blended petroleum-based diesel. If these companies increase their direct or indirect biomass-based diesel production, including in the form of co-processing, there will be less need to purchase biomass-based diesel from independent biomass-based diesel producers like us. Such a shift in the market would materially harm our operations, cash flows and financial position.

We derive a substantial portion of our profitability from the production of renewable diesel at our plant located in Geismar, Louisiana and any interruption in our operations at this facility would have a material adverse effect on our results of operations and financial conditions.

Renewable diesel carries a premium price to biodiesel as a result of a variety of factors including the ability to blend it with petroleum diesel seamlessly, better cold weather performance, and because it generates more RINs on a per gallon basis. We estimate that our renewable diesel production facility in Geismar, Louisiana generated more than half of our adjusted EBITDA in 2018. We experienced two fires at this facility in 2015 that each resulted in the plant being shut down for a lengthy period. If production at this facility were interrupted again due to a fire or for any other reason, it would have a disproportionately significant and material adverse impact on our results of operations and financial conditions.

Technological advances and changes in production methods in the biomass-based diesel industry and renewable chemical industry could render our plants obsolete and adversely affect our ability to compete.

It is expected that technological advances in biomass-based diesel production methods will continue to occur and new technologies for biomass-based diesel production may develop. Advances in the process of converting oils and fats into biodiesel and renewable diesel, including CPRD, could allow our competitors to produce biomass-based diesel faster and more efficiently and at a substantially lower cost. In addition, we currently produce biomass-based diesel to conform to or exceed standards established by the American Society for Testing and Materials ("ASTM"). ASTM standards for biomass-based diesel and biomass-based diesel blends may be modified in response to new technologies from the industries involved with diesel fuel.

New standards or production technologies may require us to make additional capital investments in, or modify, plant operations to meet these standards. If we are unable to adapt or incorporate technological advances into our operations, our production facilities could become less competitive or obsolete. Further, it may be necessary for us to make significant expenditures to acquire any new technology, acquire licenses or other rights to technology and retrofit our plants in order to incorporate new technologies and remain competitive. There is no assurance that we will be able to obtain such technologies, licenses or rights on favorable terms. If we are unable to obtain, implement or finance new technologies, our production facilities could be less efficient than our competitors, and our ability to produce biomass-based diesel on a competitive level may be harmed, negatively impacting our revenues and profitability.

Our intellectual property is integral to our business. If we are unable to protect our intellectual property, or others assert that our operations violate their intellectual property, our business could be adversely affected.

Our success depends in part upon our ability to protect and prevent others from using our intellectual property. Failure to obtain or maintain adequate intellectual property protection could adversely affect our competitive business position. We rely on a combination of intellectual property rights, including patents, copyrights, trademarks and trade secrets in the United States and in select foreign countries. Effective patent, copyright, trademark and trade secret protection may be unavailable, limited or not applied for in some countries.

We rely in part on trade secret protection to protect our confidential and proprietary information and processes. However, trade secrets are difficult to protect. We have taken measures to protect our trade secrets and proprietary information, but these measures may not be effective. For example, we require new employees and consultants to execute confidentiality agreements upon the commencement of their employment or consulting arrangement with us. These agreements generally require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. These agreements also generally provide that knowhow and inventions conceived by the individual in the course of rendering services to us are our exclusive property. Nevertheless, these agreements may be breached, or may not be enforceable, and our proprietary information may be disclosed. Despite the existence of these agreements, third parties may independently develop substantially equivalent proprietary information and techniques.

It may be difficult for us to protect and enforce our intellectual property. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. If we pursue litigation to assert our intellectual property rights, an adverse judicial decision in any legal action could limit our ability to assert our intellectual property rights, limit our ability to develop new products, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations.

A competitor could seek to enforce intellectual property claims against us. Defending intellectual property rights claims asserted against us, regardless of merit, could be time-consuming, expensive to litigate or settle, divert management resources and attention and force us to acquire intellectual property rights and licenses, which may involve substantial royalty payments. Further, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages.

Increases in our transportation costs or disruptions in our transportation services could have a material adverse effect on our business.

Our business depends on transportation services to deliver raw materials to us and finished products to our customers. The costs of these transportation services are affected by the volatility in fuel prices or other factors. For example, from January 2016 to mid-2018, diesel prices increased from just over one dollar per gallon to over two dollars per gallon for the second and third quarters of 2018.

Changes in fuel prices, and thus changes in our transportation costs, can be drastic and unpredictable. Our transportation costs are also affected by U.S. oil production in the Bakken, which has had a significant impact on tank car availability and prices. If oil production from this area increases, the demand for rail cars will rise and will significantly increase rail car prices. We have not been able in the past, and may not be able in the future, to pass along part or all of any of these price increases to customers.

If we continue to be unable to increase our prices as a result of increased fuel costs charged to us by transportation providers, our gross margins may be materially adversely affected. If any transportation providers fail to deliver raw materials to us in a timely manner, we may be unable to manufacture products on a timely basis. Shipments of products and raw materials may be delayed due to weather conditions, strikes or other events. Any failure of a third-party transportation provider to deliver raw materials or products in a timely manner could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon our key management personnel and other personnel whereby the loss of any of these persons could adversely affect our results of operations.

Our success depends on the abilities, expertise, judgment, discretion, integrity and good faith of our management and employees to manage the business and respond to economic, market and other conditions. We are highly dependent upon key members of our relatively small management team and employee base that possess unique technical skills for the execution of our business plan. There can be no assurance that any individual will continue in his or her capacity for any particular period of time or that replacement personnel with comparable skills could be found. The inability to retain our management team and employee base or attract suitably qualified replacements and additional staff could adversely affect our business. The loss of

employees could delay or prevent the achievement of our business objectives and have a material adverse effect upon our results of operations and financial position.

We may encounter difficulties in effectively integrating the businesses we acquire, including our international businesses where we have limited operating history.

We may face significant challenges in effectively integrating entities and businesses that we acquire, and we may not realize the benefits anticipated from such acquisitions. Achieving the anticipated benefits of our acquired businesses will depend in part upon whether we can integrate our businesses in an efficient and effective manner. Our integration of acquired businesses involves a number of risks, including:

- difficulty in integrating the operations and personnel of the acquired company;
- difficulty in effectively integrating the acquired technologies, products or services with our current technologies, products or services;
- demands on management related to the increase in our size after the acquisition;
- the diversion of management's attention from daily operations to the integration of acquired businesses and personnel;
- failure to achieve expected synergies and costs savings;
- difficulties in the assimilation and retention of employees;
- difficulties in the assimilation of different cultures and practices, as well as in the assimilation of broad and geographically dispersed personnel and operations;
- difficulties in the integration of departments, systems, including accounting systems, technologies, books and records and procedures, as well as in maintaining uniform standards and controls, including internal control over financial reporting, and related procedures and policies;
- incurring acquisition-related costs or amortization costs for acquired intangible assets that could impact our operating results;
- the need to fund significant working capital requirements of any acquired production facilities;
- potential failure of the due diligence processes to identify significant problems, liabilities or other shortcomings or challenges of an acquired company or technology, including but not limited to, issues with the acquired company's intellectual property, product quality, environmental liabilities, data back-up and security, revenue recognition or other accounting practices, employee, customer or partner issues or legal and financial contingencies;
- exposure to litigation or other claims in connection with, or inheritance of claims or litigation risk as a result of, an acquisition, including but not limited to, claims from terminated employees, customers, former stockholders or other third parties; and
- incurring significant exit charges if products or services acquired in business combinations are unsuccessful.

Our ability to recognize the benefit of our acquisition of two biodiesel production facilities in Germany and associated business operations, or any other international operations we may invest in the future, will require the attention of management and is subject to a number of risks. Our experience operating a biorefinery and other business operations outside of the United States is limited. In addition, while the biodiesel market in Europe benefits from regulations that encourage the use of biodiesel, these regulations are subject to political and public opinion and may be changed. In addition, expanding our operations internationally subjects us to the following risks:

- recruiting and retaining talented and capable management and employees in foreign countries;
- challenges caused by distance, language and cultural differences;
- protecting and enforcing our intellectual property rights;
- difficulties in the assimilation and retention of employees;
- the inability to extend proprietary rights in our technology into new jurisdictions;
- currency exchange rate fluctuations;
- general economic and political conditions in foreign jurisdictions;
- foreign tax consequences;
- foreign exchange controls or U.S. tax laws in respect of repatriating income earned in countries outside the United States;
- compliance with the U.S.'s Foreign Corrupt Practices Act and other similar anti-bribery and anti-corruption regulations;
- political, economic and social instability;
- higher costs associated with doing business internationally;
- and

- export or import regulations as well as trade and tariff restrictions.

Our failure to successfully manage and integrate our acquisitions could have an adverse effect on our operating results, ability to recognize international revenue, and our overall financial condition.

We incur significant expenses to maintain and upgrade our operating equipment and plants, and any interruption in the operation of our facilities may harm our operating performance.

We regularly incur significant expenses to maintain and upgrade our equipment and facilities. The machines and equipment that we use to produce our products are complex, have many parts and some are run on a continuous basis. We must perform routine maintenance on our equipment and will have to periodically replace a variety of parts such as motors, pumps, pipes and electrical parts. In addition, our facilities require periodic shutdowns to perform major maintenance and upgrades. These scheduled shutdowns of facilities result in decreased sales and increased costs in the periods in which a shutdown occurs and could result in unexpected operational issues in future periods as a result of changes to equipment and operational and mechanical processes made during the shutdown period.

Growth in the sale and distribution of biodiesel is dependent on the expansion of related infrastructure which may not occur on a timely basis, if at all, and our operations could be adversely affected by infrastructure limitations or disruptions.

While renewable diesel has the same chemical composition as petroleum diesel and can utilize the same distribution infrastructure, biodiesel has a different chemical composition and may require separate or additional infrastructure. Growth in the biodiesel market depends on continued development of infrastructure for the distribution of biodiesel. Substantial investment required for these infrastructure changes and expansions may not be made on a timely basis or at all. The scope and timing of any infrastructure expansion are often beyond our control. Also, we compete with other biofuel companies for access to some of the key infrastructure components such as pipeline, terminal and underground storage tank capacity. As a result, increased production of biodiesel will increase the demand and competition for necessary infrastructure. Any delay or failure in expanding distribution infrastructure could hurt the demand for or prices of biodiesel, impede delivery of our biodiesel, and impose additional costs, each of which would have a material adverse effect on our results of operations and financial condition. Our business will be dependent on the continuing availability of infrastructure for the distribution of increasing volumes of biodiesel and any infrastructure disruptions could materially harm our business.

Our business is subject to seasonal changes based on regulatory factors and weather conditions and this seasonality could cause our revenues and operating results to fluctuate.

Our operating results are influenced by seasonal fluctuations in the price of and demand for biomass-based diesel. Seasonal fluctuations may be based on both the weather and the status of both the BTC and RVO.

Demand for our biomass-based diesel may be higher in the quarters leading up to the expiration of the BTC as customers seek to purchase biomass-based diesel when they can benefit from the agreed upon value sharing of the BTC with producers. This higher demand prompted by an expiring BTC has often resulted in reduced demand for biodiesel in the following quarter. In addition, RIN prices may also be subject to seasonal fluctuations. The RIN is dated for the calendar year in which it is generated. Since 20% of an Obligated Party's annual RVO can be satisfied by prior year RINs, most RINs must come from biofuel produced or imported during the RVO year. As a result, RIN prices can be expected to increase as the calendar year progresses if the RIN market is undersupplied compared to that year's RVO and decrease if it is oversupplied.

Weather also impacts our business because biodiesel typically has a higher cloud point than petroleum-based or renewable diesel. The cloud point is the temperature below which a fuel exhibits a noticeable cloudiness and eventually gels, leading to fuel handling and performance problems for customers and suppliers. Reduced demand in the winter for our higher cloud point biodiesel may result in excess supply of such higher cloud point biodiesel and lower prices for such higher cloud point biodiesel. Most of our production facilities are located in colder Midwestern states and our costs of shipping biodiesel to warmer climates generally increase in cold weather months.

The tendency of biodiesel to gel in colder weather may also result in long-term storage problems. In cold climates, fuel may need to be stored in a heated building or heated storage tanks, which result in higher storage costs. Higher cloud point biodiesel may have other performance problems, including the possibility of particulate formation above the cloud point which may result in increased expenses as we try to remedy these performance problems, including the costs of extra cold weather treatment additives. Remedying these performance problems may result in decreased yields, lower process throughput or both, as well as substantial capital costs. Any reduction in the demand for our biodiesel product, or the production capacity of our facilities will reduce our revenues and have an adverse effect on our cash flows and results of operations.

Failure to comply with governmental regulations, including EPA requirements relating to RFS2, could result in the imposition of penalties, fines, or restrictions on our operations and remedial liabilities.

The biomass-based diesel industry is subject to extensive federal, state and local laws and regulations. Under certain environmental laws and regulations, we could be held strictly liable for the removal or remediation of previously released materials or property contamination regardless of whether we were responsible for the release or contamination, and regardless of whether current or prior operations were conducted consistent with the accepted standards of practice. Many of our assets and plants were acquired from third parties and we may incur costs to remediate property contamination caused by previous owners. Compliance with these laws, regulations and obligations could require substantial capital expenditures. Failure to comply could result in the imposition of penalties, fines or restrictions on operations and remedial liabilities.

Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our business in general and on our results of operations, competitive position or financial condition. We are unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would significantly increase our cost of doing business or affect our operations in any area.

We are subject to various laws and regulations related to RFS2, most significantly regulations related to the generation and dissemination of RINs. These regulations are highly complex and continuously evolving, requiring us to periodically update our compliance systems. In 2014, the EPA issued a final rule to establish a quality assurance program and the EPA also implemented regulations related to the generation and sale of biomass-based diesel RINs. Compliance with these or any new regulations or Obligated Party verification procedures could require significant expenditures to attain and maintain compliance. Any violation of these regulations by us, could result in significant fines and harm our customers' confidence in the RINs we issue, either of which could have a material adverse effect on our business.

Renewable diesel fuel is superior to biodiesel in certain respects and if renewable diesel production capacity increases to a sufficient extent, it could largely supplant biodiesel as the renewable fuel of choice; we may not be successful in expanding our renewable diesel production capacity.

Renewable diesel is not as widely available as biodiesel, but it has certain characteristics that favorably distinguish it from traditional biodiesel and as a result renewable diesel carries a price premium compared to biodiesel. For example, renewable diesel has very similar chemical properties to petroleum-based diesel, which permits 100% renewable diesel (unlike 100% biodiesel) to flow through the same fuel storage and distribution network as petroleum diesel. Renewable diesel can also be used in its pure form in modern engines rather than as a blend with petroleum diesel and has similar cold weather performance as petroleum diesel. Renewable diesel and co-processed renewable diesel may receive 1.6 or 1.7 RINs per gallon, whereas biodiesel receives 1.5 RINs per gallon. As the value of RINs increases, this RIN advantage makes renewable diesel more cost-effective, both as a petroleum-based diesel substitute and for meeting RFS2 requirements. If renewable diesel proves to have superior performance characteristics and is more cost-effective than biodiesel, revenues from our biodiesel plants and our results of operations would be adversely impacted.

In view of the demand and price premium for renewable diesel, we are evaluating opportunities to expand our renewable diesel operations. The opportunities currently under review include a potential collaboration with Phillips 66 on the possible construction of a large-scale renewable diesel plant in Washington state. We have not reached a definitive agreement with Phillips 66 and an agreement may never be reached. We are also evaluating a large-scale expansion of our renewable diesel facility in Geismar, Louisiana. If we elect to undertake either or both of these projects to expand our renewable diesel capacity, we will be required to make substantial capital expenditures, we may incur significant indebtedness and there is no assurance that the new or expanded operations will operate profitably or profitably enough to support the investment we make.

Perception about "food vs. fuel" could impact public policy which could impair our ability to operate at a profit and substantially harm our revenues and operating margins.

Some people believe that biomass-based diesel may increase the cost of food, as some feedstocks such as soybean oil used to make biomass-based diesel can also be used for food products. This debate is often referred to as "food vs. fuel." This is a concern to the biomass-based diesel industry because biomass-based diesel demand is heavily influenced by government policy and if public opinion were to erode, it is possible that these policies could lose political support. These views could also negatively impact public perception of biomass-based diesel. Such claims have led some, including members of Congress, to urge the modification of current government policies which affect the production and sale of biofuels in the United States.

Concerns regarding the environmental impact of biomass-based diesel production could affect public policy which could impair our ability to operate at a profit and substantially harm our revenues and operating margins.

Under the Energy Independence and Security Act of 2007 ("EISA"), the EPA is required to produce a study every three years of the environmental impacts associated with current and future biofuel production and use, including effects on air and water quality, soil quality and conservation, water availability, energy recovery from secondary materials, ecosystem health and

biodiversity, invasive species and international impacts. The only such triennial report was released in February 2012. The 2012 report concludes that (1) the extent of negative impacts to date are limited in magnitude and are primarily associated with the intensification of corn production; (2) whether future impacts are positive or negative will be determined by the choice of feedstock, land use change, cultivation and conservation practices; and (3) realizing potential benefits will require implementation and monitoring of conservation and best management practices, improvements in production efficiency, and implementation of innovative technologies at commercial scales. Should future EPA triennial studies, or other analyses find that biofuel production and use has resulted in, or could in the future result in, adverse environmental impacts, such findings could also negatively impact public perception and acceptance of biofuel as an alternative fuel, which also could result in the loss of political support. To the extent that state or federal laws are modified or public perception turns against biomass-based diesel, use requirements such as RFS2 and state tax incentives may not continue, which could materially harm our ability to operate profitably.

Nitrogen oxide emissions from biodiesel may harm its appeal as a renewable fuel and increase costs.

In some instances, biodiesel may increase emissions of nitrogen oxide as compared to petroleum-based diesel fuel, which could harm air quality. Nitrogen oxide is a contributor to ozone and smog. While newer diesel engines are believed to eliminate any such increase, emissions from older vehicles may decrease the appeal of biodiesel to environmental groups and agencies who have been historic supporters of the biodiesel industry, potentially harming our ability to market our biodiesel.

In addition, several states may act to regulate potential nitrogen oxide emissions from biodiesel. California recently adopted regulations that limit the volume of biodiesel that can be used or requires an additive to reduce potential emissions. In states where such an additive is required to sell biodiesel, the additional cost of the additive may make biodiesel less profitable or make biodiesel less cost competitive against petroleum-based diesel or renewable diesel, which would negatively impact our ability to sell biodiesel in such states and therefore have an adverse effect on our revenues and profitability.

We are dependent upon one supplier to provide hydrogen necessary to execute our renewable diesel production process and the loss of this supplier could disrupt our production process.

Our Geismar facility relies on one supplier to provide hydrogen necessary to execute the production process. Any disruptions to the hydrogen supply during production from this supplier will result in the shutdown of our Geismar plant operations. We are currently seeking additional hydrogen suppliers for our Geismar facility.

RISKS RELATED TO OUR INDEBTEDNESS

We and certain subsidiaries have indebtedness, which subjects us to potential defaults, that could adversely affect our ability to raise additional capital to fund our operations and limits our ability to react to changes in the economy or the biomass-based diesel industry.

At December 31, 2018, our total term debt before debt issuance costs was \$185.8 million. This includes \$75.5 million aggregate carrying value on our \$96.3 million face amount, 4.00% convertible senior notes due in June 2036, which we refer to as the "2036 Convertible Senior Notes", and \$66.4 million aggregate carrying value on our \$67.5 million face value, 2.75% convertible senior notes due in June 2019, which we refer to as the "2019 Convertible Senior Notes". At December 31, 2018, our total term debt also includes borrowings at our Danville facility of \$9.0 million, at our Ralston facility of \$18.9 million, at our Grays Harbor facility of \$8.8 million and at REG Capital LLC. of \$7.2 million.

Our indebtedness could:

- require us to dedicate a substantial portion of our cash flow from operations to payments of principal, interest on, and other fees related to such indebtedness, thereby reducing the availability of our cash flow to fund working capital and capital expenditures, and for other general corporate purposes;
- increase our vulnerability to general adverse economic and biomass-based diesel industry conditions, including interest rate fluctuations, because a portion of our revolving credit facilities are and will continue to be at variable rates of interest;
- limit our flexibility in planning for, or reacting to, changes in our business and the biomass-based diesel industry, which may place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit among other things, our ability to borrow additional funds.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the 2036 Convertible Senior Notes and 2019 Convertible Senior Notes, depends on our future financial performance, which is subject to several factors including economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations under our indebtedness or any future indebtedness we may incur as well as our ability to make necessary capital expenditures. If we are unable to generate such cash

flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional capital on terms that may be onerous or highly dilutive. Our ability to refinance our existing or future indebtedness will depend on the conditions in the capital markets and our financial condition prior to maturity of the indebtedness.

Despite our current indebtedness levels, we may still incur significant additional indebtedness. Incurring more indebtedness could increase the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. As of December 31, 2018, we had \$114.9 million of undrawn availability under our lines of credit, subject to borrowing base limitations. In addition, the indentures governing our convertible notes do not prevent us from incurring additional indebtedness or other liabilities that constitute indebtedness. If new debt or other liabilities are added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

We are subject to counterparty risk with respect to the capped call transactions that we entered into in connection with the issuance of our 2019 Convertible Senior Notes.

In connection with the issuance of our 2019 Convertible Senior Notes, we entered into privately-negotiated capped call transactions with various counterparties. The counterparties to the capped call transactions are financial institutions, and we will be subject to the risk that they might default under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Recent global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If any option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings, with a claim equal to our exposure at that time under our transactions with such option counterparty. Our exposure will depend on many factors, but generally, an increase in our exposure will be correlated to an increase in the market price and volatility of shares of our common stock. In addition, upon a default by any option counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

We may not have the ability to raise the funds necessary to settle conversions of our convertible notes in cash or to repurchase the convertible notes for cash upon a fundamental change or on a repurchase date, and our future debt may contain limitations on our ability to repurchase the convertible notes.

Holders of the 2019 or 2036 Convertible Senior Notes will have the right to require us to repurchase their 2019 or 2036 Convertible Senior Notes upon the occurrence of a fundamental change at a repurchase price generally equal to 100% of their principal amount, plus accrued and unpaid interest, if any.

Holders of the 2036 Convertible Senior Notes will also have the right to require us to repurchase their notes on each of June 15, 2021, June 15, 2026 and June 15, 2031 at a repurchase price generally equal to 100% of their principal amount, plus accrued and unpaid interest, if any.

In addition, holders of the 2019 and 2036 Convertible Senior Notes have the right to convert their notes during any calendar quarter when the last reported sale price of our common stock for 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the applicable conversion price, or \$16.02 in the case of the 2019 Convertible Senior Notes and \$14.01 in the case of the 2036 Convertible Senior Notes. Both series of notes became convertible due to the trading price of our common stock.

The 2019 Convertible Senior Notes will mature on June 15, 2019 and can be converted at any time on or after December 15, 2018. In accordance with the indenture governing the 2019 Convertible Senior Notes, we have elected to settle all conversions of each \$1,000 principal amount of notes being converted on or after October 23, 2018, with \$1,000 in cash and any conversion value in excess of that amount in shares of our common stock. For the 2036 Convertible Senior Notes, our current intent is to settle conversions using cash for the principal amount of convertible senior notes converted, with the remaining value satisfied at the Company's option in cash, stock or a combination of cash and stock. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the 2019 or 2036 Convertible Senior Notes upon a fundamental change or to settle conversion of the 2019 or 2036 Convertible Senior Notes in cash.

In addition, our ability to repurchase the 2019 or 2036 Convertible Senior Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase 2019 or 2036 Convertible Senior Notes at a time when the repurchase is required by the indenture would constitute a default under the indenture governing the 2019 or 2036 Convertible Senior Notes. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our other indebtedness. If the repayment of the related indebtedness were to be accelerated

after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the convertible notes.

Certain provisions in the indenture governing the 2019 or 2036 Convertible Senior Notes could delay or prevent an otherwise beneficial takeover or takeover attempt of us.

Certain provisions in the 2019 or 2036 Convertible Senior Notes and the indenture could make it more difficult or more expensive for a third party to acquire us. For example, if a takeover would constitute a fundamental change, holders of the 2019 or 2036 Convertible Senior Notes will have the right to require us to repurchase their 2019 or 2036 Convertible Senior Notes in cash. In addition, if a takeover constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their 2019 or 2036 Convertible Senior Notes in connection with such takeover. In either case, and in other cases, our obligations under the 2019 or 2036 Convertible Senior Notes and the indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management.

We are a holding company and there are limitations on our ability to receive dividends and distributions from our subsidiaries.

All of our principal assets, including our biomass-based diesel production facilities, are owned by subsidiaries and some of these subsidiaries are subject to loan covenants that generally restrict them from paying dividends, making distributions or making loans to us or to any other subsidiary. These limitations will restrict our ability to repay indebtedness, finance capital projects or pay dividends to stockholders from our subsidiaries' cash flows from operations.

Our debt agreements impose significant operating and financial restrictions on our subsidiaries, which may prevent us from capitalizing on business opportunities.

Certain of our revolving and term credit agreements, including our M&L and Services Revolver, impose significant operating and financial restrictions on certain of our subsidiaries. These restrictions limit certain of our subsidiaries' ability, among other things, to:

- incur additional indebtedness or issue certain disqualified stock and preferred stock;
- place restrictions on the ability of certain of our subsidiaries to pay dividends or make other payments to us;
- engage in transactions with affiliates;
- sell certain assets or merge with or into other companies;
- guarantee indebtedness; and
- create liens.

When (and for as long as) the availability under the M&L and Services Revolver is less than a specified amount for a certain period of time, funds deposited into deposit accounts used for collections will be transferred on a daily basis into a blocked account with the administrative agent and applied to prepay loans under the M&L and Services Revolver.

As a result of these covenants and restrictions, we may be limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. There is no assurance that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

There are limitations on our ability to incur the full \$150.0 million of commitments under the M&L and Services Revolver. Borrowings under our M&L and Services Revolver are limited by a specified borrowing base consisting of a percentage of eligible accounts receivable and inventory, less customary reserves. In addition, under the M&L and Services Revolver, a monthly fixed charge coverage ratio would become applicable if excess availability under the M&L and Services Revolver is less than 10% of the total \$150 million of current revolving loan commitments, or \$15 million. As of December 31, 2018, availability under the M&L and Services Revolver was approximately \$114.9 million. However, it is possible that excess availability under the Revolving Credit could fall below the 10% threshold in a future period. If the covenant trigger were to occur, our subsidiaries who are the borrowers under the M&L and Services Revolver would be required to satisfy and maintain on the last day of each month a fixed charge coverage ratio of at least 1.0x for the preceding twelve month period.

As of December 31, 2018, the fixed charge coverage ratio for our M&L and Services Revolver was approximately 0.445, which was below the minimum amount required for compliance with this ratio. However, as noted above, we are not required to comply with the minimum fixed charge covenant of 1.0 unless availability under the M&L and Services Revolver drops below the agreed threshold. Our ability to meet the required fixed charge coverage ratio can be affected by events beyond our

control, and we cannot assure you that we will meet this ratio. A breach of any of these covenants would result in a default under the M&L and Services Revolver.

RISKS RELATED TO OUR COMMON STOCK

The market price for our common stock may be volatile.

The market price for our common stock is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in the performance or market valuations of other companies engaged in our industry;
- issuance of new or updated research reports by securities or industry analysts;
- changes in financial estimates by us or of securities or industry analysts;
- investors' general perception of us and the industry in which we operate;
- changes in the political climate in the industry in which we operate, existing laws, regulations and policies applicable to our business and products, including RFS2, and the continuation or adoption or failure to continue or adopt renewable energy requirements and incentives, including the BTC;
- other regulatory developments in our industry affecting us, our customers or our competitors;
- announcements of technological innovations by us or our competitors;
- announcement or expectation of additional financing efforts, including sales or expected sales of additional common stock;
- additions or departures of key management or other personnel;
- litigation;
- inadequate trading volume;
- general market conditions in our industry;
- whether our shares are included in stock market indexes such as the S&P SmallCap 600 index; and
- general economic and market conditions, including continued dislocations and downward pressure in the capital markets.

In addition, stock markets experience significant price and volume fluctuations from time to time that are not related to the operating performance of particular companies. These market fluctuations may have material adverse effect on the market price of our common stock.

We may issue additional common stock as consideration for future investments or acquisitions.

We have issued in the past, and may issue in the future, our securities in connection with investments and acquisitions. Our stockholders could suffer significant dilution, from our issuances of equity or convertible debt securities. Any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. The amount of our common stock or securities convertible into or exchangeable for our common stock issued in connection with an investment or acquisition could constitute a material portion of our then outstanding common stock.

If we fail to maintain effective internal control over financial reporting, we might not be able to report our financial results accurately or prevent fraud. In that case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the value of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. The process of maintaining our internal controls may be expensive and time consuming and may require significant attention from management. Although we have concluded as of December 31, 2018 that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements.

Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover a material weakness, the disclosure of that fact could harm the value of our stock and our business.

Delaware law and our amended and restated certificate of incorporation and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Provisions in our amended and restated certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

- the right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors;
- the requirement for advance notice for nominations for election to the board of directors or for proposing matters that can be acted upon at a stockholders' meeting;
- the ability of the board of directors to alter our bylaws without obtaining stockholder approval;
- the ability of the board of directors to issue, without stockholder approval, up to 10,000,000 shares of preferred stock with rights set by the board of directors, which rights could be senior to those of common stock;
- a classified board;
- the required approval of holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our bylaws or amend or repeal the provisions of our amended and restated certificate of incorporation regarding the classified board, the election and removal of directors and the ability of stockholders to take action by written consent; and
- the elimination of the right of stockholders to call a special meeting of stockholders and to take action by written consent.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law ("DGCL"). These provisions may prohibit or restrict large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us. These provisions in our amended and restated certificate of incorporation and bylaws and under Delaware law could discourage potential takeover attempts and could reduce the price that investors might be willing to pay for shares of our common stock in the future and result in our market price being lower than it would without these provisions.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

The following tables list each of our owned North American and European production facilities and their location, use, and nameplate production capacity. Each facility listed below is used by our Biomass-based diesel Segment, except for the Okeechobee, Florida facility.

PRODUCTION FACILITIES - NORTH AMERICA

Location	Use	Nameplate Production Capacity (mmgy)
Ralston, Iowa	Biodiesel production	30
Seabrook, Texas	Biodiesel production	35
Danville, Illinois	Biodiesel production	45
Newton, Iowa	Biodiesel production	30
Seneca, Illinois	Biodiesel production	60
Albert Lea, Minnesota	Biodiesel production	30
New Boston, Texas	Biodiesel production	15
Mason City, Iowa	Biodiesel production	30
Geismar, Louisiana*	Renewable diesel production	75
Grays Harbor, Washington	Biodiesel production	100
DeForest, Wisconsin	Biodiesel production	20
Okeechobee, Florida	Fermentation facility	N/A

* This facility produces renewable diesel, naphtha, and liquid petroleum gas.

PRODUCTION FACILITIES - EUROPE

Location	Use	Nameplate Production Capacity (mmgy)
Emden, Germany	Biodiesel production	27
Oeding, Germany	Biodiesel production	23

We own our corporate headquarters located at 416 South Bell Avenue, Ames, Iowa 50010, comprised of 60,480 square feet of office and laboratory space; as well as two other buildings located at 300 South Bell Avenue, Ames, Iowa 50010 and at 215 Alexander Avenue, Ames, Iowa 50010, which have a combined 26,837 square feet of office space.

ITEM 3. Legal Proceedings

Neither the Company nor any subsidiary of the Company is a party to any material pending legal or governmental proceeding, nor is any of the Company's property the subject of any material pending legal proceeding, except ordinary routine legal or governmental proceedings arising in the ordinary course of the Company's business and incidental to the Company's business, none of which is expected to have a material adverse impact upon the Company's business, financial position or results of operations.

ITEM 4. Mine Safety Disclosures

None.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market For Our Common Equity

Our common stock trades on the NASDAQ Global market under the ticker symbol "REGI".

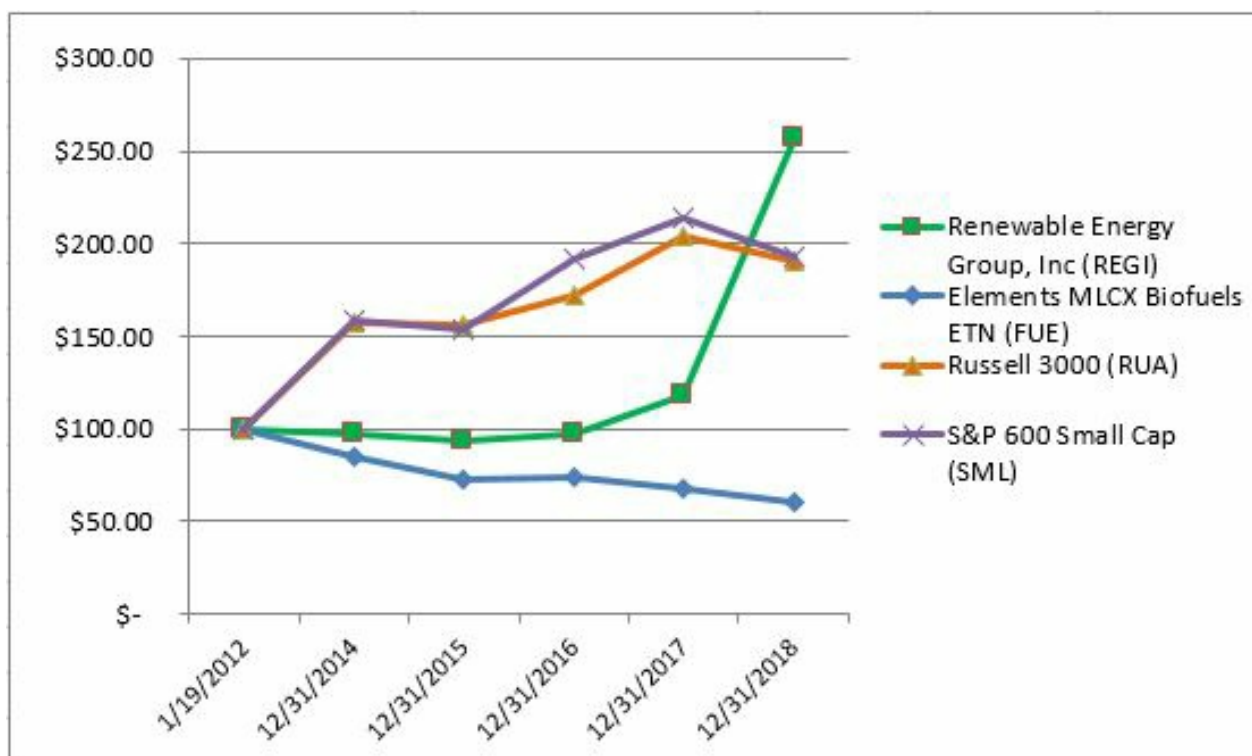
Holders

As of February 28, 2019, there were approximately 1,762 holders of record of our common stock.

Performance Graph

The following performance graph is not "soliciting material," is not deemed filed with the SEC, and is not to be incorporated by reference into any of our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, as amended, respectively.

On May 15, 2018, we were added to the S&P SmallCap 600 index by Nasdaq. The following graph shows a comparison of the cumulative total returns for the last 5 years to December 31, 2018, for us, the Elements MLCX Biofuels ETN Index, the Russell 3000 Index and the S&P SmallCap 600. The graph assumes that \$100 was invested on January 19, 2012 in our common stock, the Elements MLCX Biofuels ETN Index and the Russell 3000 Index, and that all dividends were reinvested.



	01/19/2012	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
REGI	\$ 100.00	\$ 97.10	\$ 92.50	\$ 97.00	\$ 118.00	\$ 257.00
Elements MLCX Biofuels ETN	100.00	84.57	72.32	73.77	67.50	60.37
Russell 3000	100.00	157.50	155.58	171.77	204.16	189.89
S&P SmallCap 600	100.00	158.93	153.59	191.60	214.07	193.19

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

In December 2017, the Company's board of directors approved a repurchase program (the "2017 Program") of up to \$75.0 million of the Company's 2.75% Convertible Senior Notes due 2019 and/or shares of common stock. In June 2018, the Company's board of directors approved another repurchase program of up to \$75.0 million of the Company's convertible notes and/or shares of common stock (the "2018 Program"). Under these programs, the Company may repurchase convertible notes or shares from time to time in open market transactions, privately negotiated transactions or by other means. The timing and amount of repurchase transactions under each program are determined by the Company's management based on its evaluation of market conditions, share price, bond price, legal requirements and other factors. On January 29, 2019, the Company's Board of Directors authorized an additional \$75.0 million to repurchase convertible notes and/or shares of Common Stock.

The Company made no share repurchases under the 2018 Program during the quarter ended December 31, 2018.

During the quarter ended December 31, 2018, the Company used approximately \$51.5 million under the 2018 Program to repurchase \$21.2 million principal amount of its 2036 Convertible Senior Notes. At December 31, 2018, the remaining amount under the 2018 Program was approximately \$7.4 million.

ITEM 6. Selected Financial Data

The following selected consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this annual report.

The selected consolidated balance sheet data as of December 31, 2018 and 2017, and the selected consolidated statements of operations data for each year ended December 31, 2018, 2017 and 2016, have been derived from our audited consolidated financial statements which are included elsewhere in this annual report. The selected consolidated balance sheet data as of December 31, 2016, 2015 and 2014, and the selected consolidated statements of operations data for the years ended December 31, 2015 and 2014 have been derived from our audited consolidated financial statements not included in this annual report.

	Year Ended December 31,				
	2018 (1)	2017 (2)	2016 (3)	2015 (4)	2014 (5)
(In thousands, except per share amounts)					
Consolidated Statements of Operations Data:					
Total revenues from continuing operations	\$ 2,382,987	\$ 2,154,655	\$ 2,039,232	\$ 1,387,344	\$ 1,273,831
Net income (loss) from continuing operations attributable to the company's common stockholders	295,804	(66,279)	62,204	(105,088)	82,400
Net loss from discontinued operations attributable to the company's common stockholders	(11,312)	(12,800)	(19,128)	(46,303)	(806)
Net income (loss) per share from continuing operations attributable to common stockholders					
Basic	\$ 7.85	\$ (1.71)	\$ 1.52	\$ (2.39)	\$ 2.02
Diluted	\$ 6.78	\$ (1.71)	\$ 1.52	\$ (2.39)	\$ 2.01
Net loss per share from discontinued operations attributable to common stockholders					
Basic	\$ (0.30)	\$ (0.33)	\$ (0.47)	\$ (1.05)	\$ (0.02)
Diluted	\$ (0.30)	\$ (0.33)	\$ (0.47)	\$ (1.05)	\$ (0.02)
Consolidated Balance Sheet Data:					
Total assets	\$ 1,107,096	\$ 1,005,596	\$ 1,136,603	\$ 1,223,620	\$ 1,367,736
Long-term debt	33,421	208,536	196,203	247,251	242,031

- (1) In the first quarter of 2018, we adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). The implementation of the new standard did not have any material impact on the measurement or recognition of revenue of prior periods, however additional disclosures have been added as further described in Note 2 of Item 8 - Financial Statements and Supplementary Data. The long-term debt at December 31, 2018 does not include the 2019 Convertible Senior Notes of \$66,361 that becomes due in June 2019 and the 2036 Convertible Senior Notes of \$75,477 that was reclassified to current as the early conversion event was met based on our stock price. In the fourth quarter of 2018, our Board of Directors authorized us to pursue a plan to sell the REG Life Sciences' core assets and business, which represents a strategic shift in our business. As a result, REG Life Sciences business, valued at selling price less estimated costs to sell, are classified as discontinued operations in 2018. All prior period disclosures below have been recast to present results on a comparable basis.
- (2) Includes the impact of the impairment of our New Orleans facility and the "H.R. 1", formerly known as the "Tax Cuts and Jobs Act" signed into law on December 22, 2017 as further described in Note 2 and Note 13, respectively, of Item 8 - Financial Statements and Supplementary Data.
- (3) Includes issuance of the convertible senior notes on June 2, 2016 and impact of the impairment of our Emporia facility as further described in Note 12 and Note 2, respectively, of Item 8 - Financial Statements and Supplementary Data.
- (4) Includes the impact of a full write-off of goodwill in the Biomass-based Diesel and Renewable Chemicals reporting units.
- (5) Includes the issuance of the 2019 Convertible Senior Notes on June 3, 2014.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto that appear elsewhere in this report. This discussion contains forward-looking statements reflecting our current

expectations that involve risks and uncertainties. Actual results may differ materially from those discussed in these forward-looking statements due to a number of factors, including those set forth in the section entitled "Risk Factors" and elsewhere in this report.

Overview

We focus on providing cleaner, lower carbon transportation fuels. We are North America's largest producer of advanced biofuels. We utilize a nationwide production, distribution and logistics system as part of an integrated value chain model designed to convert natural fats, oils and greases into advanced biofuels. We believe our fully integrated approach, which includes acquiring feedstock, managing biorefinery facility construction and upgrades, operating biorefineries, and distributing fuel through a network of terminals, positions us to serve the market for cleaner transportation fuels. In May 2018, we launched our latest innovation in diesel fuel, REG Ultra Clean™ Diesel. REG Ultra Clean™ Diesel is among the lowest emission diesel fuels on the market today.

We own and operate a network of 14 biorefineries. Twelve biorefineries are located in the United States and two in Germany. Twelve biorefineries produce biodiesel, one produces renewable diesel ("RD"), and one is a fermentation facility. Our thirteen biomass-based diesel production facilities have an aggregate nameplate production capacity of 520 million gallons per year ("mmgy").

We are a lower-cost, lower carbon biomass-based diesel producer. We primarily produce our biomass-based diesel from a wide variety of lower-cost, lower carbon feedstocks, including inedible corn oil, used cooking oil and inedible animal fat. We produce a portion of our biomass-based diesel from virgin vegetable oils, such as soybean oil or canola oil, which tend to be higher in price. We believe our ability to process a wide variety of feedstocks at most of our facilities provides us with a cost advantage over many biomass-based diesel producers, particularly those that rely primarily on higher cost virgin vegetable oils.

We also sell petroleum-based heating oil and diesel fuel, which enables us to offer a variety of fuel products to a broader customer base. We sell heating oil and ultra-low sulfur diesel, or ULSD, at terminals throughout the northeastern U.S. as well as BioHeat® blended heating fuel at one of these terminal locations. In 2018, we expanded our sales of biofuel blends to Midwest and West Coast terminal locations and look to potentially expand in other areas across North America and internationally.

In October 2018, we announced that we are collaborating with Phillips 66 on the possible construction of a large-scale renewable diesel plant in Washington state. The plant would utilize our proprietary BioSynfining® technology for the production of renewable diesel. We have not reached a definitive agreement with Phillips 66 with respect to this potential joint development project and there is no assurance that an agreement will be reached.

During 2018, we sold 649 million gallons of fuel, which included 45 million biomass-based gallons we purchased from third parties, 45 million gallons produced by our facilities in Germany and 119 million petroleum-based diesel gallons. During 2017, we sold 587 million gallons, including 52 million gallons we purchased from third parties and resold, 38 million biomass-based diesel gallons produced by our facilities in Germany and 83 million petroleum-based diesel gallons.

In the fourth quarter of 2018, concluding a comprehensive strategic assessment of our development-stage industrial biotechnology business, our Board of Directors authorized us to pursue a plan to sell the core assets of REG Life Sciences, which have comprised our Renewable Chemicals segment. As a result, the former Renewable Chemicals segment has been valued at the estimated proceeds from the sale less costs to sell, and the operations of the Renewable Chemicals segment have been classified as discontinued operations.

Our businesses are organized into two reportable segments - the Biomass-based Diesel segment and the Services segment.

Biomass-based Diesel Segment

Our Biomass-based Diesel segment includes:

- the operations of the following biomass-based diesel production refineries:
 - a 30 mmgy nameplate biodiesel production facility located in Ralston, Iowa;
 - a 35 mmgy nameplate biodiesel production facility located near Houston, Texas;
 - a 45 mmgy nameplate biodiesel production facility located in Danville, Illinois;
 - a 30 mmgy nameplate biodiesel production facility located in Newton, Iowa;
 - a 60 mmgy nameplate biodiesel production facility located in Seneca, Illinois;
 - a 30 mmgy nameplate biodiesel production facility located near Albert Lea, Minnesota;
 - a 15 mmgy nameplate biodiesel production facility located in New Boston, Texas;
 - a 30 mmgy nameplate biodiesel production facility located in Mason City, Iowa;

- a 75 mmgy nameplate renewable diesel production facility located in Geismar, Louisiana;
- a 27 mmgy nameplate biodiesel production facility located in Emden, Germany;
- a 23 mmgy nameplate biodiesel production facility located in Oeding, Germany;
- a 100 mmgy nameplate biodiesel production facility located in Grays Harbor, Washington;
- and
- a 20 mmgy nameplate biodiesel production facility located in DeForest, Wisconsin.
- purchases and resales of biomass-based diesel, petroleum-based diesel, RINs and LCFS credits, and raw material feedstocks acquired from third parties;
- sales of biomass-based diesel produced under toll manufacturing arrangements with third party facilities using our feedstocks; and
- incentives received from federal and state programs for renewable fuels.

We derive a small portion of our revenues from the sale of co-products of the biomass-based diesel production process. In 2018 and 2017, our revenues from the sale of co-products were less than five percent of our total Biomass-based diesel segment revenues. During 2018 and 2017, revenues from the sale of petroleum-based heating oil and diesel fuel acquired from third parties, along with the sale of these items further blended with biodiesel produced by our facilities or purchased from third parties, were approximately 10% and 7% of our total revenues, respectively.

In accordance with EPA regulations, we generate 1.5 to 1.7 RINs, for each gallon of biomass-based diesel we produce. RINs are used to track compliance with Renewable Fuel Standard, or RFS2, using the EPA moderated transaction system, or EMTS. RFS2 allows us to attach between zero and 2.5 RINs to any gallon of biomass-based diesel we sell. When we attach RINs to a sale of biomass-based diesel gallons, a portion of our selling price for a gallon of biomass-based diesel is generally attributable to RFS2 compliance, but no cost is allocated to the RINs generated by our biomass-based diesel production because RINs are a form of government incentive and not a result of the physical attributes of the biomass-based diesel production. In addition, RINs, once obtained through the production and sale of gallons of biomass-based diesel, may be separated by the acquirer and sold separately. We regularly obtain RINs from third parties for resale, and the value of these RINs is reflected in "Prepaid expenses and other assets" on our Consolidated Balance Sheet. At each balance sheet date, this RIN inventory is valued at the lower of cost or net realizable value and resulting adjustments are reflected in our cost of goods sold for the period. The cost of RINs obtained from third parties is determined using the average cost method. Because we do not allocate costs to RINs generated by our biomass-based diesel production, fluctuations in the value of our RIN inventory represent fluctuations in the value of RINs we have obtained from third parties. At December 31, 2018, we had approximately 10.3 million biomass-based diesel RINs and 3.9 million advanced biofuel RINs available to be sold, as compared to 37.8 million biomass-based diesel RINs and 1.2 million advanced biofuel RINs held for sale at December 31, 2017. According to the Oil Pricing Information System ("OPIS"), the median closing sales price at December 31, 2018 was \$0.55 and \$0.51 for biomass-based diesel RINs and advanced biofuel RINs, respectively, compared to \$1.05 and \$1.06, at December 31, 2017, per biomass-based diesel RIN and advanced biofuel RIN, respectively. We believe that the decrease in RIN value during 2018 has been influenced by the relatively wider spread between biomass-based diesel prices and feedstock prices and record levels of Smaller Refiner Exemptions from RIN compliance requirements for 2016 and 2017.

We generate Low Carbon Fuel Standard credits for our low carbon fuels or blendstocks when our qualified low carbon fuels are imported into states that have adopted an LCFS program. As a result, a portion of the selling price for a gallon of biomass-based diesel sold into an LCFS market is also attributable to LCFS compliance. Like RINs, LCFS credits that we generate are a form of government incentive and not a result of the physical attributes of the biomass-based diesel production. Therefore, no cost is allocated to the LCFS credit when it is generated, regardless of whether the LCFS credit is transferred with the biomass-based diesel produced or held by us. At December 31, 2018, we held for sale approximately 29,843 California and 25,891 Oregon LCFS credits, compared to 5,700 California and 0 Oregon LCFS credits at December 31, 2017. According to OPIS, the median closing price at December 31, 2018 and December 31, 2017 was \$195.00 and \$113.00, respectively, per California LCFS credit. According to OPIS, the median closing price at December 31, 2018 was \$137.50 per Oregon LCFS credit. The increase in LCFS prices was largely attributable to growing demand for LCFS credits.

Services Segment

Our Services segment, which primarily provides services to our Biomass-based Diesel Segment, includes:

- biomass-based diesel facility management and operational services, whereby we provide day-to-day management and operational services to biomass-based diesel production facilities; and
- construction management services, whereby we act as the construction management and general contractor for the construction of biomass-based diesel production facilities.

During recent years, we have utilized our construction management expertise internally to upgrade our facilities, such as our facilities located in Ralston, Albert Lea, New Boston, Mason City and Newton. In March 2018, we completed the expansion project at our Ralston facility. In June 2017, we completed the acquisition of approximately 82 acres of land at and in close proximity to our Geismar, Louisiana biorefinery. The purchase included the acquisition of land we previously leased for our Geismar operations and approximately 61 additional acres in parcels adjacent to and near the facility. We plan to improve and utilize the new acreage to support existing production capacity and for future expansion opportunities using the Services segment.

Factors Influencing Our Results of Operations

The principal factors affecting our results of operations and financial conditions are the market prices for biomass-based diesel and the feedstocks used to produce biomass-based diesel, as well as governmental programs designed to create incentives for the production and use of cleaner renewable fuels.

Governmental programs favoring biomass-based diesel production and use

Biomass-based diesel has historically been more expensive to produce than petroleum-based diesel. The biomass-based diesel industry's growth has largely been the result of federal and state programs that require or incentivize the production and use of biomass-based diesel, which allows biomass-based diesel to be price-competitive with petroleum-based diesel.

RFS2 was implemented in 2010, stipulating volume requirements for the amount of biomass-based diesel and other advanced biofuels that must be utilized in the United States each year. Under RFS2, Obligated Parties, including petroleum refiners and fuel importers, must show compliance with these standards. Currently, biodiesel and renewable diesel satisfy three categories of an Obligated Party's annual renewable fuel required volume obligation, or RVO—biomass-based diesel, advanced biofuel and renewable fuel. The final RVO targets for the biomass-based diesel and advanced biofuels volumes for the years 2015 to 2020 as set by the EPA are as follows:

	2015	2016	2017	2018	2019	2020
Biomass-based Diesel	1.73 billion gallons	1.90 billion gallons	2.00 billion gallons	2.10 billion gallons	2.10 billion gallons	2.43 billion gallons
Total Advanced Biofuels	2.88 billion RINs*	3.61 billion RINs*	4.28 billion RINs*	4.29 billion RINs*	4.92 billion RINs*	**

*Ethanol equivalent gallons

**To be established by EPA in a rule making later in 2019

The federal biodiesel mixture excise tax credit, or the BTC, has historically provided a \$1.00 refundable tax credit per gallon to the first blender of biomass-based diesel with petroleum-based diesel fuel. The BTC became effective January 1, 2005, but since January 1, 2010 it has been allowed to lapse and then been reinstated a number of times. For example, the BTC lapsed on January 1, 2014, was retroactively reinstated for 2014 on December 19, 2014 and then lapsed again on January 1, 2015. On December 18, 2015, the BTC was retroactively reinstated for 2015 and extended for 2016. The BTC again lapsed on January 1, 2017 and was reinstated on a retroactive basis for 2017 on February 9, 2018. It is not currently in effect for 2018 or 2019.

As a result of this history of retroactive reinstatement of the BTC, we and many other biomass-based diesel producers have adopted contractual arrangements with customers and vendors specifying the allocation and sharing of any retroactively reinstated incentive. The reinstatement of the 2017 BTC resulted in a \$205 million net benefit to our net income for the year ended December 31, 2018 and Adjusted EBITDA for the year ended December 31, 2017, with another \$11 million related to products delivered and sales recognized in the first quarter of 2018. It is uncertain whether the BTC will be reinstated for 2018 or later years and if reinstated, whether it will be reinstated retroactively or on the same terms. The modification or failure to reinstate the BTC would have a material adverse effect on our financial results. As of December 31, 2018, we estimate that if the BTC is reinstated on the same terms as in 2017, our Adjusted EBITDA for business conducted in the year ended December 31, 2018 would increase by approximately \$237 million.

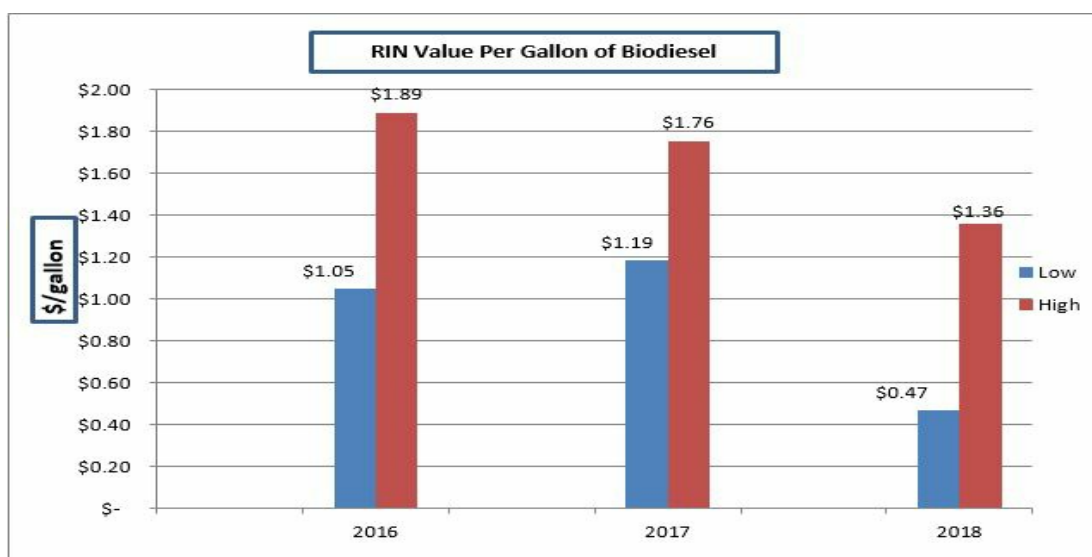
Biomass-based diesel and feedstock price fluctuations

Our operating results generally reflect the relationship between the price of biomass-based diesel, including credits and incentives and the price of feedstocks used to produce biomass-based diesel.

Biomass-based diesel is a cleaner low carbon, renewable alternative to petroleum-based diesel fuel and is primarily sold to the end user after it has been blended with petroleum-based diesel fuel. Biomass-based diesel prices have historically been heavily influenced by petroleum-based diesel fuel prices. Accordingly, biomass-based diesel prices have generally been

impacted by the same factors that affect petroleum prices, such as crude oil supply and demand balance, worldwide economic conditions, wars and other political events, OPEC production quotas, changes in refining capacity and natural disasters.

Regulatory and legislative factors also influence the price of biomass-based diesel. Biomass-based diesel RIN pricing, a value component that was introduced via RFS2 in July 2010, has had a significant impact on our biomass-based diesel pricing. The following table shows for 2016, 2017 and 2018 the high and low average monthly contributory value of RINs, as reported by OPIS, to the average B100 spot price of a gallon of biodiesel, as reported by The Jacobsen in terms of dollars per gallon.



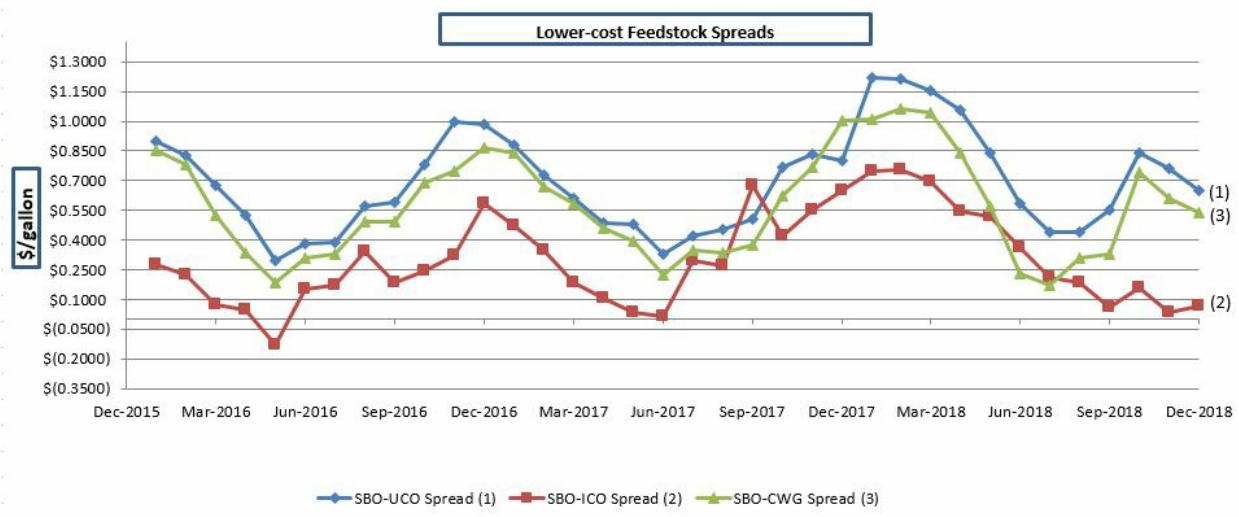
Value of RINs acquired from third parties and held in inventory were volatile in 2018 and resulted in a \$7.0 million write-down to the lower of cost or net realizable value for the year ended December 31, 2018. The fluctuations in the value of RINs during 2017 and 2016 resulted in write-downs of \$4.5 million and \$19.4 million, respectively, on RIN inventory acquired from third parties. At December 31, 2018, the write-down to lower of cost or net realizable value of RINs was \$0.6 million. See “Note 10 – Other Assets” to our Consolidated Financial Statements. We enter into forward contracts to sell RINs and we use risk management position limits to manage RIN exposure.

During 2018, feedstock expense accounted for 78% of our direct production cost, while methanol and chemical catalysts expense accounted for 5% and 3% of our costs of goods sold, respectively.

Feedstocks for biomass-based diesel production, such as inedible oil, used cooking oil, inedible animal fat, canola oil and soybean oil are commodities and market prices for them will be affected by a wide range of factors unrelated to the price of biomass-based diesel and petroleum-based diesel. There are a number of factors that influence the supply and price of our feedstocks, such as the following: biomass-based diesel demand; export demand; government policies and subsidies; weather conditions; ethanol production; cooking habits and eating habits; number of restaurants near collection facilities; hog/beef/poultry supply and demand; palm oil supply; soybean meal demand and/or production, and crop production both in the U.S. and South America.

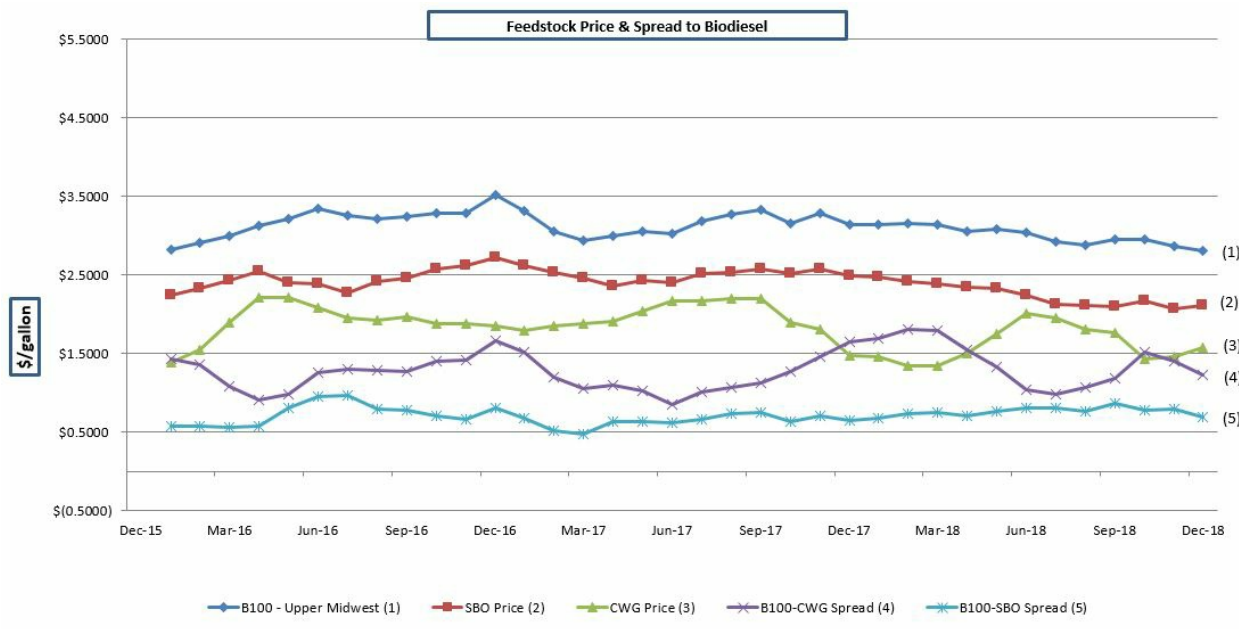
During 2018 and 2017, 77% and 73% of the feedstocks used in our operations, respectively, were comprised of inedible corn oil, used cooking oil and inedible animal fats with the remainder coming from virgin vegetable oils.

The graph below illustrates the spread between the cost of producing one gallon of biodiesel made from soybean oil to the cost of producing one gallon of biodiesel made from the specified lower-cost feedstock for the period January 2016 to December 2018. The results were derived using assumed conversion factors for the yield of each feedstock and subtracting the cost of producing one gallon of biodiesel made from each respective lower-cost feedstock from the cost of producing one gallon of biodiesel made from soybean oil.



- (1) Used cooking oil prices ("UCO") are based on the monthly average of the daily low sales price of Missouri River yellow grease as reported by The Jacobsen (based on 8.5 pounds per gallon).
- (2) Inedible corn oil ("ICO") prices are reported as the monthly average of the daily distillers' corn oil market values delivered to Illinois as reported by The Jacobsen (based on 8.2 pounds per gallon).
- (3) Choice white grease ("CWG") prices are based on the monthly average of the daily low prices of Missouri River choice white grease as reported by The Jacobsen (based on 8.0 pounds per gallon).
- (4) Soybean oil (crude) ("SBO") prices are based on the monthly average of the daily closing sale price of the nearby soybean oil contract as reported by CBOT (based on 7.5 pounds per gallons).

Our results of operations generally will benefit when the spread between biomass-based diesel prices and feedstock prices widens and will be harmed when this spread narrows. The following graph shows feedstock cost data for choice white grease and soybean oil on a per gallon basis compared to the per gallon sale price data for biodiesel, and the spread between biodiesel and each of soybean oil and choice white grease from January 2016 to December 2018.



- (1) Biodiesel prices are based on the monthly average of the midpoint of the high and low prices of B100 (Upper Midwest) as reported by The Jacobsen.
- (2) Soybean oil (crude) prices are based on the monthly average of the daily closing sale price of the nearby soybean oil contract as reported by CBOT (based on 7.5 pounds per gallon).
- (3) Choice white grease prices are based on the monthly average of the daily low price of Missouri River choice white grease as reported by The Jacobsen (based on 8.0 pounds per gallon).
- (4) Spread between biodiesel price and choice white grease price.
- (5) Spread between biodiesel price and soybean oil (crude) price.

During 2018, NY Harbor ULSD prices ranged from a low of \$1.66 per gallon in late December to a high of \$2.44 per gallon in early October with an average price for the year of \$2.10 per gallon. Energy prices decreased in February but increased at a steady pace until the early part of the last quarter. Prices decreased precipitously during mid to late November and this trend continued through the end of the year. During the first three quarters of 2018, there was consistently strong demand for diesel fuel and OPEC's crude oil production quotas contributed to price increases until the fourth quarter. In the fourth quarter the ULSD market responded to oversupply of crude oil in the global market as well as fears of global economic slowdown in 2019 and regional trade tension.

Animal fat and vegetable oil production have both increased in 2018, which contributed to lower feedstock prices during the year. Soybean oil prices ranged from a high of \$0.3376 per pound in January to a low of \$0.2696 per pound in November with an average price for the year of \$0.2987 per pound. The soybean oil market responded to a near-record crush in the United States and significantly lower soybean exports, and it trended upward at the end of the fourth quarter of 2018 based on increased optimism about trade negotiations between the United States and China. Choice white grease prices ranged from a low of \$0.1600 in February to a high of \$0.2575 per pound in June with an average price for the year of \$0.2024 per pound. Relatively low priced feed cost along with continued strong demand for pork and beef has continued to lead to expansions in the U.S. hog and cattle industries. Both hog and cattle production numbers in 2018 were higher than the prior year resulting in lower prices for animal fats.

Risk Management

The profitability of producing biomass-based diesel largely depends on the spread between prices for feedstocks and biomass-based diesel, including incentives, each of which is subject to fluctuations due to market factors and each of which is not significantly correlated. Adverse price movements for these commodities directly affect our operating results. We attempt to protect cash margins for our own production and our third-party trading activity by entering into risk management contracts that mitigate the impact on our margins from price volatility in feedstocks and biomass-based diesel. We create offsetting positions by using a combination of forward fixed-price physical purchases and sales contracts on feedstock and biomass-based diesel and risk management futures contracts, swaps and options primarily on the New York Mercantile Exchange NY Harbor ULSD and CBOT Soybean Oil; however, the extent to which we engage in risk management activities varies substantially from time to time, and from feedstock to feedstock, depending on market conditions and other factors. In making risk management decisions, we utilize research conducted by outside firms to provide additional market information in addition to our internal research and analysis.

Inedible corn oil, used cooking oil, inedible animal fat, canola oil and soybean oil are the primary feedstocks we used to produce biomass-based diesel in 2016, 2017 and 2018. We utilize several varieties of inedible animal fat, such as beef tallow, choice white grease and poultry fat derived from livestock. There is no established futures market for these lower-cost feedstocks. The purchase prices for lower-cost feedstocks are generally set on a negotiated flat price basis or spread to a prevailing market price reported by the USDA price sheet or The Jacobsen. Our efforts to risk manage against changing prices for inedible corn oil, used cooking oil and inedible animal fat have involved entering into futures contracts, swaps or options on other commodity products, such as CBOT soybean oil and New York Mercantile Exchange NY Harbor ULSD. However, these products do not always experience the same price movements as lower-cost feedstocks, making risk management for these feedstocks challenging. We manage feedstock supply risks related to biomass-based diesel production in a number of ways, including, where available, through long-term supply contracts. The purchase price for soybean oil under these contracts may be indexed to prevailing CBOT soybean oil market prices with a negotiated market basis. We utilize futures contracts, swaps and options to risk manage, or lock in, the cost of portions of our future feedstock requirements generally for varying periods up to one year.

Our ability to mitigate our risk of falling biomass-based diesel prices is limited. We have entered into forward contracts to supply biomass-based diesel. However, pricing under these forward sales contracts generally has been indexed to prevailing market prices, as fixed price contracts for long periods on acceptable terms have generally not been available. There is no established derivative market for biomass-based diesel in the United States. Our efforts to hedge against falling biomass-based diesel prices generally involve entering into futures contracts, swaps and options on other commodity products, such as diesel

fuel and New York Mercantile Exchange NY Harbor ULSD. However, price movements on these products are not highly correlated to price movements of biomass-based diesel.

We generate 1.5 to 1.7 biomass-based diesel RINs for each gallon of biomass-based diesel we produce and sell. We also obtain RINs from third party transactions which we hold for resale. There is no effective established futures market for biomass-based diesel RINs, which severely limits the ability to risk manage the price of RINs. We enter into forward contracts to sell RINs, and we use risk management position limits to manage RIN exposure, however, pricing under those forward contracts generally has been indexed to prevailing market prices as fixed price contracts for long periods have generally not been available.

As a result of our strategy, we frequently have gains or losses on derivative financial instruments that are conversely offset by losses or gains on forward fixed-price physical contracts on feedstocks and biomass-based diesel or inventories. Gains and losses on derivative financial instruments are recognized each period in operating results while corresponding gains and losses on physical contracts are generally not recognized until quantities are delivered or title transfers which may be in the same or later periods. Our results of operations are impacted when there is a period mismatch of recognized gains or losses associated with the change in fair value of derivative instruments used for risk management purposes at the end of the reporting period but the purchase or sale of feedstocks or biomass-based diesel has not yet occurred and thus the offsetting gain or loss will be recognized in a later accounting period.

We had risk management gains of \$18.4 million from our derivative financial instrument trading activity for the year ended December 31, 2018, compared to risk management losses of \$23.4 million for the year ended December 31, 2017. Changes in the value of these futures or swap instruments are reflected in current income or loss, generally within our cost of goods sold. In 2018 and 2017, risk management gains (losses) resulted mostly from the significant volatility in the energy market and accounted for a gain of \$0.03 and a loss of \$0.04 per gallon sold, respectively. In general, these gains (losses) were largely off-set with physical product sales that benefit from the higher energy prices which drove the risk management gain (losses).

Increasing importance of renewable diesel

Renewable diesel has become an increasingly significant part of our business. Renewable diesel carries a premium price to biodiesel as a result of a variety of factors including the ability to blend it with petroleum diesel seamlessly, better cold weather performance, and because it generates more RINs on a per gallon basis. We estimate that our renewable diesel production facility in Geismar, Louisiana generated more than half of our adjusted EBITDA in 2018. We experienced two fires at this facility in 2015 that each resulted in the plant being shut down for a lengthy period. If production at this facility were interrupted again due to a fire or for any other reason, it would have a disproportionately significant and material adverse impact on our results of operations and financial conditions.

Seasonality

Our operating results are influenced by seasonal fluctuations in the demand for biomass-based diesel. Our biodiesel sales tend to decrease during the winter season due to reduced blending concentrations to adjust for performance during colder weather. Colder seasonal temperatures can cause the higher cloud point biodiesel we make from inedible animal fats to become cloudy and eventually gel at a higher temperature than petroleum-based diesel, renewable diesel, or lower cloud point biodiesel made from soybean oil, canola oil or inedible corn oil. Such gelling can lead to plugged fuel filters and other fuel handling and performance problems for customers and suppliers. Reduced demand in the winter for our higher cloud point biodiesel can result in excess supply of such higher cloud point biodiesel and lower prices for such biodiesel. In addition, most of our biodiesel production facilities are located in colder Midwestern states in proximity to feedstock origination, and our costs of shipping can increase as more biodiesel is transported to warmer climate geographies during winter. To mitigate some of these seasonal fluctuations, we have upgraded our Newton and Danville biorefineries to produce distilled biodiesel from low-cost feedstocks, which has improved cold-weather performance.

RIN prices may also be subject to seasonal fluctuations. The RIN is dated for the calendar year in which it is generated, commonly referred to as the RIN vintage. Since 20% of the annual RVO of an Obligated Party can be satisfied by prior year RINs, most RINs must come from biofuel produced or imported during the RVO year. As a result, RIN prices can be expected to decrease as the calendar year progresses if the RIN market is oversupplied compared to that year's RVO and increase if the market is undersupplied. See chart below for comparison between actual RIN generation and RVO level for biomass-based diesel as set by the EPA.

Year	RIN Generation (D4 Biomass-based Diesel)	Finalized RVO level for D4 Biomass-based Diesel
2016	2.60 billion gallons	1.90 billion gallons
2017	2.50 billion gallons	2.00 billion gallons
2018	2.50 billion gallons	2.10 billion gallons

Industry capacity, production and imports

Our operating results are influenced by our industry's capacity and production, including in relation to RFS2 production requirements. Under RFS2, Obligated Parties are entitled to satisfy up to 20% of their annual requirement with prior year RINs. Biomass-based diesel production and/or imports, as reported by EMTS, were 2.60 billion gallons for 2016, 790 million gallons higher than 2015. The amount of biomass-based diesel produced and/or imported into the U.S. in 2017 was 2.50 billion gallons. In 2018, according to EMTS data, 2.50 billion gallons of biomass-based diesel were produced and/or imported into the U.S.

The amount of imported biodiesel gallons qualifying under RFS2 has decreased from 692.9 million gallons in 2016 to approximately 576.3 million gallons in 2017. The amount of imported biodiesel decreased further to 306.5 million gallons in the first 11 months of 2018, according to the EIA. This significant decrease in 2018 is a result of the anti-dumping and countervailing duty trade case mentioned previously, which eliminated the imports of biodiesel from Argentina and Indonesia in 2018.

Components of Revenues and Expenses

Continuing Operations:

We derive revenues in our Biomass-based diesel segment from the following sources:

- sales of biodiesel and renewable diesel produced at our facilities, including RINs and LCFS credits, transportation, storage and insurance costs to the extent paid for by our customers;
- revenues from our sale of biomass-based diesel and RINs produced by third parties through toll manufacturing arrangements with us;
- resale of finished biomass-based diesel, RINs and LCFS credits acquired from third parties, and raw material feedstocks acquired from others;
- revenues from our sale of petroleum-based heating oil and ultra-low sulfur diesel, or ULSD, acquired from third parties, along with the sale of these petroleum-based products further blended with biomass-based diesel;
- sales of glycerin, other co-products of the biomass-based diesel production process; and
- incentive payments from federal and state governments, including the BTC, and from the USDA Advanced Biofuel Program.

We derive revenues in our Services segment from the following sources - primarily internally generally:

- fees received from operations management services that we provide for biomass-based diesel production facilities, typically based on production rates and profitability of the managed facility; and
- amounts received for services performed by us in our role as general contractor and construction manager for upgrades and repairs to our biomass-based diesel production facilities.

Cost of goods sold for our Biomass-based diesel segment includes:

- with respect to our production facilities, expenses incurred for feedstocks, catalysts and other chemicals used in the production process, leases, utilities, depreciation, salaries and other indirect expenses related to the production process, and, when required by our customers, transportation, storage and insurance;
- with respect to biomass-based diesel acquired from third parties produced under toll manufacturing arrangements, expenses incurred for feedstocks, transportation, catalysts and other chemicals used in the production process and toll processing fees paid to the facility producing the biomass-based diesel;
- with respect to fuel and RINs acquired from third parties, the purchase price of biomass-based diesel and RINs on the spot market or under contract, and related expenses for transportation, storage, insurance, labor and other indirect expenses;
- adjustments made to reflect the lower of cost or market values of our finished goods inventory, including RINs acquired from third parties;
- expenses from the purchase of petroleum-based heating oil and ULSD acquired from third parties; and

- changes during the applicable accounting period in the market value of derivative and hedging instruments, such as exchange traded contracts, related to feedstocks and commodity fuel products.

Cost of goods sold for our Services segment includes:

- with respect to our facility management and operations activities, primarily salary expenses for the services of management employees for each facility and others who provide procurement, marketing and various administrative functions; and
- with respect to our construction management services activities, primarily our payments to subcontractors constructing the production facility and providing the biomass-based diesel processing equipment, and, to a much lesser extent, salaries and related expenses for our employees involved in the construction process.

Selling, general and administrative expense consists of expenses generally involving corporate overhead functions and operations at our Ames, Iowa, international operations and regional offices.

Impairment of property, plant and equipment represents non-cash impairment charges of certain property, plant and equipment items.

Other income (expense), net is primarily comprised of the change in fair value of contingent considerations, gain on debt extinguishment, changes in fair value of convertible debt conversion liability, interest expense including the accretion of convertible debt and amortization of deferred financing costs, interest income and gain on involuntary conversion, which represents the amount of insurance proceeds in excess of the net book value of the property damage recorded by us related to the June 2017 fire at our Madison facility.

Discontinued Operations:

Loss from Discontinued Operations was related to the research and development activities of REG Life Sciences, aimed to bring industrial biotechnology products to market and loss on classification of the REG Life Sciences as assets available for sale.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, equities, revenues and expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for judgments we make about the carrying values of assets and liabilities that are not readily apparent from other sources. Because these estimates can vary depending on the situation, actual results may differ from the estimates.

We believe the following critical accounting policies affect our more significant judgments used in the preparation of our consolidated financial statements:

Income Taxes

Our income tax provision, deferred income tax assets and liabilities, and liabilities for unrecognized tax benefits represent the Company's best estimate of current and future income taxes to be paid. Our annual effective tax rate is based on income tax laws, statutory tax rates, taxable income levels and tax planning opportunities available in various jurisdictions where we operate. These tax laws are complex and require significant judgment to determine the consolidated provision for income taxes. Changes in tax laws, statutory tax rates, and estimates of our future taxable income levels could result in actual realization of deferred taxes being materially different from amounts provided for in the consolidated financial statements.

Deferred income taxes represent temporary differences between the tax and the financial reporting basis of assets and liabilities, which will result in taxable or deductible amounts in the future. Deferred tax assets also include loss carryforwards and tax credits. These assets are regularly assessed for the likelihood of recoverability from estimated future taxable income, reversal of deferred tax liabilities and tax planning strategies. To the extent we determine that it is more likely than not a deferred income tax asset will not be realized, a valuation allowance is established. The recoverability analysis of the deferred income tax assets and the related valuation allowances requires significant judgment and relies on estimates.

On December 22, 2017, President Donald Trump signed into law "H.R. 1", formerly known as the "Tax Cuts and Jobs Act" (the "Tax Legislation"). The Tax Legislation, which was effective on January 1, 2018, significantly revises the U.S. tax code by, among other things, lowering the corporate income tax rate from 35% to 21%, and implementing a hybrid-territorial tax system imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries ("transition tax"). We are required to recognize the effect of the tax law changes in the period of enactment.

In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"), which allows for the recording of provisional amounts during a measurement period not to extend beyond one year of the enactment date. Although the Tax Legislation was passed late in the fourth quarter of 2017, we consider the accounting for the transition tax to be final, along with the impact of the reduction in the corporate tax rate. As a result, the provisional tax benefit of \$13.7 million recorded in the fourth quarter of 2017 has not changed.

The indefinite reinvestment in the earnings of non-US subsidiaries assertion is determined by management's judgment about and intentions concerning future investment in operations. Management's judgment is that we are not indefinitely reinvested in the undistributed earnings of our non-US subsidiaries at December 31, 2018. The assertion regarding undistributed non-US earnings does not have a material impact on our consolidated financial statements.

Revenue Recognition

In the first quarter of 2018, we adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). Under the ASU, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. We applied the five-step method outlined in the ASU to all contracts with customers and elected the modified retrospective implementation method. We have generally a single performance obligation in our arrangements with customers. We believe for most of our contracts with customers, control is transferred at a point in time, typically upon delivery to the customers. When we perform shipping and handling activities after the transfer of control to the customers (e.g., when control transfers prior to delivery), they are considered as fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues. We generally expense sales commissions when incurred because the amortization period would have been less than one year. We record these costs within selling, general and administrative expenses. The implementation of

the new standard did not have any material impact on the measurement or recognition of revenue of prior periods, however additional disclosures have been added in accordance with the ASU.

Results of Operations

Fiscal years ended December 31, 2018 and December 31, 2017

Set forth below is a summary of certain financial information (dollars in thousands and gallons in millions except per gallon data) for the periods indicated:

	Twelve Months Ended December 31,	
	2018	2017
Gallons sold	649.2	586.7
Average biomass-based diesel price per gallon (BTC net benefit adjusted ASP of \$3.03 for the year ended December 31, 2018)	\$ 3.43	\$ 3.06
Revenues from continuing operations	\$ 2,382,987	\$ 2,154,655
Costs of goods sold from continuing operations	1,962,996	2,070,301
Gross profit from continuing operations	419,991	84,354
Selling, general and administrative expenses	104,702	93,425
Research and development expense	2,037	2,418
Impairment of property, plant and equipment	879	49,873
Income (loss) from operations	312,373	(61,362)
Other expense, net	(2,874)	(35,407)
Income tax benefit (expense)	(5,871)	30,490
Net income (loss) from continuing operations attributable to the Company	303,628	(66,279)
Net loss from discontinued operations attributable to the Company	(11,312)	(12,800)
Net income (loss) to the Company	292,316	(79,079)
Effects of participating share-based awards on continuing operations	(7,824)	—
Net income (loss) from continuing operations attributable to the Company's common stockholders	\$ 295,804	\$ (66,279)
Net loss from discontinued operations attributable to the Company's common stockholders	\$ (11,312)	\$ (12,800)

Continuing Operations:

Revenues. Our total revenues increased \$228.3 million, or 11%, to \$2,383.0 million for the year ended December 31, 2018, from \$2,154.7 million for the year ended December 31, 2017. This increase was primarily due to the 2017 BTC that was earned during 2017 yet recognized in the first quarter of 2018 when it was retroactively reinstated, coupled with a 11% increase in gallons sold, offset by lower average selling price without the impact of the 2017 BTC. The increase in the total revenues was also negatively impacted by a significant reduction in revenues from sales of separate RINs.

Biomass-based diesel revenues including government incentives increased \$227.2 million, or 11%, to \$2,380.7 million during the year ended December 31, 2018, from \$2,153.5 million for the year ended December 31, 2017. Gallons sold increased 62.5 million, or 11%, to 649.2 million during the year ended December 31, 2018, compared to 586.7 million during the year ended December 31, 2017. The increase in gallons sold for the year ended December 31, 2018 accounted for a revenue increase of \$189.4 million using 2018 average sales pricing. The increase in revenues was also attributable to a \$338.8 million increase in government incentives revenues in 2018 as the 2017 BTC was not reinstated until February 9, 2018 and was recognized in revenues in the first quarter of 2018. Our average biomass-based diesel sales price per gallon including the 2017 BTC net benefit increased \$0.37, or 12%, to \$3.43 during the year ended December 31, 2018, but decreased \$0.03, or 1% excluding the 2017 BTC net benefit, compared to \$3.06 during the year ended December 31, 2017. This decrease was mainly due to the lower energy prices in 2018. The decrease in average sales price excluding the 2017 BTC net benefit from 2017 to 2018 contributed to a \$17.6 million revenue decrease when applied to the number of gallons sold during 2017. The net 2017 BTC benefits contributed to an increase in revenues of \$208.9 million. Sales of separated RIN inventory were \$137.9 million and \$337.5 million for the years ended December 31, 2018 and 2017, respectively, reducing the overall increase in biomass-based diesel revenues in 2018. RIN value decreased significantly in 2018 - RIN prices declined almost 60% year over year and we believe RIN prices have been inversely correlated to the HOB0 spread.

Costs of goods sold. Our costs of goods sold decreased \$107.3 million, or 5%, to \$1,963.0 million for the year ended December 31, 2018, from \$2,070.3 million for the year ended December 31, 2017. Costs of goods sold as a percentage of revenues were 82% and 96% for the years ended December 31, 2018 and 2017, respectively. The significant drop in costs of goods sold as a percentage of revenues is largely due to the recognition of the 2017 BTC in full as revenues in the first quarter of 2018 and lower feedstock costs as discussed below, coupled with risk management gains in 2018 as compared to losses in 2017.

Biomass-based diesel costs of goods sold decreased in 2018 despite a 11% increase in gallons sold, largely driven by lower feedstock costs and gains from risk management activity. Average lower cost feedstocks prices for the year ended December 31, 2018 were \$0.25 per pound, compared to \$0.29 per pound for the year ended December 31, 2017. Average soybean oil costs for the years ended December 31, 2018 and December 31, 2017 were \$0.31 and \$0.33 per pound, respectively. We recorded risk management gains of \$18.4 million from our derivative financial instrument activity in 2018, compared to risk management losses of \$23.4 million for 2017. This fluctuation in risk management gains and losses was mainly due to the volatility in the energy and commodities market. Costs of goods sold for separated RIN inventory sales were \$75.7 million and \$264.8 million for the years ending December 31, 2018 and 2017, respectively.

Selling, general and administrative expenses. Our selling, general and administrative, or SG&A, expenses were \$104.7 million for the year ended December 31, 2018, compared to \$93.4 million for the year ended December 31, 2017. SG&A expenses increased \$11.3 million, or 12%, for the year ended December 31, 2018 as compared to the year ended December 31, 2017. As a percentage of revenues, our SG&A expenses were 4.4% and 4.3% for 2018 and 2017, respectively. The increase in 2018 year over year was driven largely by higher employee related compensation, arising from the Company's strong financial performance in 2017.

Impairment of property, plant and equipment. The amount of property, plant and equipment impairment recorded in 2018 was approximately \$0.9 million mainly due to the impairment charges related to certain identified plant property, plant and equipment at our current facilities as the carrying amounts of those assets were deemed not recoverable. During the fourth quarter of 2017, we recorded impairment charges of \$44.6 million against property, plant and equipment assets at our partially completed facility in New Orleans, Louisiana. The impairment charge resulted from the probability that the project would not be completed in the near term as a result of other strategic investment priorities, such as potential expansion of our renewable diesel facility at Geismar, coupled with limited financing availability and construction cost requirements. In addition, during 2017, we recorded impairment charges of \$5.3 million against certain identified plant property, plant and equipment at our other facilities as the carrying amounts of those assets were deemed not recoverable.

Other income (expense), net. Other expense was \$2.9 million for the year ended December 31, 2018, compared to other expense of \$35.4 million for the year ended December 31, 2017. Other income (expense) is primarily comprised of change in fair value of contingent consideration, gain on debt extinguishment, gain on involuntary conversion, change in fair value of convertible debt conversion liability, interest expense, interest income and other non-operating items. On December 8, 2017, at the special meeting of stockholders, we obtained approval from our stockholders to remove the common stock issuance restrictions in connection with conversions of the 2036 Convertible Senior Notes. Accordingly, the embedded conversion option was reclassified into Additional Paid-in Capital at December 8, 2017, resulting in a \$18.8 million expense in 2017 related to the fair value adjustment on the convertible debt conversion liability. There was no such expense in 2018. The other expense in 2018 was offset by debt extinguishment gains related to our buyback of the 2036 Convertible Senior Notes.

Income tax benefit (expense). Income tax expense recorded during the year ended December 31, 2018 was \$5.9 million, compared to income tax benefit of \$30.5 million for the year ended December 31, 2017. The primary difference resulted from the enactment of the Tax Cuts and Jobs Act in the fourth quarter of 2017, which reduced the U.S. corporate income tax rate from 35% to 21%, causing a re-measurement of deferred tax liabilities, and the release of valuation allowance due to the reclassification of the 2036 Convertible Senior Notes to Additional Paid-in Capital. At December 31, 2018 and 2017, we had net deferred income tax assets of approximately \$275.2 million and \$257.2 million, respectively, with a valuation allowance of \$283.6 million and \$265.4 million, respectively. As a result, our effective tax rate was 2.0% and 27.8% for the years ended December 31, 2018 and 2017, respectively.

Effects of participating share-based awards. Effects of participating restricted stock units was \$7.8 and \$0.0 million for the years ended December 31, 2018 and 2017, respectively.

Discontinued Operations:

In the fourth quarter of 2018, our Board of Directors authorized us to pursue a plan to sell the core assets and business of REG Life Sciences, the main component of our Renewable Chemicals segment. This represents a strategic shift in our business. As a result, REG Life Sciences business is classified as discontinued operations. Net loss from discontinued operations included an impairment loss, net of tax, of \$11.2 million reflecting the fair value of the estimated proceeds from a sale, net of costs to sell. Net loss from discontinued operations for the year ended December 31, 2018 also included a loss of \$14.0 million primarily related to the research and development activities of REG Life Sciences, which was offset by a change in value of contingent consideration of \$13.9 million as a result of shortened duration to the final earnout determination date and reduced commercialization probability. For the year ended December 31, 2017, the net loss was \$12.8 million. The net loss in both years were related to research and development expenses to bring industrial biotechnology products to market.

Fiscal years ended December 31, 2017 and December 31, 2016

Set forth below is a summary of certain financial information (dollars in thousands and gallons in millions except per gallon data) for the periods indicated:

	Twelve Months Ended December 31,	
	2017	2016
Gallons sold	586.7	567.1
Average biomass-based diesel price per gallon	\$ 3.06	\$ 3.17
Revenues from continuing operations	\$ 2,154,655	\$ 2,039,232
Costs of goods sold from continuing operations	2,070,301	1,867,847
Gross profit from continuing operations	84,354	171,385
Selling, general and administrative expenses	93,425	88,285
Research and development expense	2,418	4,890
Impairment of property, plant and equipment	49,873	17,893
Income (loss) from operations	(61,362)	60,317
Other income (expense), net	(35,407)	7,792
Income tax benefit (expense)	30,490	(4,268)
Net income (loss) from continuing operations	(66,279)	63,841
Less---Net income attributable to noncontrolling interest	—	386
Net income (loss) from continuing operations attributable to the Company	(66,279)	63,455
Net loss from discontinued operations attributable to the Company	(12,800)	(19,128)
Net income (loss) to the Company	(79,079)	44,327
Effects of participating share-based awards on continuing operations	—	(1,251)
Net income (loss) from continuing operations attributable to the Company's common stockholders	\$ (66,279)	\$ 62,204
Net loss from discontinued operations attributable to the Company's common stockholders	\$ (12,800)	\$ (19,128)

Continuing Operations:

Revenues. Our total revenues increased \$115.4 million, or 6%, to \$2,154.7 million for the year ended December 31, 2017, from \$2,039.2 million for the year ended December 31, 2016. This increase was primarily due to a 3% increase in gallons sold, offset by a significant drop in government incentives revenues due to the BTC lapsing through 2017 and lower average selling price. The majority of the increase in the gallons sold consisted of renewable diesel gallons produced at our Geismar facility, which operated at higher utilization rates throughout 2017 compared to 2016.

Biomass-based diesel revenues including government incentives increased \$114.5 million, or 6%, to \$2,153.5 million during the year ended December 31, 2017, from \$2,039.1 million for the year ended December 31, 2016. Gallons sold increased 19.6 million, or 3%, to 586.7 million during the year ended December 31, 2017, compared to 567.1 million during the year ended December 31, 2016. The increase in gallons sold for the year ended December 31, 2017 accounted for a revenue increase of \$60.0 million using 2017 average sales pricing. The increase in revenues was offset by a \$317.9 million decrease in government incentives revenues in 2017 as the 2017 BTC was not reinstated until February 9, 2018. Our average biomass-

based diesel sales price per gallon decreased \$0.11, or 3%, to \$3.06 during the year ended December 31, 2017, compared to \$3.17 during the year ended December 31, 2016, mainly due to the impact of the BTC during 2017. The decrease in average sales price from 2016 to 2017 contributed to a \$62.4 million revenue decrease when applied to the number of gallons sold during 2016. Sales of separated RIN inventory were \$337.5 million and \$274.8 million for the years ended December 31, 2017 and 2016, respectively, contributing to the overall increase in biomass-based diesel revenues.

Costs of goods sold. Our costs of goods sold increased \$202.5 million, or 11%, to \$2,070.3 million for the year ended December 31, 2017, from \$1,867.8 million for the year ended December 31, 2016. Costs of goods sold as a percentage of revenues were 96% and 92% for the years ended December 31, 2017 and 2016, respectively. The increase in costs of goods sold as a percentage of revenues is largely due to the reduction in government incentives revenue for 2017 as the BTC was not reinstated for 2017 until February 9, 2018.

Biomass-based diesel costs of goods sold increased in 2017 mainly due to a 3% increase in gallons sold. Average lower-cost feedstocks prices for the year ended December 31, 2017 were \$0.29 per pound, compared to \$0.28 per pound for the year ended December 31, 2016. Average soybean oil costs for the years ended December 31, 2017 and December 31, 2016 were both \$0.33 per pound. We recorded risk management losses of \$23.4 million from our derivative financial instrument activity in 2017, compared to risk management losses of \$35.4 million for 2016. This fluctuation in risk management gains and losses was mainly due to the volatility in the commodities market. In addition, the movements in the value of RINs during 2017 resulted in a \$4.5 million write-down to lower of cost or net realizable value, which was mainly based on the future contracted RIN prices, on RIN inventory held throughout the year compared to a write-down of \$19.4 million during 2016. Costs of goods sold for separated RIN inventory sales excluding lower of cost write-downs were \$260.3 million and \$231.4 million for the years ending December 31, 2017 and 2016, respectively.

Selling, general and administrative expenses. Our selling, general and administrative, or SG&A, expenses were \$93.4 million for the year ended December 31, 2017, compared to \$88.3 million for the year ended December 31, 2016. SG&A expenses increased \$5.1 million, or 6%, for the year ended December 31, 2017 as compared to the year ended December 31, 2016. As a percentage of revenues, our SG&A expenses were 4.3% for 2017 and 4.3% for 2016. The increase year over year in SG&A expenses was primarily due to executive severance costs and increases in costs related to the Company's efforts on regulatory activities and an ITC trade case.

Impairment of property, plant and equipment. During the fourth quarter of 2017, we recorded impairment charges of \$44.6 million against property, plant and equipment assets at our partially completed facility in New Orleans, Louisiana. The impairment charge resulted from the probability that the project would not be completed in the near term as a result of other strategic investment priorities, such as potential expansion of our renewable diesel facility at Geismar, coupled with limited financing availability and construction cost requirements. In addition during 2017, we recorded impairment charges of \$5.2 million against certain identified plant property, plant and equipment at our other facilities as the carrying amounts of those assets were deemed not recoverable. The amount of property, plant and equipment impairment recorded in 2016 was approximately \$17.9 million mainly due to the impairment charges related to our partially completed facility in Emporia, Kansas.

Other income (expense), net. Other expense was \$35.4 million for the year ended December 31, 2017, compared to other income of \$7.8 million for the year ended December 31, 2016. Other income (expense) is primarily comprised of change in fair value of contingent consideration, interest expense, interest income and other non-operating items. The increase in the overall other expense of \$43.2 million was mainly due to a loss in fair value of convertible debt conversion liability of \$18.8 million for the year ended December 31, 2017, compared to a gain in fair value of \$13.0 million for the year ended December 31, 2016 related to our 2036 Convertible Senior Notes. In addition, the increase in the overall other expense was also attributable to a reduced gain in involuntary conversion of \$4.6 million and an increase of \$2.8 million in interest expense.

Income tax expense. There was an income tax benefit recorded during the year ended December 31, 2017 of \$30.5 million, compared to an income tax expense of \$4.3 million for the year ended December 31, 2016. The primary difference resulted from changes due to the Tax Cuts and Jobs Act where we saw a reduction in U.S. corporate income tax rate from 35% to 21%, including a remeasurement of deferred tax liabilities and the release of valuation allowance due to the reclassification of the 2036 Convertible Senior Notes to Additional Paid-in Capital. At December 31, 2017 and 2016, we had net deferred income tax assets of approximately \$257.2 million and \$344.8 million, respectively, with a valuation allowance of \$265.4 million and \$365.0 million, respectively. As a result, our effective tax rate was 27.8% and 8.7% for the years ended December 31, 2017 and 2016, respectively.

Effects of participating share-based awards. Effects of participating restricted stock units was \$0.0 million and \$1.3 million for the years ended December 31, 2017 and 2016, respectively.

Discontinued Operations:

Net loss from discontinued operations was attributable to the research and development activities at the REG Life Sciences business. The decrease in the net loss compared to 2016 was attributable to management's cost containment efforts and an increase in joint development agreement revenues.

Non - GAAP Financial Measures

Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA are not measures of financial performance under GAAP. We use EBITDA and EBITDA adjusted for certain additional items, identified in the table below, or Adjusted EBITDA, as a supplemental performance measure. We present EBITDA and Adjusted EBITDA because we believe they assist investors in analyzing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Adjusted EBITDA to evaluate, assess and benchmark our financial performance on a consistent and a comparable basis and as a factor in determining incentive compensation for our executives.

The following table provides our EBITDA and Adjusted EBITDA for the periods presented, as well as a reconciliation to net income (loss):

(In thousands)					Year ended December 31,				Year ended December 31,	
	1Q-2018	2Q-2018	3Q-2018	4Q-2018	2018	1Q-2017	2Q-2017	3Q-2017	4Q-2017	2017
Net income (loss) attributable to the Company	\$ 214,389	\$ 33,850	\$ 25,003	\$ 19,074	\$ 292,316	\$ (15,914)	\$ (34,809)	\$ (11,373)	\$ (16,983)	\$ (79,079)
Adjustments:										
Interest expense	4,651	4,925	4,003	3,955	17,534	4,536	4,479	4,725	5,015	18,755
Income tax (benefit) expense	(1,203)	3,835	854	2,385	5,871	1,075	1,960	(115)	(33,410)	(30,490)
Depreciation from continuing and discontinued operations	8,859	9,124	9,097	9,724	36,804	8,423	8,523	8,639	8,698	34,283
Amortization from continuing and discontinued operations	308	310	318	311	1,247	127	149	307	305	888
EBITDA	227,004	52,044	39,275	35,449	353,772	(1,753)	(19,698)	2,183	(36,375)	(55,643)
Gain on involuntary conversion	(4,000)	(454)	—	(3)	(4,457)	—	—	(942)	(4,387)	(5,329)
Gain on sale of assets	(990)	—	(13)	(2)	(1,005)	—	—	—	—	—
Change in fair value of convertible debt conversion liability	—	—	—	—	—	172	32,546	(8,560)	(5,325)	18,833
Change in fair value of contingent consideration from continuing and discontinued operations	(1,540)	(7,129)	(4,566)	444	(12,791)	589	(24)	1,433	486	2,484
Gain (loss) on debt extinguishment	232	(2,337)	(788)	(3,404)	(6,297)	—	—	—	—	—
Other income (expense), net	(222)	(2,066)	(486)	(1,243)	(4,017)	320	(32)	(12)	742	1,018
Impairment of assets	—	—	—	879	879	—	1,341	—	48,532	49,873
Impairment loss on assets classified as held for sale	—	—	—	11,226	11,226	—	—	—	—	—
Loss on the Geismar lease termination	—	—	—	—	—	—	3,967	—	—	3,967
Straight-line lease expense	(33)	(3)	(61)	(31)	(128)	(32)	(85)	(85)	(35)	(237)
Executive severance	165	50	—	—	215	—	—	2,420	991	3,411
Non-cash stock compensation	1,794	2,203	1,227	1,188	6,412	1,308	1,688	2,023	1,890	6,909
Adjusted EBITDA excluding 2017 BTC allocation	\$ 222,410	\$ 42,308	\$ 34,588	\$ 44,503	\$ 343,809	\$ 604	\$ 19,703	\$ (1,540)	\$ 6,519	\$ 25,286
Biodiesel tax credit ⁽¹⁾	(204,936)	—	—	—	(204,936)	36,728	59,365	56,505	52,338	204,936
Adjusted EBITDA	\$ 17,474	\$ 42,308	\$ 34,588	\$ 44,503	\$ 138,873	\$ 37,332	\$ 79,068	\$ 54,965	\$ 58,857	\$ 230,222

⁽¹⁾ On February 9, 2018, the Biodiesel Mixture Excise Tax Credit ("BTC") was retroactively reinstated for the 2017 calendar year. The retroactive credit for 2017 resulted in a net benefit to us that was recognized in the first quarter of 2018 for GAAP purposes. Because this credit relates to the 2017 full year operating performance and results, we removed the net benefit of the 2017 BTC from our 2018 results and allocated a portion of the net benefit of the tax credit to each of the four quarters of 2017 based upon gallons sold.

Adjusted EBITDA is a supplemental performance measure that is not required by, or presented in accordance with, generally accepted accounting principles, or GAAP. Adjusted EBITDA should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as alternatives to cash flows from operating activities or a

measure of our liquidity or profitability. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for any of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or the impact of certain cash charges that we consider not to be an indication of our ongoing operations;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital requirements;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements;
- stock-based compensation expense is an important element of our long term incentive compensation program, although we have excluded it as an expense when evaluating our operating performance; and
- other companies, including other companies in our industry, may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

Liquidity and Capital Resources

Sources of liquidity. At December 31, 2018 and 2017, the total of our cash and cash equivalents and marketable securities was \$174.5 million and \$77.6 million, respectively. At December 31, 2018, we had total assets of \$1,107.1 million, compared to \$1,005.6 million at December 31, 2017. At December 31, 2018, we had term debt before debt issuance costs of \$185.8 million, compared to term debt before debt issuance costs of \$228.6 million at December 31, 2017. Our debt is subject to various financial covenants. We were in compliance with all financial covenants associated with the borrowings as of December 31, 2018.

Our term debt (in thousands) is as follows:

	December 31,	
	2018	2017
4.00% Convertible Senior Notes, \$96,300 face amount, due in June 2036	\$ 75,477	\$ 116,255
2.75% Convertible Senior Notes, \$67,527 face amount, due in June 2019	66,361	69,859
REG Danville term loan, secured, variable interest rate of LIBOR plus 4%, due in July 2022	8,964	11,460
REG Newton term loan, secured, variable interest rate of LIBOR plus 4%, due in December 2018	—	8,189
REG Ralston term loan, variable interest rate of LIBOR plus 2.25%, due in October 2025	18,948	6,183
REG Grays Harbor term loan, variable interest of minimum 3.5% or Prime Rate plus 0.25%, due in May 2022	8,828	7,882
REG Capital term loan, fixed interest rate of 3.99%, due in January 2028	7,185	7,400
Other	54	1,332
Total debt before debt issuance costs	\$ 185,817	\$ 228,560

In addition, we had revolving debt (in thousands) as follows:

	December 31,	
	2018	2017
Amount outstanding under lines of credit	\$ 14,250	\$ 65,525
Maximum available to be borrowed under lines of credit	\$ 114,889	\$ 60,839

2019 Convertible Senior Notes

In June 2014, we issued \$143.8 million in convertible senior notes (the “2019 Convertible Senior Notes”) with a maturity date of June 15, 2019, unless earlier converted or repurchased. The 2019 Convertible Senior Notes bear interest at a rate of 2.75% per annum, payable semi-annually in arrears, beginning December 15, 2014. The initial conversion rate is 75.3963 shares of Common Stock per \$1,000 principal amount of 2019 Convertible Senior Notes, which represents an initial conversion price of approximately \$13.26 per share.

During 2018, we bought back \$6.3 million of principal of the 2019 Convertible Senior Notes. These Notes will be converted on and after December 15, 2018 until maturity. In accordance with the indenture governing such Notes, we have

elected to settle all conversions of each \$1,000 principal amount of Notes being converted on or after October 23, 2018, with \$1,000 in cash and any conversion value in excess of that amount in shares of our common stock.

2036 Convertible Senior Notes

In June 2016, we issued \$152.0 million aggregate principal amount of 4.00% Convertible Senior Notes due 2036 (the “2036 Convertible Senior Notes”) in a private offering to qualified institutional buyers. The 2036 Convertible Senior Notes bear interest at a rate of 4.00% per year payable semi-annually in arrears on June 15 and December 15 of each year, beginning December 15, 2016. The notes will mature on June 15, 2036, unless repurchased, redeemed or converted in accordance with their terms prior to such date. The initial conversion rate is 92.8074 common shares per \$1,000 principal amount of 2036 Convertible Senior Notes (equivalent to an initial conversion price of approximately \$10.78 per common share).

During 2018, we used \$110.8 million under the 2017 and 2018 Programs to buy back the \$55.7 million of principal of the 2036 Convertible Senior Notes, reflecting conversion premium, after tax impact, of \$70.0 million and gains on debt extinguishment of \$6.4 million.

We may not redeem the 2036 Convertible Senior Notes prior to June 15, 2021. Holders of the 2036 Convertible Senior Notes will have the right to require us to repurchase for cash all or some of their notes at 100% of their principal, plus any accrued and unpaid interest on each of June 15, 2021, June 15, 2026 and June 15, 2031. Holders of the 2036 Convertible Senior Notes will have the right to require us to repurchase for cash all or some of their notes at 100% of their principal, plus any accrued and unpaid interest upon the occurrence of certain fundamental changes.

The 2036 Convertible Senior Notes will become convertible in the subsequent quarter if the closing price of our common stock exceeds \$14.01, 130% of the Convertible Senior Notes' initial conversion price, for at least 20 trading days during the 30 consecutive trading days prior to each quarter-end date. If the 2036 Convertible Senior Notes become convertible and should the holders elect to convert, our current intent and policy is to settle the principal amount the 2036 Convertible Senior Notes in cash, with the remaining value satisfied at our option in cash, stock or a combination of cash and stock. As of December 31, 2018, the early conversion event was met based on the our stock price and as a result, the 2036 Convertible Senior Notes have been classified as a current liability on our Consolidated Balance Sheets at December 31, 2018.

Cash flow. The following table presents information regarding our cash flows and cash, cash equivalents and restricted cash for the years ended December 31, 2018, 2017 and 2016:

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Cash provided from operations	\$ 365,534	\$ 29,796	\$ 87,851
Cash used in investing activities	(97,197)	(63,869)	(65,723)
Cash provided from (used in) financing activities	(219,205)	(10,158)	45,624
Net change in cash, cash equivalents and restricted cash	49,132	(44,231)	67,752
Cash, cash equivalents and restricted cash end of period	\$ 126,575	\$ 77,627	\$ 120,210

The historical cash flows shown above illustrate that we have consistently generated positive cash flows from operations. In 2018, we generated \$365.5 million of cash from operating activities, a significant increase from 2017 and 2016, largely driven by the net income of \$292.3 million, compared to net loss of \$79.1 million in 2017 and net income of \$44.7 million in 2016. The primary impact on net income for the year ended December 31, 2018 was related to the reinstatement of the 2017 BTC and improved margins primarily related to lower feedstock costs during 2018. During 2018, we received approximately \$381.8 million related to the reinstatement of the 2017 BTC related to continuing operations. Of this amount received, we paid \$150.8 million to our vendors and customers. The increase in net cash flows used in investing activity was primarily impacted by the net investment in marketable securities of \$50.7 million, compared to no investments in marketable securities in 2017 and 2016. This increase was partially offset by a reduction in cash paid for property, plant and equipment of \$46.5 million, compared to \$67.6 million and \$60.4 million in 2017 and 2016, respectively. The primary change in financing activities for 2018 included \$25.0 million used to buy back shares of our common stock, \$6.7 million used to buy back \$6.3 million principal amount of the 2019 Convertible Senior Notes and \$110.8 million used to buy back \$55.7 million principal amount of the 2036 Convertible Senior Notes. Also impacting financing activities were net repayments on revolving lines of credit of \$48.2 million for the year ended December 31, 2018, compared to net borrowings of \$8.0 million in 2017 and \$26.4 million in 2016.

Capital expenditures: During 2018, our capital expenditures were \$46.5 million involving various projects, the majority of which were at the Madison, Ralston, Grays Harbor and Geismar facilities. During 2017, our capital expenditures were \$67.6 million involving various projects, the majority of which were upgrades to our facilities in New Boston, Madison, Seneca, Geismar, Germany and Ralston facilities. In June 2017, we completed an acquisition for \$20 million of approximately 82 acres of land in Geismar, Louisiana, which includes the land our Geismar biorefinery previously leased for its operations, as well as more than 61 adjacent acres, which we plan to improve and utilize to support existing production capacity and future expansion opportunities. During 2016, our capital expenditures were \$60.7 million, including \$13.9 million towards the \$34.5 million upgrade to our Danville facility and \$9.1 million in repairs and upgrades to bring our Geismar facility back on-line in March 2016. Our budgeted capital expenditures for 2019 are between \$75.0 million to \$85.0 million, which includes investments in plant optimization projects, environmental, health and safety projects and plant maintenance across a variety of facilities. This budgeted amount does not include potential investments under evaluation in a potential joint venture with Phillips 66 to construct a renewable diesel production facility in Washington state or in the possible expansion of production capacity at our renewable diesel facility in Geismar, Louisiana.

Contractual Obligations:

The following table describes our commitments to settle contractual obligations in cash as of December 31, 2018:

	Payments Due by Period				
	Total	Less Than 1 Year	Years 1-3	Years 4-5	More Than 5 Years
	(In thousands)				
Long-Term Debt ⁽¹⁾	\$ 210,871	\$ 152,678	\$ 26,837	\$ 5,823	\$ 25,533
Contingent Consideration ⁽²⁾	9,861	9,861	—	—	—
Operating Lease Obligations ⁽³⁾	64,336	20,326	27,868	4,351	11,791
Purchase Obligations ⁽⁴⁾	16,837	3,748	6,274	5,952	863
	<u>\$ 301,905</u>	<u>\$ 186,613</u>	<u>\$ 60,979</u>	<u>\$ 16,126</u>	<u>\$ 38,187</u>

- (1) See Note 12 of Item 8 for additional detail. Includes fixed interest associated with these obligations. The 2036 convertible senior notes, although not contractually mature in 2019 are convertible at the option of the holder and therefore represented as a contractual obligation in 2019.
- (2) Largely represents contingent consideration relating to our acquisition of Syntroleum/Dynamic Fuels and Madison.
- (3) Operating lease obligations consist of leases of distribution terminals, biomass-based diesel storage facilities, railcars and vehicles.
- (4) Purchase obligations for our production facilities.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors other than certain land and equipment operating leases. Upon adoption of ASU 842, based on our lease portfolio as of December 31, 2018, an initial balance of lease liabilities of approximately \$52 million, right-of-use assets of approximately \$42 million, net of a reclassification of unfavorable lease obligations of \$3 million, and an approximate negative impact on beginning retained earnings of \$6 million primarily related to the impairment of a right-of-use asset will be recorded on our balance sheet.

Recent Accounting Pronouncements

For a discussion of new accounting pronouncements affecting us, refer to “Note 2 – Summary of Significant Accounting Policies” to our consolidated financial statements.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

The primary objectives of our investment activity are to preserve principal, provide liquidity and maximize income without significantly increasing risk. Some of the securities we invest in are subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. To minimize this risk, we maintain a portfolio of cash equivalents in short-term investments in money market funds.

Commodity Price Risk

Over the period from January 2014 through December 2018, average diesel prices based on Platts reported pricing for Group 3 (Midwest) have ranged from a high of approximately \$3.21 per gallon reported in November 2014 to a low of approximately \$0.85 per gallon in January 2016, with prices averaging \$1.90 per gallon during this period. Over the period January 2014 to December 2018, soybean oil prices (based on daily closing nearby futures prices on the Chicago Board Of Trade for crude soybean oil) have ranged from a high of \$0.44 per pound, or \$3.32 per gallon of biodiesel, in March 2014 to a low of \$0.26 per pound, or \$1.95 per gallon of biodiesel, in September 2015 assuming 7.5 pounds of soybean oil yields one gallon of biodiesel with closing sales prices averaging \$0.33 per pound, or \$2.45 per gallon. Over the period from January 2014 through December 2018, animal fat prices (based on prices from The Jacobsen Missouri River, for choice white grease) have ranged from a high of \$0.41 per pound in May 2014 to a low of \$0.16 per pound in December 2015, with sales prices averaging \$0.24 per pound during this period. Over the period from January 2014 through December 2018, RIN prices (based on prices from OPIS) have ranged from a high of \$1.26 in December 2016 to a low of \$0.31 in October 2018, with sales prices averaging \$0.75 during this period.

Adverse fluctuations in feedstock prices as compared to biomass-based diesel prices result in lower profit margins and, therefore, represent unfavorable market conditions. The availability and price of feedstocks are subject to wide fluctuations due to unpredictable factors such as weather conditions during the growing season, rendering volumes, carry-over from the previous crop year and current crop year yield, governmental policies with respect to agriculture and supply and demand.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to our sales contracts, lower-cost feedstock requirements, soybean oil requirements and the related exchange-traded contracts for 2018. Market risk is estimated as the potential loss in fair value, resulting from a hypothetical 10% adverse change in the fair value of our lower-cost feedstock and soybean oil requirements and biomass-based diesel sales. The results of this analysis, which may differ from actual results, are as follows:

	2018 Volume (in millions)	Units	Hypothetical Adverse Change in Price	Impact on Annual Gross Profit (in millions)	Percentage Change in Gross Profit
Total Biomass-based Diesel	649.2	gallons	10%	\$ (196.7)	(46.8)%
Total Lower-Cost Feedstocks	3,024.4	pounds	10%	\$ (76.1)	(18.1)%
Total Canola Oil	525.2	pounds	10%	\$ (18.4)	(4.4)%
Total Soy Oil	346.2	pounds	10%	\$ (10.8)	(2.6)%

We attempt to protect operating margins by entering into risk management contracts that reduce the risk of price volatility related to anticipated purchases of feedstocks, such as inedible animal fat and inedible corn oil and energy prices. We create offsetting positions by using a combination of forward physical purchases and sales contracts on feedstock and biomass-based diesel, including risk management futures contracts, swaps and options primarily on NYMEX NY Harbor ULSD and CBOT Soybean Oil; however, the extent to which we engage in risk management activities varies substantially from time to time, and from feedstock to feedstock, depending on market conditions and other factors. A 10% adverse change in the prices of NYMEX NY Harbor ULSD would have a positive effect of \$14.0 million on the fair value of these instruments at December 31, 2018. A 10% adverse change in the price of CBOT Soybean Oil would have had a negative effect of \$6.1 million on the fair value of these instruments December 31, 2018. A 10% adverse change in the price of NYMEX Natural Gas would have had an immaterial impact on our gross margin at December 31, 2018.

Interest Rate Risk

Our weighted average interest rate on variable rate debt balances during 2018 was 5.12% and a hypothetical increase in interest rate of 10% would not have a material effect on our annual interest expenses or consolidated financial statements.

Inflation

To date, inflation has not significantly affected our operating results, though costs for petroleum-based diesel fuel, feedstocks, construction, labor, taxes, repairs, maintenance and insurance are all subject to inflationary pressures. Inflationary pressure in the future could affect our ability to sell the biomass-based diesel we produce, maintain our production facilities adequately, build new biomass-based diesel production facilities and expand our existing facilities as well as the demand for our facility construction management and operations management services.

ITEM 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and Board of Directors of
Renewable Energy Group, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Renewable Energy Group, Inc. and subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
March 7, 2019

We have served as the Company's auditor since 2006.

RENEWABLE ENERGY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND 2017
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 123,575	\$ 77,627
Marketable securities	50,932	—
Accounts receivable (net of allowance for doubtful accounts of \$673 and \$1,235, respectively)	74,551	90,648
Inventories	168,900	135,547
Prepaid expenses and other assets	41,169	51,880
Restricted cash	3,000	—
Current assets held for sale	3,250	—
Total current assets	465,377	355,702
Property, plant and equipment, net	590,723	586,361
Goodwill	16,080	16,080
Intangible assets, net	13,646	12,412
Other assets	21,270	19,290
Non-current assets held for sale	—	15,751
TOTAL ASSETS	\$ 1,107,096	\$ 1,005,596
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Revolving lines of credit	\$ 14,250	\$ 65,525
Current maturities of long-term debt	149,006	13,397
Accounts payable	95,866	84,608
Accrued expenses and other liabilities	35,256	25,279
Deferred revenue	300	2,218
Current liabilities held for sale	—	13,908
Total current liabilities	294,678	204,935
Unfavorable lease obligation	2,259	3,388
Deferred income taxes	8,410	8,192
Long-term contingent consideration for acquisitions	—	8,849
Long-term debt (net of debt issuance costs of \$3,390 and \$6,627, respectively)	33,421	208,536
Other liabilities	3,075	4,114
Total liabilities	341,843	438,014
COMMITMENTS AND CONTINGENCIES (NOTE 20)		
EQUITY:		
Common stock (\$.0001 par value; 300,000,000 shares authorized; 37,318,942 and 38,837,749 shares outstanding, respectively)	5	5
Common stock—additional paid-in-capital	451,427	515,452
Retained earnings	427,244	134,928
Accumulated other comprehensive income (loss)	(1,656)	278
Treasury stock (11,524,975 and 9,363,166 shares, respectively)	(111,767)	(83,081)
Total equity attributable to the Company's shareholders	765,253	567,582
TOTAL LIABILITIES AND EQUITY	\$ 1,107,096	\$ 1,005,596

See notes to consolidated financial statements.

RENEWABLE ENERGY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	2018	2017	2016
REVENUES:			
Biomass-based diesel sales	\$ 1,875,316	\$ 1,787,308	\$ 1,417,595
Separated RIN sales	137,895	337,501	274,800
Biomass-based diesel government incentives	367,490	28,728	346,672
	<u>2,380,701</u>	<u>2,153,537</u>	<u>2,039,067</u>
Other revenues	2,286	1,118	165
	<u>2,382,987</u>	<u>2,154,655</u>	<u>2,039,232</u>
COSTS OF GOODS SOLD:			
Biomass-based diesel	1,887,292	1,805,408	1,616,989
Separated RINs	75,704	264,765	250,809
Other costs of goods sold	—	128	49
	<u>1,962,996</u>	<u>2,070,301</u>	<u>1,867,847</u>
GROSS PROFIT	419,991	84,354	171,385
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	104,702	93,425	88,285
RESEARCH AND DEVELOPMENT EXPENSE	2,037	2,418	4,890
IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT	879	49,873	17,893
INCOME (LOSS) FROM OPERATIONS	312,373	(61,362)	60,317
OTHER INCOME (EXPENSE), NET:			
Change in fair value of contingent consideration	(1,117)	(2,151)	(1,919)
Change in fair value of convertible debt conversion liability	—	(18,833)	13,045
Gain on debt extinguishment	6,297	—	2,331
Gain on involuntary conversion	4,457	5,329	9,894
Other income (expense)	5,023	(997)	428
Interest expense	(17,534)	(18,755)	(15,987)
	<u>(2,874)</u>	<u>(35,407)</u>	<u>7,792</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	309,499	(96,769)	68,109
INCOME TAX BENEFIT (EXPENSE)	(5,871)	30,490	(4,268)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE NONCONTROLLING INTEREST	303,628	(66,279)	63,841
LESS—NET INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO NONCONTROLLING INTEREST	—	—	386
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	303,628	(66,279)	63,455
DISCONTINUED OPERATIONS (NOTE 7):			
Loss on operations of discontinued operations	(86)	(12,800)	(19,128)
Impairment loss on assets classified as held for sale	(11,226)	—	—
Income tax expense	—	—	—
NET LOSS ON DISCONTINUED OPERATIONS	(11,312)	(12,800)	(19,128)
NET INCOME (LOSS) TO THE COMPANY	292,316	(79,079)	44,327
LESS—EFFECT OF PARTICIPATING SHARE-BASED AWARDS ON CONTINUING OPERATIONS	(7,824)	—	(1,251)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE COMPANY'S COMMON STOCKHOLDERS	\$ 295,804	\$ (66,279)	\$ 62,204
NET LOSS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO THE COMPANY'S COMMON STOCKHOLDERS	\$ (11,312)	\$ (12,800)	\$ (19,128)
Net income (loss) per share from continuing operations attributable to common stockholders:			
Basic	\$ 7.85	\$ (1.71)	\$ 1.52
Diluted	\$ 6.78	\$ (1.71)	\$ 1.52
Net loss per share from discontinued operations attributable to common stockholders:			
Basic	\$ (0.30)	\$ (0.33)	\$ (0.47)
Diluted	\$ (0.30)	\$ (0.33)	\$ (0.47)
Weighted-average shares used to compute net income (loss) per share from continuing operations attributable to common stockholders:			
Basic	37,687,552	38,731,015	40,897,549
Diluted	43,653,720	38,731,015	40,902,860
Weighted-average shares used to compute net loss per share from discontinued operations attributable to common stockholders:			
Basic	37,687,552	38,731,015	40,897,549
Diluted	37,687,552	38,731,015	40,897,549

See notes to consolidated financial statements.

RENEWABLE ENERGY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(IN THOUSANDS)

	2018	2017	2016
Net income (loss) before noncontrolling interest	\$ 292,316	\$ (79,079)	\$ 44,713
Unrealized losses on marketable securities, net of taxes of \$0, \$0 and \$0, respectively	(28)	—	—
Foreign currency translation adjustments	(1,906)	6,029	(1,848)
Other comprehensive income (loss)	(1,934)	6,029	(1,848)
Comprehensive income (loss)	290,382	(73,050)	42,865
Less—Comprehensive loss attributable to noncontrolling interest	—	—	(106)
Comprehensive income (loss) attributable to the Company	<u>\$ 290,382</u>	<u>\$ (73,050)</u>	<u>\$ 42,971</u>

See notes to consolidated financial statements.

RENEWABLE ENERGY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016 (IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

	Company Stockholders' Equity							
	Common Stock Shares	Common Stock	Common Stock-Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interest	Total
BALANCE, January 1, 2016	43,837,714	\$ 4	\$ 474,367	\$169,680	\$ (4,009)	\$ (28,762)	\$ 2,730	\$614,010
Issuance of common stock	33,973	—	316	—	—	—	—	316
Issuance of common stock in acquisitions	500,000	1	4,050	—	—	—	—	4,051
Conversion of restricted stock units to common stock (net of 69,307 shares of treasury stock purchased)	180,049	—	—	—	—	(767)	—	(767)
Partial termination of capped call options (inclusive of tax impact of \$116)	—	—	1,863	—	—	—	—	1,863
Convertible debt extinguishment impact (net of tax impact of \$2,144)	—	—	(5,560)	—	—	—	—	(5,560)
Treasury stock activity	(5,998,323)	—	—	—	—	(52,295)	—	(52,295)
Acquisition of noncontrolling interest	—	—	—	—	—	—	(179)	(179)
Stock compensation expense	—	—	5,896	—	—	—	—	5,896
Foreign currency translation and other adjustment	—	—	(26)	—	(1,742)	—	(106)	(1,874)
Net income	—	—	—	44,327	—	—	386	44,713
BALANCE, December 31, 2016	38,553,413	5	480,906	214,007	(5,751)	(81,824)	2,831	610,174
Conversion of restricted stock units to common stock (net of 71,112 shares of treasury stock purchased)	210,611	—	—	—	—	(872)	—	(872)
Settlement of stock appreciation rights in common stock (net of 35,955 shares of treasury stock purchased)	73,725	—	—	—	—	(385)	—	(385)
Acquisition of noncontrolling interest	—	—	(271)	—	—	—	(2,831)	(3,102)
Impact of 2036 Senior Notes conversion liability reclassification (net of tax impact of \$18,025)	—	—	27,908	—	—	—	—	27,908
Stock compensation expense	—	—	6,909	—	—	—	—	6,909
Foreign currency translation adjustment	—	—	—	—	6,029	—	—	6,029
Net loss	—	—	—	(79,079)	—	—	—	(79,079)
BALANCE, December 31, 2017	38,837,749	5	515,452	134,928	278	(83,081)	—	567,582
Conversion of restricted stock units to common stock (net of 146,999 shares of treasury stock purchased)	293,717	—	—	—	—	(2,280)	—	(2,280)
Settlement of stock appreciation rights in common stock (net of 62,866 shares of treasury stock purchased)	140,332	—	—	—	—	(1,191)	—	(1,191)
Convertible debt extinguishment impact (net of tax of \$5,498)	—	—	(70,689)	—	—	—	—	(70,689)
Treasury stock activity	(1,937,844)	—	—	—	—	(25,048)	—	(25,048)
Partial termination of capped call options	(15,012)	—	252	—	—	(167)	—	85
Stock compensation expense	—	—	6,412	—	—	—	—	6,412
Foreign currency translation adjustment	—	—	—	—	(1,906)	—	—	(1,906)
Net change in unrealized losses on marketable securities	—	—	—	—	(28)	—	—	(28)
Net income	—	—	—	292,316	—	—	—	292,316
BALANCE, December 31, 2018	37,318,942	\$ 5	\$ 451,427	\$427,244	\$ (1,656)	\$(111,767)	\$ —	\$765,253

See notes to consolidated financial statements.

RENEWABLE ENERGY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss) including noncontrolling interest	\$ 292,316	\$ (79,079)	\$ 44,713
Net loss from discontinuing operations	(11,312)	(12,800)	(19,128)
Net income (loss) from continuing operations	303,628	(66,279)	63,841
Adjustments to reconcile net income (loss) to net cash flows from operating activities:			
Depreciation expense	36,246	33,779	31,363
Amortization expense of assets and liabilities, net	996	1,589	875
Accretion of asset retirement obligations	47	62	78
Accretion of convertible note discount	5,014	5,413	5,147
Accretion of marketable securities	(215)	—	—
Impairment of property, plant and equipment, net	879	49,873	17,893
Provision (benefit) for doubtful accounts	(273)	139	630
Stock compensation expense	6,412	6,909	5,896
Deferred tax expense (benefits)	4,850	(30,088)	3,009
Change in fair value of contingent consideration	1,117	2,151	1,919
Gain on involuntary conversion	(4,457)	(5,329)	(9,894)
Gain on sales of assets	(974)	—	—
Change in fair value of convertible debt conversion liability	—	18,833	(13,045)
Gain on debt extinguishment	(6,297)	—	(2,331)
Other	593	246	(71)
Changes in asset and liabilities, net of effects from mergers and acquisitions:			
Accounts receivable	19,662	74,974	145,235
Inventories	(34,066)	12,029	(58,551)
Prepaid expenses and other assets	41,250	2,491	7,392
Accounts payable	14,221	(20,220)	(133,461)
Accrued expenses and other liabilities	(7,259)	(18,802)	6,985
Deferred revenue	(1,918)	(25,028)	26,913
Net cash flows provided from operating activities - continuing operations	379,456	42,742	99,823
Net cash flows used in operating activities - discontinued operations	(13,922)	(12,946)	(11,972)
Cash provided from operations	365,534	29,796	87,851
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash paid for marketable securities	(70,745)	—	—
Maturities of marketable securities	20,000	—	—
Cash paid for purchase of property, plant and equipment	(46,453)	(67,557)	(60,384)
Insurance proceeds for asset impairments	4,464	8,000	10,949
Cash receipts from disposal of fixed assets	1,647	—	—
Cash paid for investments	(974)	(816)	(3,249)
Cash paid for acquisitions and additional interests, net of cash acquired	(4,801)	(3,482)	(12,720)
Net cash flows used in investing activities - continuing operations	(96,862)	(63,855)	(65,404)
Net cash flows used in investing activities - discontinued operations	(335)	(14)	(319)
Cash used in investing activities	(97,197)	(63,869)	(65,723)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (repayments) borrowings on line of credit	(48,187)	8,025	26,445
Borrowing on other lines of credit	2,014	8,812	10,185
Repayments on other lines of credits	(2,196)	(4,442)	(2,437)
Cash received for issuance of debt	14,034	23,575	11,775
Cash received on convertible debt	—	—	152,000
Cash paid on debt	(143,516)	(14,659)	(87,112)
Cash paid for debt issuance costs	(697)	(1,062)	(6,369)
Cash received on partial termination of capped call options	85	—	159
Cash paid for treasury stock	(25,048)	—	(51,474)
Cash paid for contingent consideration	(12,223)	(29,150)	(7,548)
Cash paid for conversion of restricted stock units and stock appreciation rights	(3,471)	(1,257)	—
Net cash flows provided from (used in) financing activities - continuing operations	(219,205)	(10,158)	45,624
Net cash flows provided from financing activities - discontinuing operations	—	—	—
Cash provided from (used in) financing activities	(219,205)	(10,158)	45,624
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	49,132	(44,231)	67,752

CASH, CASH EQUIVALENTS AND RESTRICTED CASH at Beginning of period	77,627	120,210	53,041
Effect of exchange rate changes on cash	(184)	1,648	\$ (583)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH at End of period	<u>\$ 126,575</u>	<u>\$ 77,627</u>	<u>\$ 120,210</u>

(continued)

RENEWABLE ENERGY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(IN THOUSANDS)

	2018	2017	2016
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:			
Cash paid for income taxes	\$ 910	\$ 252	\$ 410
Cash paid for interest	\$ 11,453	\$ 11,637	\$ 9,920
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Amounts included in period-end accounts payable for:			
Purchases of property, plant and equipment	\$ 3,459	\$ 7,688	\$ 3,833
Issuance costs	\$ 37	\$ 29	\$ 250
Issuance of common stock for acquisitions	\$ —	\$ —	\$ 4,050
Contingent consideration for acquisitions	\$ 482	\$ —	\$ 4,500
Release of restricted cash to pay off the GOZone Bonds	\$ —	\$ —	\$ 101,315
Repayment of GOZone Bonds	\$ —	\$ —	\$ 100,000
Non-cash transfer of line of credit to long-term debt	\$ —	\$ —	\$ 4,498
Non-cash allocation of proceeds from the 2036 Convertible Notes issuance to convertible debt conversion liability	\$ —	\$ —	\$ 40,145
Non-cash allocation of purchase price between debt and equity related to the repurchase of the 2019 Convertible Notes	\$ —	\$ —	\$ 7,387
Non-cash reclassification of the 2036 Convertible Notes conversion liability to additional paid in capital, net of tax impact	\$ —	\$ 27,908	\$ —
Non-cash share repurchases from partial capped call termination	\$ —	\$ —	\$ 1,588
Accruals of insurance proceeds related to impairment of property, plant and equipment	\$ —	\$ —	\$ 313

See "Note 4 - Acquisitions" for noncash items related to the acquisition transactions.

See notes to consolidated financial statements.

(concluded)

RENEWABLE ENERGY GROUP, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Three Years Ended December 31, 2018, 2017 and 2016
(In Thousands, Except Share and Per Share Amounts)

NOTE 1—ORGANIZATION, PRESENTATION, AND NATURE OF THE BUSINESS

Renewable Energy Group, Inc. (the "Company" or "REG") is a company focused on providing cleaner, lower carbon transportation fuels. Today, the Company principally generates revenue as the leading North American advanced biofuels producer with a nationwide distribution and logistics system. The Company participates in each aspect of biomass-based diesel production, from acquiring feedstock, managing construction and operating biomass-based diesel production facilities, to marketing, selling and distributing biomass-based diesel and its co-products. To do this, REG utilizes this nationwide production, distribution and logistics system as part of an integrated value chain model to focus on converting natural fats, oils and greases into advanced biofuels.

As of December 31, 2018, the Company owns and operates fourteen biorefineries, with twelve locations in North America and two locations in Europe, which includes thirteen operating biomass-based diesel production facilities with aggregate nameplate production capacity of 520 million gallons per year ("mmgy") and one fermentation facility. Ten of these plants are "multi-feedstock capable" which allows them to use a broad range of lower-cost feedstocks, such as inedible corn oil, used cooking oil and inedible animal fats in addition to vegetable oils, such as soybean oil and canola oil.

The biomass-based diesel industry and the Company's business have benefited from certain federal and state incentives. The federal biodiesel mixture excise tax credit (the "BTC") was retroactively reinstated on February 9, 2018 for the fiscal year 2017, but has not been reinstated for 2018 or 2019 as of the date of this report. The expiration or modification of any one or more of those incentives, would adversely affect the financial results of the Company.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and entities which it controls. All intercompany balances and transactions have been eliminated for consolidated reporting purposes.

Cash and Cash Equivalents

Cash and cash equivalents consists of money market funds and demand deposits with financial institutions. The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

The Company segregates certain cash balances as restricted cash that represent those funds required to be set aside by a contractual agreement. The Company classifies restricted cash between current and non-current assets based on the length of time of the restricted use.

As of December 31, 2018 and 2017, current restricted cash amounted to \$3,000 and \$0, respectively, which was held as pledges for letters of credit issued to support our operations. See the table below for reconciliation of Cash and cash equivalents and restricted cash in regards to the Consolidated Statements of Cash Flows:

	December 31, 2018	December 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 123,575	\$ 77,627	\$ 116,210
Restricted cash	3,000	—	4,000
Total cash, cash equivalents and restricted cash shown in the statement of cash flow	<u>\$ 126,575</u>	<u>\$ 77,627</u>	<u>\$ 120,210</u>

Marketable Securities

The Company's marketable securities are classified as available-for-sale and are reported at fair value, with unrealized gains and losses, net of tax, recorded in "Accumulated other comprehensive income (loss)". Realized gains or losses and declines in value judged to be other-than-temporary, if any, on available-for-sale securities are reported in "Other income (expense), net". The Company evaluates such investments periodically for possible other-than-temporary impairment. A decline of fair value below amortized costs of debt securities is considered an other-than-temporary impairment if the Company has the intent to sell the security or if it is more likely than not that the Company will be required to sell the security before recovery of the entire amortized cost basis. In those instances, an impairment charge equal to the difference between the fair value and the amortized cost basis is recognized in earnings. Regardless of the Company's intent or requirement to sell a debt security, an impairment is considered other-than-temporary if the Company does not expect to recover the entire amortized cost basis; in those instances, a credit loss equal to the difference between the present value of the cash flows expected to be collected based on credit risk and the amortized cost basis of the debt security is recognized in earnings. The Company has no current requirement or intent to sell a material portion of marketable securities as of December 31, 2018. The Company expects to recover up to (or beyond) the initial cost of the investment for securities held. In computing realized gains and losses on available-for-sale securities, the Company determines cost based on amounts paid, including direct costs such as commissions to acquire the security, using the specific identification method.

Accounts Receivable

Accounts receivable are carried at invoiced amount less allowance for doubtful accounts. Management estimates the allowance for doubtful accounts based on existing economic conditions, the financial conditions of customers and the amount and age of past due accounts. Receivables are considered past due if full payment is not received by the contractual due date. Past due accounts are generally written off against the allowance for doubtful accounts only after reasonable collection attempts have been exhausted.

In the first quarter of 2018, the Company recognized receivables of \$365,155 from the federal government and \$16,688 from customers related to the 2017 biodiesel mixture excise tax credit. Through December 31, 2018, the Company has collected all of these receivables.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined based on the first-in, first-out method. There were no lower of cost or market adjustments made to the inventory values reported as of December 31, 2018 and 2017.

Renewable Identification Numbers (RINs)

When the Company produces and sells a gallon of biomass-based diesel, 1.5 to 1.7 RINs per gallon are generated. RINs are used to track compliance with the Renewable Fuel Standard ("RFS2"). RFS2 allows the Company to attach between zero and 2.5 RINs to a gallon of biomass-based diesel. As a result, a portion of the selling price for a gallon of biomass-based diesel is generally attributable to RFS2 compliance. However, RINs that the Company generates are a form of government incentive and not a result of the physical attributes of the biomass-based diesel production. Therefore, no cost is allocated to the RIN when it is generated, regardless of whether the RIN is transferred with the biomass-based diesel produced or held by the Company pending attachment to other biomass-based diesel.

In addition, the Company also obtains RINs from third parties who have separated the RINs from gallons of biomass-based diesel. From time to time, the Company holds varying amounts of these separated RINs for resale. RINs obtained from third parties are initially recorded at their cost and are subsequently revalued at the lower of cost or net realizable as of the last day of each accounting period. The resulting adjustments are reflected in costs of goods sold for the period. The value of these RINs is reflected in "Prepaid expenses and other assets" on the Consolidated Balance Sheets. The cost of goods sold related to the sale of these RINs is determined using the average cost method, while market prices are determined by RIN values, as reported by the Oil Price Information Service ("OPIS").

Low Carbon Fuel Standard

The Company generates Low Carbon Fuel Standard ("LCFS") credits for its low carbon fuels or blendstocks when its qualified low carbon fuels are transported into an LCFS market. LCFS credits are used to track compliance with LCFS. As a result, a portion of the selling price for a gallon of biomass-based diesel sold into an LCFS market is also attributable to LCFS compliance. However, LCFS credits that the Company generates are a form of government incentive and not a result of the physical attributes of the biomass-based diesel production. Therefore, no cost is allocated to the LCFS credit when it is generated, regardless of whether the LCFS credit is transferred with the biomass-based diesel produced or held by the Company.

In addition, the Company also obtains LCFS credits from third party trading activities. From time to time, the Company holds varying amounts of these third party LCFS credits for resale. LCFS credits obtained from third parties are initially recorded at their cost and are subsequently revalued at the lower of cost or net realizable value as of the last day of each accounting period and the resulting adjustments are reflected in costs of goods sold for the period. The value of LCFS credits obtained from third parties is reflected in "Prepaid expenses and other assets" on the Consolidated Balance Sheets. The cost of goods sold related to the sale of these LCFS credits is determined using the average cost method, while market prices are determined by LCFS values, as reported by the OPIS. At December 31, 2018 and 2017, the Company held no LCFS credits purchased from third parties.

The Company records assets acquired and liabilities assumed through the exchange of non-monetary assets based on the fair value of the assets and liabilities acquired or the fair value of the consideration exchanged, whichever is more readily determinable.

Derivative Instruments

Derivatives are recorded on the balance sheet at fair value with changes in fair value recognized in current period earnings. The Company did not elect to use hedge accounting during the periods presented.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation. Maintenance and repairs are expensed as incurred. Depreciation expense is computed on a straight-line method based upon estimated useful lives of the assets. Estimated useful lives are as follows:

Automobiles and trucks	5 years
Computers and office equipment	5 years
Office furniture and fixtures	7 years
Machinery and equipment	5-30 years
Leasehold improvements	the lesser of the lease term or 30 years
Buildings and improvements	30-40 years

In June 2017, the Company experienced a fire at its Madison facility, resulting in the shutdown of the facility. In 2017, the Company impaired fixed assets with a total net book value of approximately \$2,671 as a result of the fire in June 2017. The Company received payments in the amounts of \$12,454 and \$9,484 to cover initial costs incurred for property losses and business interruption, respectively. The Company recognized gain on involuntary conversion related to the fire of \$4,454 and \$5,329 for the years ended December 31, 2018 and 2017, respectively.

During the years ended December 31, 2018, 2017 and 2016, the Company capitalized interest incurred on debt during the construction of assets of \$360, \$301 and \$537, respectively.

Goodwill

Goodwill is tested for impairment annually on July 31 or when impairment indicators exist. Goodwill is allocated and tested for impairment by reporting units. At December 31, 2018 and 2017, the Company had goodwill in the Services reporting unit. The annual impairment test at July 31, 2018 determined that the fair value of the Services reporting unit exceeded its carrying value by approximately 45%. No impairment of goodwill was recorded during the years ended December 31, 2018 and 2017.

Impairment of Long-lived Assets

The Company tests its long-lived assets for recoverability when events or circumstances indicate that its carrying amount may not be recoverable. Significant assumptions used in the undiscounted cash flow analysis, when it is required, include the projected demand for biomass-based diesel based on annual renewable fuel volume obligations under the Renewable Fuel Standards (RFS2), the Company's capacity to meet that demand, the market price of biomass-based diesel and the cost of feedstock used in the manufacturing process. For facilities under construction, estimates also include the capital expenditures necessary to complete construction of the plant and the projected costs of financing.

In 2018, impairment charges on continuing operations amounting \$879 were recorded related to certain identified plant property, plant and equipment at our current facilities as the carrying amounts of those assets were deemed not recoverable. Refer to "Note 7 - Discontinued Operations" for details on asset impairments related to discontinued operations. In 2017, impairment charges amounting \$44,649 and \$5,224 were recorded related to the Company's New Orleans facility's property, plant and equipment assets and certain other plant, property and equipment. In 2016, impairment charges amounting to \$15,593 and \$2,300 were recorded related to the Company's Emporia facility's property, plant and equipment assets and certain other plant, property and equipment, respectively.

Convertible Debt

In June 2016, the Company issued \$152,000 aggregate principal amount of 4% convertible senior notes due in 2036 (the "2036 Convertible Senior Notes"). The embedded conversion option was initially accounted for as an embedded derivative liability as the Company could not elect to issue shares of common stock upon conversion of the 2036 Convertible Senior Notes to the extent such election would result in the issuance of more than 19.99% of the common stock outstanding immediately before the issuance of the 2036 Convertible Senior Notes unless the Company received stockholder approval for such issuance. On December 8, 2017, at the special meeting of stockholders, the Company obtained the approval from its stockholders to remove the common stock issuance restrictions in connection with conversions of the 2036 Convertible Senior Notes. Accordingly, the embedded conversion option after being fair valued at \$45,933, net of tax of \$18,025, has been reclassified into "Common Stock-Additional Paid-in Capital" at December 8, 2017. See "Note 12 - Debt" for a further description of the 2036 Convertible Senior Notes. During the year ended December 31, 2018, the Company used \$110,828 to repurchase \$55,700 principal amount of the 2036 Convertible Senior Notes. See "Security Repurchase Programs" below.

Capped Call Transaction

In connection with the issuance of the 2019 Convertible Senior Notes, the Company entered into capped call transactions. The purchased capped call transactions were recorded as a reduction to common stock-additional paid-in-capital. Because this was considered to be an equity transaction and qualifies for the derivative scope exception, no future changes in the fair value of the capped call will be recorded by the Company. During 2016, in connection with the issuance of the 2036 Convertible Senior Notes, certain call options covered by the original capped call transaction were rebalanced and reset to cover 100% of the total number of shares of the Company's Common Stock underlying the remaining principal of the 2019 Convertible Senior Notes. The impact of these transactions, net of tax, was reflected as an addition/reduction to "Common Stock-Additional Paid-In Capital" as presented in the Consolidated Statements of Stockholders' Equity.

Security Repurchase Programs and Subsequent Event

In December 2017, the Company's board of directors approved a repurchase program of up to \$75,000 of the Company's convertible notes and/or shares of common stock (the "2017 Program"). In June 2018, the Company's board of directors approved another repurchase program of up to an additional \$75,000 of the Company's convertible notes and/or shares of common stock (the "2018 Program"). In January 2019, the Company's board of directors approved a repurchase program of up to an additional \$75,000 of the Company's convertible notes and/or shares of common stock (the "2019 Program"). Under these programs, the Company may repurchase convertible notes or shares from time to time in open market transactions, privately negotiated transactions or by other means. The timing and amount of repurchase transactions under each program are determined by the Company's management based on its evaluation of market conditions, share price, bond price, legal requirements and other factors. The table below sets out the information regarding the activities under the 2017 Program and the 2018 Program during 2018:

For the year ended December 31, 2018

	Number of shares/Principal amount in \$'000	December 2017 Program	June 2018 Program	Both Programs
Repurchases of shares of common stock	1,937,844	\$ 25,048	\$ —	\$ 25,048
2019 Convertible Senior Notes Repurchases	\$ 6,311	\$ 6,689	\$ —	\$ 6,689
2036 Convertible Senior Notes Repurchases	\$ 55,700	\$ 43,263	\$ 67,565	\$ 110,828

As illustrated in the above table, the Company used \$110,828 under the 2017 and 2018 Programs to buy back \$55,700 of principal amount of the 2036 Convertible Senior Notes, reflecting conversion premium, after tax impact, of \$70,011 as a reduction of Additional Paid-in Capital and gains on debt extinguishment of \$6,065 in the Consolidated Statements of Operations for the year ended December 31, 2018.

Foreign Currency Transactions and Translation

The Company's reporting and functional currency is U.S. dollars. Monetary assets and liabilities denominated in currencies other than U.S. dollars are remeasured into their respective functional currencies at exchange rates in effect at the balance sheet date. The resulting exchange gain or loss is included in the Company's Consolidated Statements of Operations as foreign exchange gain (loss) unless the remeasurement gain or loss relates to an intercompany transaction that is of a long-term investment nature and for which settlement is not planned or anticipated in the foreseeable future. Gains or losses arising from translation of such transactions are reported as a component of accumulated other comprehensive income (loss) in the Company's Consolidated Balance Sheets.

The Company translates the assets and liabilities of its foreign subsidiaries from their respective functional currencies to U.S. dollars at the appropriate spot rates as of the balance sheet date. Generally, the Company's foreign subsidiaries use the local currency as their functional currency. Changes in the carrying value of these assets and liabilities attributable to fluctuations in spot rates are recognized in foreign currency translation adjustment, a component of accumulated other comprehensive income (loss) in the Company's Consolidated Balance Sheets.

The other comprehensive loss amounts presented in the Company's Consolidated Statements of Comprehensive Income (Loss) and Consolidated Statements of Stockholders' Equity mainly include the foreign currency translation adjustment resulting from translating the financial statements of certain subsidiaries from Euros to US Dollars, the Company's functional currency.

Revenue Recognition

In the first quarter of 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). Under the ASU, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company applied the five-step method outlined in the ASU to all contracts with customers and elected the modified retrospective implementation method. The Company has generally a single performance obligation in its arrangements with customers. The Company believes for most of its contracts with customers, control is transferred at a point in time, typically upon delivery to the customers. When the Company performs shipping and handling activities after the transfer of control to the customers (e.g., when control transfers prior to delivery), they are considered as fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues. The Company generally expenses sales commissions when incurred because the amortization period would have been less than one year. The Company records these costs within selling, general and administrative expenses. The implementation of the new standard did not have any material impact on the measurement or recognition of revenue of prior periods, however additional disclosures have been added in accordance with the ASU.

The following is a description of principal activities from which we generate revenue. Revenues from contracts with customers are recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services.:

- sales of biodiesel and renewable diesel produced at our facilities, including RINs and LCFS credits;
- resale of finished biomass-based diesel, RINs and LCFS credits acquired from third parties, and raw material feedstocks acquired from others;

- revenues from our sale of petroleum-based heating oil and ultra-low sulfur diesel, or ULSD, acquired from third parties, along with the sale of these petroleum-based products further blended with biodiesel produced at our wholly owned facilities;
- sales of glycerin, other co-products of the biomass-based diesel production process;
- incentive payments from federal and state governments, including the BTC, and from the USDA Advanced Biofuel Program; and
- other revenue:
 - sales of chemical products and lab services.

Disaggregation of revenue:

All revenue related to continuing operations recognized on the income statement, except for Biomass-based diesel Government Incentives, is considered to be revenue from contracts with customers. The following table depicts the disaggregation of revenue according to product line and segment:

Year ended December 31, 2018	Reportable Segments				Consolidated Total
	Biomass-based Diesel	Services	Corporate and other	Intersegment Revenues	
Biomass-based diesel sales, net of BTC related amount due to customers of \$144,944	\$ 1,474,459	\$ —	\$ 9,682	\$ (26,348)	\$ 1,457,793
Petroleum and blended petroleum diesel sales	—	—	239,470	—	239,470
Other biomass-based diesel revenue	178,053	—	—	—	178,053
Separated RIN sales	137,895	—	—	—	137,895
Other revenues	—	93,347	—	(91,061)	2,286
Total revenues from contracts with customers	\$ 1,790,407	\$ 93,347	\$ 249,152	\$ (117,409)	\$ 2,015,497
Biomass-based diesel government incentives	367,490	—	—	—	367,490
Total revenues	\$ 2,157,897	\$ 93,347	\$ 249,152	\$ (117,409)	\$ 2,382,987

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers:

	December 31, 2018
Accounts receivable	\$ 74,551
Short-term contract liabilities (deferred revenue)	\$ (300)

The Company receives payments from customers based upon contractual billing schedules; accounts receivables are recorded when the right to consideration becomes unconditional. Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract. While in general the Company has not historically offered sales incentives to customers, the uncertainty around the reinstatement of the federal biodiesel tax credit led to the Company and other market participants acting as if the federal biodiesel tax credit would be reinstated throughout the year and entering into agreements with both customers and vendors throughout the year to capture the credit when or if reinstated. When or if the federal biodiesel tax credit is reinstated, the impacts of the agreements with customers are recorded as contract liabilities in accounts payable and as adjustments to Biomass-based diesel sales, whereas agreements with vendors are recorded net as adjustments to Biomass-based diesel costs of goods sold on the Consolidated Statements of Operations.

Significant changes to the contract liabilities during the year are as follows:

	January 1, 2018	Cash receipts (Payments)	Less: Impact on Revenue	Other	December 31, 2018
Deferred revenue	\$ 2,218	\$ 27,264	\$ 29,179	\$ (3)	\$ 300
Payables to customers related to BTC	—	(150,776)	(144,944)	5,832	—
	\$ 2,218	\$ (123,512)	\$ (115,765)	\$ 5,829	\$ 300

Freight

Amounts billed to customers for freight are included in biomass-based diesel sales. Costs incurred for freight are included in costs of goods sold.

Advertising Costs

Advertising costs are charged to expense as they are incurred. Advertising and promotional expenses were \$1,989, \$2,140 and \$1,746 for the years ended December 31, 2018, 2017 and 2016, respectively.

Employee Benefits Plan

The Company sponsors an employee savings plan under Section 401(k) of the Internal Revenue Code. The Company makes matching contributions equal to 50% of the participant's pre-tax contribution up to a maximum of 6% of the participant's eligible earnings. Total expense related to the Company's defined contribution plan was \$1,588, \$1,367 and \$1,168 for the years ended December 31, 2018, 2017 and 2016, respectively.

Stock-Based Compensation

Stock-based compensation expense is measured at the grant-date fair value of the awards and recognized as compensation expense over the vesting period.

Income Taxes

The Company's income tax provision, deferred income tax assets and liabilities, and liabilities for unrecognized tax benefits represent the Company's best estimate of current and future income taxes to be paid. The annual effective tax rate is based on income tax laws, statutory tax rates, taxable income levels and tax planning opportunities available in various jurisdictions where the Company operates. These tax laws are complex and require significant judgment to determine the consolidated provision for income taxes. Changes in tax laws, statutory tax rates and estimates of the Company's future taxable income levels could result in actual realization of deferred taxes being materially different from amounts provided for in the consolidated financial statements.

The indefinite reinvestment in the earnings of non-US subsidiaries assertion is determined by management's judgment about and intentions concerning future investment in operations. As of December 31, 2018, the Company is not indefinitely reinvested in the earnings of non-US subsidiaries.

Discontinued Operations

Loss on discontinued operations was mainly related to the research and development activities of REG Life Sciences, aimed to bring industrial biotechnology products to market and impairment loss on classification of the REG Life Sciences as assets available for sale. See "Note 7 - Discontinued Operations" for further details.

Concentrations

One customer represented slightly less than 10% of the total consolidated revenues of the Company for the years ended December 31, 2018, 2017 and 2016. All customer amounts disclosed in the table are related to biomass-based diesel sales:

	2018	2017	2016
Customer A	\$ 219,202	\$ 182,236	\$ 144,849

The Company maintains cash balances at financial institutions, which may at times exceed the \$250 coverage by the U.S. Federal Deposit Insurance Company. The Company has experienced no losses in such accounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and reported amounts of revenues and expenses during the reporting periods. These estimates are based on information that is currently available to management and on various assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

New Accounting Pronouncements

On February 25, 2016, the FASB issued ASU 2016-02, which introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in ASC 606, the FASB's new revenue recognition standard (e.g., those related to evaluating when profit can be recognized). Furthermore, the ASU addresses other concerns related to the current leases model. The ASU is effective for annual periods beginning after December 15, 2018 and interim periods therein.

On July 19, 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which addresses certain aspects of the new leases standard, including the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments, among other things. On July 31, 2018, the FASB issued ASU 2018-11, *Codification Improvements to Topic 842, Leases*, which provides entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. These amendments have the same effective date and transition requirements as ASU 2016-02.

All of the ASU's related to ASC 842 will be adopted by the Company effective January 1, 2019. The Company plans to apply a modified retrospective transition approach. The Company also plans to elect the hindsight practical expedient to determine the reasonably certain lease term for existing leases. While lease classification will remain unchanged, hindsight will result in generally shorter accounting lease terms and useful lives of the corresponding leasehold improvements. Additionally, the Company will make an accounting policy election that will keep leases with an initial term of 12 months or less off of the balance sheet and will result in recognizing those lease payments in the Consolidated Statements of Operations on a straight-line basis over the lease term. Based on the Company's lease portfolio as of December 31, 2018, the Company will record an initial balance of lease liabilities of approximately \$52,000, right-of-use assets of approximately \$42,000, net of a reclassification of unfavorable lease obligations of \$3,000, and an approximate negative impact on beginning retained earnings of \$6,000, related to the impairment of a right of use asset at the company's New Orleans facility.

The FASB issued ASU 2016-18 on November 17, 2016 to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. For public companies, the guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company has adopted this ASU in its consolidated financial statements. See "Consolidated Statements of Cash Flows" for further details.

On February 28, 2018, the FASB issued ASU 2018-03, which makes technical corrections to certain aspects of ASU 2016-16 (on recognition of financial assets and financial liabilities), including equity securities without a readily determinable fair value (discontinuation and adjustment); forward contracts and purchased options; presentation requirements for certain fair value option liabilities; fair value option liabilities denominated in a foreign currency and transition guidance for equity securities without a readily determinable fair value. For public business entities, the amendments in ASU 2018-03 are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018. The Company has adopted this ASU in its consolidated financial statements. The adoption did not have a material impact.

On August 28, 2017, the FASB issued ASU 2017-12, which amends the hedge accounting recognition and presentation requirements in ASC 815 to (1) improve the transparency and understandability of information conveyed to financial statement users about an entity's risk management activities by better aligning the entity's financial reporting for hedging relationships with those risk management activities and (2) reduce the complexity of and simplify the application of hedge accounting by preparers. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company anticipates that the ASU will allow more of its derivative contracts to qualify for hedge accounting elections. Upon the adoption ASU 2017-12, changes in fair value of derivatives will continue to be recognized in current period earnings.

On November 7, 2018, the FASB issued ASU 2018-16, which permits entities to use the Overnight Index Swap ("OIS") Rate based on Secured Overnight Financing Rate ("SOFR") as an eligible benchmark interest rate during the early stages of the transition from LIBOR to SOFR. For public business entities, the amendments in this Update are effective for fiscal years

beginning after December 15, 2018, and interim periods within those fiscal years. The Company is evaluating the impact of this guidance on its consolidated financial statements, but does not expect the impact to be significant.

On June 16, 2016, the FASB issued ASU 2016-13, which amends the Board's guidance on the impairment of financial instruments. The ASU adds to U.S. GAAP an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. For public companies, the ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is evaluating the impact of this guidance, but does not expect it to have any material impact on its consolidated financial statements.

On August 28, 2018, the FASB issued ASU 2018-13, which changes the fair value measurement disclosure requirements of ASC 820. ASU 2018-13 eliminates or modifies certain disclosure requirements of ASC 820 and requires new disclosures relating to changes in unrealized gains or losses included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the applicable reporting period. ASU 2018-13 also explicitly requires entities to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU 2018-13 is effective for all entities for fiscal years beginning after December 15, 2019, including interim periods therein. The Company is evaluating the impact of this guidance on its consolidated financial statements, but does not expect the impact to be significant.

NOTE 3—STOCKHOLDERS' EQUITY OF THE COMPANY AND SUBSEQUENT EVENT

Common Stock

The Company has authorized capital stock consisting of 450,000,000 shares, all with a par value of \$.0001 per share, which includes 300,000,000 shares of Common Stock, 140,000,000 shares of Common Stock A and 10,000,000 shares of Preferred Stock including 3,000,000 shares of Series B Preferred Stock.

Each holder of Common Stock is entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders. Subject to preferences that may apply to shares of previously outstanding Series A Preferred Stock and currently outstanding Series B Preferred Stock as outlined below, the holders of outstanding shares of Common Stock are entitled to receive dividends. After the payment of all preferential amounts required to the holders of Series B Preferred Stock, all of the remaining assets of the Company available for distribution shall be distributed ratably among the holders of Common Stock.

On March 1, 2019, the Company filed with the Secretary of State of the State of Delaware two Certificates of Retirement and Cancellation to eliminate all references to Class A Common Stock and Series B Preferred Stock in the Company's certificate of incorporation. All such authorized shares of Class A Common Stock and Series B Preferred Stock were previously issued but were no longer outstanding and were retired by the board of directors of the Company.

NOTE 4—ACQUISITIONS

2016 Acquisition

Sanimax Energy, LLC

On March 15, 2016, the Company acquired fixed assets and inventory from Sanimax Energy, including the 20 mmgy nameplate capacity biomass-based diesel refinery in DeForest, Wisconsin. The Company completed its initial accounting of this business combination as the valuation of the real and personal property was finalized as of September 30, 2016.

The following table summarizes the consideration paid for the acquisition from Sanimax Energy:

	March 15, 2016
Consideration at fair value for acquisition from Sanimax:	
Cash	\$ 12,541
Common stock	4,050
Contingent consideration	4,500
Total	\$ 21,091

The fair value of the 500,000 shares of Common Stock issued was determined using the closing market price of the Company's common shares at the date of acquisition.

The Company may pay contingent consideration of up to \$5,000 (Earnout Payments) over a 7-year period after the acquisition, subject to achievement of certain milestones related to the biomass-based diesel gallons produced and sold by REG Madison. The Earnout Payments are payable in cash and cannot exceed \$1,700 in any one year period beginning March 15, 2016 through 2023 and up to \$5,000 in aggregate. As of December 31, 2018, the Company has recorded a contingent liability of \$1,443, which has been classified as current on the Consolidated Balance Sheets.

The following table summarizes the fair values of the assets acquired at the acquisition date.

	March 15, 2016
Assets (liabilities) acquired from Sanimax Energy:	
Inventory	\$ 1,591
Property, plant and equipment	19,500
Total identifiable assets acquired	21,091
Accrued expenses and liabilities	—
Net identifiable assets acquired	\$ 21,091

NOTE 5 --- MARKETABLE SECURITIES

The Company's investments in marketable securities are stated at fair value and are available-for-sale. The following table summarizes the Company's investments in marketable securities:

December 31, 2018						
	Maturity	Gross Amortized Cost	Total Unrealized Gains	Total Unrealized Losses	Fair Value	
Commercial paper	Within one year	\$ 22,886	\$ —	\$ (14)	\$ 22,872	
Corporate bonds	Within one year	28,074	—	(14)	28,060	
Total		\$ 50,960	\$ —	\$ (28)	\$ 50,932	

NOTE 6—INVENTORIES

Inventories consist of the following at December 31:

	2018	2017
Raw materials	\$ 40,348	\$ 39,975
Work in process	3,840	3,523
Finished goods	124,712	92,049
Total	\$ 168,900	\$ 135,547

NOTE 7—DISCONTINUED OPERATIONS

In the fourth quarter of 2018, concluding a comprehensive strategic assessment of the Company's development-stage industrial biotechnology business, REG Life Sciences, the Company's Board of Directors authorized it to pursue a plan to sell the REG Life Sciences core assets and business. The Company has recorded an impairment loss, net of tax, of \$11,226 on classifying the REG Life Sciences assets as held for sale reflecting the fair value of the estimated proceeds from the sale, net of costs to sell. This valuation technique is considered as Level 3 pricing category.

REG Life Sciences' results for all periods prior to December 31, 2018, fair value of assets held for sale and estimated costs to sell are classified as discontinued operations. There is no income tax impact from discontinued operations for all periods.

Loss on Discontinued Operations:

Discontinued Operations

For the years ended December 31,

	2018	2017	2016
Other revenues	\$ 5,856	\$ 3,588	\$ 2,000
Other costs of goods sold	(4,697)	(4,360)	(1,870)
Research and development expense	(15,152)	(11,673)	(13,273)
Other income (expense), net	13,907	(355)	(5,985)
Pre-tax loss from discontinued operations	(86)	(12,800)	(19,128)
Pre-tax impairment loss on assets classified as held for sale	(11,226)	—	—
Income tax expense	—	—	—
Loss on discontinued operations	\$ (11,312)	\$ (12,800)	\$ (19,128)

Reconciliation of the Carrying Amounts of Major Classes of Assets and Liabilities Included in Assets and Liabilities Held for Sale:

	2018	2017
Machinery and equipment, net	\$ 824	\$ 1,036
In-process research and development	13,652	14,715
Impairment loss recognized on assets classified as held for sale	(11,226)	—
Total assets classified as held for sale	\$ 3,250	\$ 15,751
Contingent consideration	—	13,908
Current liabilities classified as held for sale	\$ —	\$ 13,908

NOTE 8—PROPERTY, PLANT AND EQUIPMENT

Company's owned property, plant and equipment consists of the following at December 31:

	2018	2017
Land	\$ 10,649	\$ 10,480
Building and improvements	148,055	140,261
Leasehold improvements	11,364	10,806
Machinery and equipment	584,490	532,592
	754,558	694,139
Accumulated depreciation	(205,537)	(173,971)
	549,021	520,168
Construction in process	41,702	66,193
Total	\$ 590,723	\$ 586,361

During 2017, the Company recorded impairment charges of \$44,649 related to its New Orleans facility's property, plant and equipment assets. Refer to Note 2 for further details.

NOTE 9—INTANGIBLE ASSETS

Amortizing intangible assets consist of the following at December 31:

	December 31, 2018		
	Cost	Accumulated Amortization	Net
Raw material supply agreement	\$ 6,230	\$ (2,866)	\$ 3,364
Renewable diesel technology	8,300	(2,536)	5,764
Acquired customer relationships	4,747	(976)	3,771
Trademarks	704	—	704
Ground lease	200	(157)	43
Total intangible assets	<u>\$ 20,181</u>	<u>\$ (6,535)</u>	<u>\$ 13,646</u>

	December 31, 2017		
	Cost	Accumulated Amortization	Net
Raw material supply agreement	\$ 6,230	\$ (2,408)	\$ 3,822
Renewable diesel technology	8,300	(1,983)	6,317
Acquired customer relationships	2,900	(686)	2,214
Ground lease	200	(141)	59
Total intangible assets	<u>\$ 17,630</u>	<u>\$ (5,218)</u>	<u>\$ 12,412</u>

The raw material supply agreement acquired is amortized over its 15 year term based on actual usage under the agreement and expires in 2025. The Company determined the estimated amount of raw materials to be purchased over the life of the agreement to calculate a per pound rate of consumption. The rate is then multiplied by the actual usage each period for expense reporting purposes.

Amortization expense of \$1,317, \$1,280 and \$1,294 for intangible assets was recorded for the years ended December 31, 2018, 2017 and 2016, respectively.

Estimated amortization expense for fiscal years ended December 31 is as follows:

2019	\$ 1,682
2020	1,689
2021	1,695
2022	1,688
2023	1,695
Thereafter	5,197
Total	<u>\$ 13,646</u>

NOTE 10—OTHER ASSETS

Prepaid expenses and other current assets consist of the following at December 31:

	2018	2017
Commodity derivatives and related collateral, net	\$ 13,799	\$ 1,610
Prepaid expenses	17,187	11,733
Deposits	2,123	2,899
RIN inventory	2,000	27,028
Taxes receivable	2,991	6,356
Other	3,069	2,254
Total	<u>\$ 41,169</u>	<u>\$ 51,880</u>

RIN inventory is valued at the lower of cost or net realizable value and consists of (i) RINs the Company generates in connection with its production of biomass-based diesel and (ii) RINs acquired from third parties. RINs generated by the

Company are recorded at no cost, as these RINs are government incentives and not a tangible output from its biomass-based diesel production. The cost of RINs acquired from third parties is determined using the average cost method. RIN market value is based upon pricing as reported by the OPIS. Since RINs generated by the Company have zero cost associated to them, the lower of cost or market adjustment in RIN inventory reflects only the value of RINs obtained from third parties. RIN inventory values were adjusted in the amount of \$630 and \$2,629 at December 31, 2018 and 2017, respectively, to reflect the lower of cost or market.

Other noncurrent assets consist of the following at December 31:

	2018	2017
Investments	\$ 13,053	\$ 12,250
Spare parts inventory	2,680	2,764
Catalysts	1,989	2,962
Deposits	381	381
Other	3,167	933
Total	\$ 21,270	\$ 19,290

NOTE 11—ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following at December 31:

	2018	2017
Accrued property taxes	\$ 1,534	\$ 1,353
Accrued employee compensation	17,226	8,172
Accrued interest	383	590
Contingent consideration, current portion	9,861	11,637
Unfavorable lease obligation, current portion	1,129	1,129
Tax payable	4,473	1,501
Other	650	897
Total	\$ 35,256	\$ 25,279

Other noncurrent liabilities consist of the following at December 31:

	2018	2017
Severance payable	\$ —	\$ 603
Straight-line lease liability	1,439	1,801
Asset retirement obligations	640	593
Other	996	1,117
Total	\$ 3,075	\$ 4,114

NOTE 12—DEBT

Term debt

The Company's term debt at December 31 is as follows:

	2018	2017
4.00% Convertible Senior Notes, \$96,300 face amount, due in June 2036	\$ 75,477	\$ 116,255
2.75% Convertible Senior Notes, \$67,527 face amount, due in June 2019	66,361	69,859
REG Danville term loan, secured, variable interest rate of LIBOR plus 4%, due in July 2022	8,964	11,460
REG Newton term loan, secured, variable interest rate of LIBOR plus 4%, due in December 2018	—	8,189
REG Ralston term loan, variable interest rate of LIBOR plus 2.25%, due in October 2025	18,948	6,183
REG Grays Harbor term loan, variable interest of minimum 3.5% or Prime Rate plus 0.25%, due in May 2022	8,828	7,882
REG Capital term loan, fixed interest rate of 3.99%, due in January 2028	7,185	7,400
Other	54	1,332
Total debt before debt issuance costs	185,817	228,560
Less: Current portion of long-term debt	149,006	13,397
Less: Debt issuance costs (net of accumulated amortization of \$3,873 and \$3,510, respectively)	3,390	6,627
Total long-term debt	\$ 33,421	\$ 208,536

Convertible Senior Notes

On June 2, 2016, the Company issued \$152,000 aggregate principal amount of the 2036 Convertible Senior Notes in a private offering to qualified institutional buyers. The 2036 Convertible Senior Notes bear interest at a rate of 4.00% per year payable semi-annually in arrears on June 15 and December 15 of each year, beginning December 15, 2016. The notes will mature on June 15, 2036, unless repurchased, redeemed or converted in accordance with their terms prior to such date.

Prior to December 15, 2035, the 2036 Convertible Senior Notes will be convertible only upon satisfaction of certain conditions and during certain periods as stipulated in the indenture. On or after December 15, 2035 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders of the 2036 Convertible Senior Notes may convert their notes at any time. The 2036 Convertible Senior Notes may be settled in cash, the Company's common shares or a combination of cash and the Company's common shares, at the Company's election. The Company may not redeem the 2036 Convertible Senior Notes prior to June 15, 2021. Holders of the 2036 Convertible Senior Notes will have the right to require the Company to repurchase for cash all or some of their notes at 100% of their principal, plus any accrued and unpaid interest on each of June 15, 2021, June 15, 2026 and June 15, 2031. Holders of the 2036 Convertible Senior Notes will have the right to require the Company to repurchase for cash all or some of their notes at 100% of their principal, plus any accrued and unpaid interest upon the occurrence of certain fundamental changes. The initial conversion rate is 92.8074 common shares per \$1,000 (one thousand) principal amount of 2036 Convertible Senior Notes (equivalent to an initial conversion price of approximately \$10.78 per common share).

In addition, the 2036 Convertible Senior Notes becomes convertible in the subsequent quarter if the closing price of the Company's common stock exceeds \$14.01, 130% of the Convertible Senior Notes' initial conversion price, for at least 20 trading days during the 30 consecutive trading days prior to each quarter-end date. If the 2036 Convertible Senior Notes becomes convertible and should the holders elect to convert, the Company's current intent and policy is to settle the principal amount the 2036 Convertible Senior Notes in cash, with the remaining value satisfied at the Company's option in cash, stock or a combination of cash and stock. As of December 31, 2018, the early conversion event was met based on the Company's stock price and as a result, the 2036 Convertible Senior Notes have been classified as a current liability on the Company's Consolidated Balance Sheets at December 31, 2018.

The net proceeds from the offering of the 2036 Convertible Senior Notes were approximately \$147,118, after deducting fees and offering expenses of \$4,882, which was capitalized as debt issuance costs and is being amortized through June 2036.

The Company evaluated the terms of the conversion features under the applicable accounting literature, including Derivatives and Hedging, ASC 815, and determined that a certain feature required separate accounting as a derivative. The fair value of the convertible debt conversion liability at issuance was \$40,145. On December 8, 2017, at the Company's Special Meeting of Stockholders, the Company obtained the approval from its stockholders to remove the common stock issuance restrictions in connection with conversions of the 2036 Convertible Senior Notes. Accordingly, on December 8, 2017, the Convertible Debt Conversion Liability was remeasured at fair value at \$45,933 and was then reclassified into equity. The debt

liability component of 2036 Convertible Senior Notes was determined to be \$111,855 at issuance, reflecting a debt discount of \$40,145. The debt discount is to be amortized through June 2036. The effective interest rate on the debt liability component was 2.45%.

At December 31, 2018, there was outstanding \$67,527 aggregate principal amount of our 2.75% Convertible Senior Notes due June 15, 2019. In accordance with the indenture governing such Notes, we have elected to settle all conversions of each \$1,000 principal amount of Notes being converted on or after October 23, 2018, with \$1,000 in cash and any conversion value in excess of that amount in shares of our common stock.

REG Ralston

In April 2017, REG Ralston, LLC ("REG Ralston") entered into a construction loan agreement ("Construction Loan Agreement") with First Midwest Bank. The Construction Loan Agreement allowed REG Ralston to borrow up to \$20,000 during the construction period at REG Ralston. On October 19, 2018, REG Ralston entered into an amended loan agreement with First Midwest bank to convert the Construction Loan Agreement into a term loan ("Ralston Term Loan") for a principal amount of \$19,177, due on October 19, 2025. The Ralston Term Loan will bear floating interest using a LIBOR rate plus 2.25% per annum. The loan agreement contains various loan covenants. At December 31, 2018, the effective interest rate on the amount borrowed under this Loan Agreement was 4.60% per annum.

REG Danville

In July 2017, REG Danville, LLC ("REG Danville") entered into an amended loan agreement ("Loan Agreement") with Fifth Third Bank. The Loan Agreement allowed REG Danville to borrow \$12,500 maturing in July 2022. The loan requires monthly principal payments and bears LIBOR-based variable interest rates. The loan agreement contains various loan covenants. At December 31, 2018, the effective interest rate on the amount borrowed under this Loan Agreement was 6.38% per annum.

REG Capital

In December 2017, REG Capital, LLC ("REG Capital") entered into a mortgage refinancing loan agreement ("Mortgage Refinancing Loan Agreement") with First National Bank to refinance existing mortgages on our office buildings in Ames, IA. The outstanding principal under the Mortgage Refinancing Loan Agreement is \$7.4 million with a maturity date of January 3, 2028. The loan requires monthly principal payments and bears a fixed interest rate of 3.99% per annum.

Lines of Credit

The following table shows the Company's lines of credit:

	2018	2017
Total revolving loans (current)	\$ 14,250	\$ 65,525
Maximum remaining available to be borrowed under revolving lines of credit	\$ 114,889	\$ 60,839

The Company's wholly-owned subsidiaries, REG Services Group, LLC and REG Marketing & Logistics Group, LLC, are borrowers under a Credit Agreement dated December 23, 2011 with the lenders party thereto ("Lenders") and Wells Fargo Capital Finance, LLC, as the agent, (as amended, the "M&L and Services Revolver"). The maximum commitment of the Lenders under the M&L and Services Revolver to make revolving loans is \$150,000, subject to an accordion feature, which allows the borrowers to request commitments for additional revolving loans in aggregate amount not to exceed to \$50,000, the making of which is subject to customary conditions, including the consent of Lenders providing such additional commitments.

The maturity date of the M&L and Services Revolver is September 30, 2021. Loans advanced under the M&L and Services Revolver bear interest based on a one-month LIBOR rate (which shall not be less than zero), plus a margin based on Quarterly Average Excess Availability (as defined in the Revolving Credit Agreement), which may range from 1.75% per annum to 2.25% per annum.

The M&L and Services Revolver contains various loan covenants that restrict each subsidiary borrower's ability to take certain actions, including restrictions on incurrence of indebtedness, creation of liens, mergers or consolidations, dispositions of assets, repurchase or redemption of capital stock, making certain investments, making distributions to the Company unless certain conditions are satisfied, entering into certain transactions with affiliates or changing the nature of the subsidiary's business. In addition, the subsidiary borrowers are required to maintain a fixed charge coverage ratio of at least 1.0 to 1.0 if excess availability under the M&L and Services Revolver is less than 10% of the total \$150,000 of current revolving loan

commitments, or \$15,000 currently. The M&L and Services Revolver is secured by the subsidiary borrowers' membership interests and substantially all of their assets. In addition, the M&L and Services Revolver is secured by the accounts receivable and inventory of REG Albert Lea, LLC, REG Houston, LLC, REG New Boston, LLC, and REG Geismar, LLC (collectively, the "Plant Loan Parties") subject to a \$40,000 limitation with respect to each of the Plant Loan Parties.

In March 2018, REG Energy Services, LLC ("REG Energy Services") amended its operating and revolving line of credit agreement with Bankers Trust Company ("Bankers Trust") that was entered in March 2016. As amended, this operating and revolving line of credit ("the Energy Services Line of Credit") was decreased to \$15,000 subject to customary borrowing base limitations and the maturity was extended to September 2018. On August 30, 2018, the Energy Services Line of Credit was terminated and all outstanding amounts thereunder were repaid.

REG Germany has a trade finance facility agreement ("Uncommitted Credit Facility Agreement") with BNP Paribas in Europe, which allows it to borrow up to \$25,000 for funding the purchase of goods and services. Amounts outstanding under the Uncommitted Credit Facility Agreement bear variable interest and are payable as stipulated in the agreement. The amount that can be borrowed under the agreement can be amended, cancelled or restricted at BNP Paribas's sole discretion and therefore is not included in the maximum available to be borrowed under lines of credit above. The Uncommitted Credit Facility Agreement contains various loan covenants that require REG Germany to maintain certain financial measures. At December 31, 2018, the nominal interest rates ranged from 1.50% to 2.00% per annum.

Maturities of the term debt, including the convertible notes, are as follows for the years ending December 31:

2019	\$	149,006
2020		7,477
2021		7,545
2022		6,198
2023		4,545
Thereafter		11,046
Total term debt		185,817
Less: current portion		149,006
Total long-term debt before debt issuance costs	\$	36,811

NOTE 13—INCOME TAXES ON CONTINUING OPERATIONS

On December 22, 2017, President Donald Trump signed into law "H.R. 1", formerly known as the "Tax Cuts and Jobs Act" (the "Tax Legislation"). The Tax Legislation, which was effective on January 1, 2018, significantly revises the U.S. tax code by, among other things, lowering the corporate income tax rate from 35% to 21%, limiting deductibility of interest expense, implementing a hybrid-territorial tax system imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries (the "transition tax"), and enacted additional international tax provisions, including a minimum tax on global intangible low-taxed income ("GILTI") and a new base erosion anti-abuse tax ("BEAT"). The Company recorded a provisional non-cash tax benefit of \$13,712 in the fourth quarter of 2017. The Company finalized its accounting for the transition tax during the quarter ended March 31, 2018, and has incorporated the impact of the other Tax Legislation provisions effective for 2018 and beyond within the financial statements.

Income tax benefit (expense) related to continuing operations for the years ended December 31 is as follows:

	2018	2017	2016
Current income tax benefit (expense)			
State	\$ (118)	\$ (45)	\$ 94
Foreign	(292)	421	(1,036)
	(410)	376	(942)
Deferred income tax benefit (expense)			
Federal	(12,878)	22,619	2,113
State	(2,851)	10,282	6,936
Foreign	2,914	2,674	(2,560)
Change in enacted tax rates	—	(123,289)	—
Net operating loss carryforwards created	26,058	17,466	105,165
	13,243	(70,248)	111,654
Income tax benefit (expense) before valuation allowances	12,833	(69,872)	110,712
Deferred tax valuation allowances	(18,704)	100,362	(114,980)
Income tax benefit (expense)	\$ (5,871)	\$ 30,490	\$ (4,268)

A reconciliation of the reported amount of income tax expense to the amount computed by applying the statutory federal income tax rate to earnings before income taxes is as follows:

	2018	2017	2016
U.S. Federal income tax expense at statutory rates of 21, 35 and 35 percents, respectively	\$ (62,619)	\$ 38,349	\$ (17,143)
State taxes, net of federal income tax benefit	1,618	8,160	11,442
Tax position on government incentives	72,244	9,402	117,630
Change in enacted tax rates	—	(123,289)	—
Goodwill impairment tax impact	—	—	2,876
Foreign net operating loss expiration	—	—	(2,383)
Unrecognized tax benefits	(272)	—	—
Other	1,862	(2,494)	(1,710)
Total benefit (expense) for income taxes before valuation allowances	12,833	(69,872)	110,712
Valuation allowances	(18,704)	100,362	(114,980)
Total benefit (expense) for income taxes	\$ (5,871)	\$ 30,490	\$ (4,268)

The Company receives government incentive payments and excludes this revenue from federal and state taxable income. This tax position of excluding government incentives from taxable income has been accepted by the Internal Revenue Service for the audit cycle 2010-2011, the results of which were approved by the Joint Committee on Taxation. As a result of excluding these government incentive payments, the Company currently has cumulative losses in recent years and initially established a valuation allowance in 2013 to reduce its total deferred tax assets to the amount more-likely-than-not to be realized.

The tax effects of temporary differences that give rise to the Company's deferred tax assets and liabilities at December 31 are as follows:

	2018	2017
Deferred Tax Assets:		
Net operating loss carryforwards	\$ 278,867	\$ 249,371
Goodwill	20,067	26,448
Capitalized research and development	8,650	9,788
Stock-based compensation	3,447	3,924
Risk management unrealized gain (loss)	2,940	1,879
Tax credit carryforwards	1,597	1,597
Accrued compensation	3,318	1,062
Inventory capitalization	1,921	1,491
Other	3,133	2,945
Deferred tax assets	323,940	298,505
Deferred Tax Liabilities:		
Property, plant and equipment	(38,324)	(27,314)
Convertible debt	(5,648)	(9,889)
Risk management unrealized loss	(2,649)	—
Intangibles	949	(2,195)
Prepaid expenses	(1,688)	(1,393)
Deferred revenue	(583)	—
Other	(773)	(544)
Deferred tax liabilities	(48,716)	(41,335)
Net deferred tax assets	275,224	257,170
Valuation allowance	(283,634)	(265,362)
Net deferred tax liabilities	\$ (8,410)	\$ (8,192)

At December 31, 2018, the Company has recorded a net deferred tax asset before valuation allowance of \$278,867 related to the benefit of federal, state and foreign net operating loss carry-forwards. Federal net operating loss carry-forward totals \$1,032,962 and will begin to expire in 2028, while the amount and expiration dates of state net operating losses vary by jurisdiction. Changes in ownership of the Company, as defined by Section 382 of the Internal Revenue Code of 1986, as amended, in any one year may limit the utilization of federal and state net operating losses and credit carry-forwards. The Company has performed an ownership change analysis in 2018 to determine the impact of changes in ownership on utilization of carry-forward attributes, the results of which have been incorporated into our financial statements.

In evaluating available evidence around the recoverability of net deferred tax assets, the Company considers, among other factors, historical financial performance, expectation of future earnings, length of statutory carry-forward periods and ability to carry back losses to prior periods, experience with operating loss and tax credit carry-forwards expiring unused, tax planning strategies and timing for the of reversals of temporary differences. In evaluating losses, management considers the nature, frequency and severity of losses in light of the conditions giving rise to those losses. As a result of the above described tax position of excluding government incentive payments from taxable income, the Company currently has cumulative losses in recent years and has established a valuation allowance to reduce its total deferred tax assets to the amount more-likely-than-not to be realized. Activity regarding the valuation allowance for deferred tax assets was as follows:

	2018	2017	2016
Beginning of year balance	\$ 265,362	\$ 365,035	\$ 250,164
Changes in valuation allowance charged to income	18,704	36,639	114,980
Change in enacted tax rates	—	(137,001)	—
Foreign currency translation	(440)	689	(109)
Change in valuation allowance charged to OCI	8	—	—
End of year balance	\$ 283,634	\$ 265,362	\$ 365,035

The Company analyzes filing positions in all of the federal, state and foreign jurisdictions where it is required to file income tax returns, and all open tax years in these jurisdictions to determine if it has any uncertain tax positions on any of its income tax returns. An uncertain tax position represents a tax position taken in a filed tax return, or planned to be taken in a tax return not yet filed, that has not been reflected in measuring income tax expense for financial reporting purposes. The Company does not recognize income tax benefits associated with uncertain tax positions where it is determined that it is not more-likely-than-not, based on the technical merits, that the position will be sustained upon examination.

A reconciliation of the total amounts of unrecognized tax benefits at December 31 is as follows:

	2018	2017	2016
Beginning of year balance	\$ 1,771	\$ 1,900	\$ 1,900
Increases to tax positions taken during prior years	272	—	—
Decreases to tax positions taken during prior years	—	(129)	—
Foreign currency translation	(15)	—	—
End of year balance	<u>\$ 2,028</u>	<u>\$ 1,771</u>	<u>\$ 1,900</u>

The Company recorded an unrecognized tax benefit liability associated with a filing position for a prior year foreign tax return. The amount of unrecognized tax benefits that would affect the effective tax rate if the tax benefits were recognized was \$257 at December 31, 2018, and \$0 at December 31, 2017 and 2016. The remaining liability for unrecognized tax benefits is related to tax positions for which there is a related deferred tax asset. The Company does not believe it is reasonably possible that the amounts of unrecognized tax benefits existing as of December 31, 2018 will significantly increase or decrease over the next twelve months. Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense. The Company has not recorded any such amounts in the periods presented.

The Company is subject to tax in the U.S. and various state and foreign jurisdictions. The U.S. Internal Revenue Service has examined the Company's federal income tax returns through 2008, as well as 2010 and 2011, while the tax authorities in Germany have examined the Company's corporate income tax returns through 2014. All other years in the U.S. and Germany are subject to examination, while various state and other foreign income tax returns also remain subject to examination by taxing authorities.

Although not considered indefinitely reinvested, the Company has not made a provision for U.S. or additional foreign withholding taxes due to provisional accumulated tax deficits outside the U.S. The Company has not recorded a deferred tax asset for the outside basis difference related to investments in its foreign subsidiaries as the investment is essentially permanent in duration.

NOTE 14—STOCK-BASED COMPENSATION

On October 26, 2011, the stockholders approved the 2009 Stock Incentive Plan ("the 2009 Plan") which authorizes up to 4,160,000 shares of Company Common Stock to be issued for the award of restricted stock, restricted stock units ("RSUs"), performance restricted stock units ("PRSUs") and stock appreciation rights ("SARs") at the discretion of the Company Board as compensation to employees, consultants of the Company and to non-employee directors. Under the 2009 Plan, an additional 2,350,000 shares, or 6,510,000 shares in total, are reserved for issuance as approved by shareholders on May 15, 2014 and May 8, 2017. The expense is measured at the grant-date fair value of the award and recognized as compensation expense on a straight-line basis over the service period, which is the vesting period. There was no cash flow impact resulting from the grants of these awards. The 2009 Plan is generally protected from anti-dilution via adjustments for any stock dividends, stock split, combination or other recapitalization.

The Company recorded stock-based compensation expense of \$6,412, \$6,909 and \$5,896 for the years ended December 31, 2018, 2017 and 2016, respectively. The stock-based compensation costs were included as a component of selling, general and administrative expenses. At December 31, 2018, there was \$6,436 of unrecognized compensation expense related to unvested awards, which is expected to be recognized over a period of approximately 2.8 years.

Restricted Stock Units

The following table summarizes information about the Company's Common Stock RSU's granted, vested, exercised and forfeited:

	Number of Awards	Weighted Average Issue Price
Awards outstanding - January 1, 2016	637,898	\$ 12.87
Issued	504,647	\$ 9.07
Vested and restriction lapsed	(249,356)	\$ 9.77
Forfeited	(33,938)	\$ 8.15
Awards outstanding - December 31, 2016	859,251	\$ 11.73
Issued	360,741	\$ 11.91
Vested and restriction lapsed	(204,198)	\$ 11.05
Forfeited	(127,403)	\$ 10.04
Awards outstanding - December 31, 2017	888,391	\$ 12.12
Issued	425,150	\$ 13.23
Vested and restriction lapsed	(225,339)	\$ 10.52
Forfeited	(65,928)	\$ 10.52
Awards outstanding - December 31, 2018	1,022,274	\$ 13.04

The RSUs convert into one share of common stock upon vesting. RSU's cliff vest at the earlier of expressly provided service or performance conditions. The service period for these RSU awards, excluding those issued to the Company's Board of Directors (one year) and certain executive management (three to four years), is a three year period from the grant date. The performance conditions provide for accelerated vesting upon various conditions including a change in control or other common stock liquidity events.

Performance Restricted Stock Units

The following table summarizes information about the Company's Common Stock RSU's granted, vested, exercised and forfeited:

	Number of Awards	Weighted Average Issue Price
Awards outstanding -January 1, 2016	59,623	\$ 9.40
Issued	175,217	\$ 9.06
Vested and restriction lapsed	—	\$ —
Forfeited	—	\$ —
Awards outstanding - December 31, 2016	234,840	\$ 9.15
Issued	270,765	\$ 11.79
Vested and restriction lapsed	(87,622)	\$ 11.75
Forfeited	(62,865)	\$ 9.48
Awards outstanding - December 31, 2017	355,118	\$ 10.46
Issued	171,580	\$ 9.63
Vested and restriction lapsed	(292,963)	\$ 8.45
Forfeited	(25,650)	\$ 9.83
Awards outstanding - December 31, 2018	208,085	\$ 12.68

The PRSUs convert into one share of common stock upon vesting. PRSUs vest in different tranches upon meeting certain performance conditions, which are generally based on the Company's stock price performance and expressly provided service. These PRSUs are fair valued at grant date based on Monte Carlo simulations or at a percentage of the stock price at grant date. The derived service period for these PRSU awards as a result of the Monte Carlo simulation, is an approximately two year period from the grant date. The performance conditions provide for accelerated vesting upon various conditions including a change in control or other common stock liquidity events.

Stock Appreciation Rights

The following table summarizes information about SARs granted, forfeited, vested and exercisable:

	Number of SAR's	Weighted Average Exercise Price	Weighted Average Contractual Term
SAR's outstanding - January 1, 2016	2,396,126	\$ 10.33	
Granted	176,824	\$ 8.80	
Exercised	(8,003)	\$ 8.57	
Forfeited	(56,932)	\$ 10.75	
SAR's outstanding - December 31, 2016	2,508,015	\$ 10.22	6.7 years
Granted	—	\$ —	
Exercised	(700,765)	\$ 10.36	
Forfeited	(105,981)	\$ 9.66	
SAR's outstanding - December 31, 2017	1,701,269	\$ 10.20	5.7 years
Granted	—	\$ —	
Exercised	(610,541)	\$ 10.13	
Forfeited	(54,051)	\$ 11.08	
SAR's outstanding - December 31, 2018	1,036,677	\$ 10.19	4.7 years
SAR's exercisable - December 31, 2018	824,685	\$ 10.44	4.7 years
SAR's expected to vest - December 31, 2018	211,992	\$ 9.24	4.7 years

The SARs vest 25% annually on each of the four anniversary dates following the grant date and expire after ten years. The fair value of each SAR grant is estimated using the Black-Scholes option-pricing model as set forth in the table below:

	2018	2017	2016
The weighted average fair value of stock appreciation rights issued (per unit)	\$2.79 - \$3.74	\$2.79 - \$3.74	\$2.79 - \$3.74
Dividend yield	—%	—%	—%
Weighted average risk-free interest rate	1.1% - 1.4%	1.1% - 1.4%	1.1% - 1.4%
Weighted average expected volatility	40%	40%	40%
Expected life in years	6.25	6.25	6.25

Stock Options

There were no outstanding stock options at December 31, 2018, 2017 and 2016. There was no intrinsic value of options granted, exercised or outstanding during the periods presented.

NOTE 15—OPERATING LEASES

The Company leases certain land and equipment under operating leases. Total rent expense under operating leases was \$19,938, \$20,013 and \$22,487 for the years ended December 31, 2018, 2017 and 2016, respectively. For each of the next five calendar years and thereafter, future minimum lease payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

	Total Payments
2019	\$ 20,326
2020	14,063
2021	10,643
2022	3,162
2023	2,406
Thereafter	13,736
Total minimum payments	\$ 64,336

The Company's leases consist primarily of access to distribution terminals, biomass-based diesel storage facilities, railcars and vehicles. At the end of the lease term the Company, generally, has the option to (a) return the leased equipment to the lessor, (b) purchase the property at its then fair value or (c) renew its lease at the then fair rental value on a year-to-year basis or for an agreed upon term. Certain leases allow for adjustment to minimum rentals in future periods as determined by the Consumer Price Index. Refer to Note 2 for further discussion of the Company's adoption plan for ASC 842, effective January 1, 2019.

NOTE 16 — DERIVATIVE INSTRUMENTS

The Company enters into New York Mercantile Exchange NY Harbor ULSD ("NY Harbor ULSD" or previously referred to as heating oil), CBOT Soybean Oil (previously referred to as soybean oil) and New York Mercantile Exchange Natural Gas futures, swaps and options ("commodity contract derivatives") to reduce the risk of price volatility related to anticipated purchases of feedstock raw materials and to protect cash margins from potentially adverse effects of price volatility on biomass-based diesel sales where prices are set at a future date. All of the Company's commodity contract derivatives are not hedge accounting designated derivatives and recorded at fair value on the Consolidated Balance Sheets. Unrealized gains and losses are recognized as a component of biomass-based diesel costs of goods sold reflected in current results of operations. At December 31, 2018, the net notional volumes of NY Harbor ULSD, CBOT Soybean Oil and NYMEX Natural Gas covered under the open commodity derivative contracts were approximately 83.3 million gallons and 218.3 million pounds and 1.3 million million British thermal units, respectively.

The Company offsets the fair value amounts recognized for its commodity contract derivatives with cash collateral with the same counterparty under a master netting agreement. The net position is presented within Prepaid and other assets in the Consolidated Balance Sheets, see "Note 10 – Other Assets". As of December 31, 2018, the Company posted \$3,755 of collateral associated with its commodity-based derivatives with a net asset position of \$10,044.

The following table sets forth the fair value of the Company's commodity contract derivatives and amounts that offset within the Consolidated Balance Sheets;

	December 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Gross amounts of commodity derivative contracts recognized at fair value	\$ 11,843	\$ 1,799	\$ 812	\$ 8,001
Cash collateral	3,755	—	8,799	—
Total gross amount recognized	15,598	1,799	9,611	8,001
Gross amounts offset	(1,799)	(1,799)	(8,001)	(8,001)
Net amount reported in the Consolidated Balance Sheets	\$ 13,799	\$ —	\$ 1,610	\$ —

The following table sets forth the commodity contract derivatives gains and (losses) included in the Consolidated Statements of Operations:

	Location of Gain (Loss) Recognized in income	2018	2017	2016
	Commodity derivatives	Cost of goods sold – Biomass-based diesel	\$ 18,399	\$ (23,437)

NOTE 17—FAIR VALUE MEASUREMENT

The fair value hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1—Quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.
- Level 3—Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A summary of assets (liabilities) measured at fair value, excluding assets held for sale, is as follows:

	As of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Commercial paper	\$ 22,872	\$ —	\$ 22,872	\$ —
Corporate bonds	\$ 28,060	—	28,060	—
Commodity contract derivatives	\$ 10,044	499	9,545	—
Contingent consideration for acquisitions	\$ (9,861)	—	—	(9,861)
	<u>\$ 51,115</u>	<u>\$ 499</u>	<u>\$ 60,477</u>	<u>\$ (9,861)</u>

	As of December 31, 2017			
	Total	Level 1	Level 2	Level 3
Commodity contract derivatives	\$ (7,189)	\$ (3,742)	\$ (3,447)	\$ —
Contingent consideration for acquisitions	\$ (20,485)	—	—	(20,485)
	<u>\$ (27,674)</u>	<u>\$ (3,742)</u>	<u>\$ (3,447)</u>	<u>\$ (20,485)</u>

The following is a reconciliation of the beginning and ending balances for liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Contingent Consideration for Acquisitions	
	2018	2017
Balance at beginning of period, January 1	\$ 20,485	\$ 32,993
Fair value of contingent consideration at measurement date	482	—
Change in estimates included in earnings	1,117	2,151
Settlements	(12,223)	(14,659)
Balance at end of period, December 31	<u>\$ 9,861</u>	<u>\$ 20,485</u>

The carrying amounts reported in the Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair values. Money market funds are included in cash and cash equivalents on the Consolidated Balance Sheets.

The Company used the following methods and assumptions to estimate fair value of its financial instruments:

Marketable securities: The fair value of marketable securities, which include commercial papers and corporate notes/bonds is obtained using quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active and inputs other than quoted prices, e.g., interest rates and yield curves.

Commodity derivatives: The instruments held by the Company consist primarily of futures contracts, swap agreements, purchased put options and written call options. The fair value of contracts based on quoted prices of identical assets in an active exchange-traded market is reflected in Level 1. Contract fair value is determined based on quoted prices of similar contracts in over-the-counter markets and are reflected in Level 2.

Contingent consideration for acquisitions: The fair value of contingent consideration is determined using an expected present value technique. Expected cash flows are determined using the probability weighted-average of possible outcomes that would occur should the achievement of certain milestones related to the production and/or sale of biomass-based diesel at the specific production facility. A discount rate ranging from 5.8% to 12.5% is used to estimate the fair value of the expected payments.

Debt and lines of credit: The fair value of long-term debt and lines of credit was established using discounted cash flow calculations and current market rates reflecting Level 2 inputs.

The estimated fair values of the Company's financial instruments, which are not recorded at fair value are as follows as of December 31:

	2018		2017	
	Asset (Liability) Carrying Amount	Estimated Fair Value	Asset (Liability) Carrying Amount	Estimated Fair Value
Financial Liabilities:				
Debt and lines of credit	\$ (200,067)	\$ (410,564)	\$ (294,085)	\$ (273,983)

NOTE 18—NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is presented in conformity with the two-class method required for participating securities. Participating securities include restricted stock units.

Under the two-class method, net income is reduced for distributed and undistributed dividends earned in the current period. The remaining earnings are then allocated to Common Stock and the participating securities. The Company calculates the effects of participating securities on diluted earnings per share (EPS) using both the "if-converted or treasury stock" and "two-class" methods and discloses the method which results in a more dilutive effect. The effects of Common Stock options, warrants, stock appreciation rights and convertible notes on diluted EPS are calculated using the treasury stock method unless the effects are anti-dilutive to EPS.

For the 2036 Convertible Senior Notes, the Company's current intent is to settle conversions using cash for the principal amount of convertible senior notes converted, with the remaining value satisfied at the Company's option in cash, stock or a combination of cash and stock. For the 2019 Convertible Senior Notes, the Company has elected to settle the principal amount of convertible notes converted with cash and any conversion value in excess of that amount in shares of the Company's common stock. Therefore, the dilutive effect of the convertible senior notes is limited to the conversion premium.

The following potentially dilutive weighted average securities were excluded from the calculation of diluted net income (loss) per share attributable to common stockholders during the periods presented, as the effect was anti-dilutive:

	Year Ended December 31,		
	2018	2017	2016
Options to purchase common stock	—	—	43,513
Stock appreciation rights	—	622,633	2,422,716
2019 Convertible Senior Notes	—	5,567,112	7,895,675
2036 Convertible Senior Notes	—	14,106,725	8,209,651
Total	—	20,296,470	18,571,555

The following table presents the calculation of diluted net income (loss) from continuing operations per share:

	2018	2017	2016
Net income (loss) from continuing operations attributable to the Company's common stockholders - Basic	\$ 295,804	\$ (66,279)	\$ 62,204
Plus (less): effect of participating securities	7,824	—	1,251
Net income (loss) attributable to common stockholders	303,628	(66,279)	63,455
Less: effect of participating securities	(7,824)	—	(1,251)
Net income (loss) from continuing operations attributable to the Company's common stockholders - Diluted	\$ 295,804	\$ (66,279)	\$ 62,204
Shares:			
Weighted-average shares used to compute basic net income (loss) from continuing operations per share	37,687,552	38,731,015	40,897,549
Adjustment to reflect conversion of convertible notes	5,416,043	—	—
Adjustment to reflect stock appreciation right conversions	550,125	—	5,311
Weighted-average shares used to compute diluted net income (loss) from continuing operations per share	43,653,720	38,731,015	40,902,860
Net income (loss) from continuing operations per share attributable to common stockholders - Diluted			
Diluted	\$ 6.78	\$ (1.71)	\$ 1.52

The basic net loss per share equals the diluted net loss per share from discontinued operations and was \$0.30, \$0.33 and \$0.47 for the year ended December 31, 2018, 2017 and 2016, respectively.

NOTE 19—REPORTABLE SEGMENTS AND GEOGRAPHIC INFORMATION

The Company reports its reportable segments based on products and services provided to customers. The Company re-assesses its reportable segment on an annual basis. The Company's reportable segments generally align the Company's external financial reporting segments with its internal operating segments, which are based on its internal organizational structure, operating decisions and performance assessment. In the fourth quarter of 2018, concluding a comprehensive strategic assessment of the Company's Life Sciences business, which primarily represented the Renewable Chemicals reportable segment, the Company's Board of Directors authorized it to pursue a plan to sell REG Life Sciences. This has no impact on the Company's segment reporting other than that at December 31, 2018, the Company's reportable segments include Biomass-based diesel, Services and Corporate and other activities. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. All prior period disclosures below have been recast to present results on a comparable basis.

The Biomass-based diesel segment processes waste vegetable oils, animal fats, virgin vegetable oils and other feedstocks into biomass-based diesel. The Biomass-based Diesel segment also includes the Company's purchases and resale of biomass-based diesel produced by third parties. Revenue is derived from the purchases and sales of biomass-based diesel, RINs and raw material feedstocks acquired from third parties, sales of biomass-based diesel produced under toll manufacturing arrangements with third party facilities, sales of processed biomass-based diesel from Company facilities, related by-products and renewable energy government incentive payments, in the U.S. and internationally.

The Services segment offers services for managing the construction of biomass-based diesel production facilities and managing ongoing operations of third-party plants and collects fees related to the services provided. The Company does not allocate items that are of a non-operating nature or corporate expenses to the business segments. Revenues from services provided to other segments are recorded by the Services segment at cost.

The Corporate and Other segment includes trading activities related to petroleum-based heating oil and diesel fuel, the operations of a fermentation facility located in Okeechobee, Florida as well as corporate activities, which consist of corporate office expenses such as compensation, benefits, occupancy and other administrative costs, including management service expenses. Corporate and other also includes income/(expense) not associated with the reportable segments, such as corporate general and administrative expenses, shared service expenses, interest expense and interest income, all reflected on an accrual basis of accounting. In addition, Corporate and Other includes cash and other assets not associated with the reportable segments, including investments. Intersegment revenues are reported by the Services and Corporate and Other segments.

The following table represents the significant items by reportable segment:

	2018	2017	2016
Net sales from continuing operations:			
Biomass-based Diesel (includes REG Germany's net sales of \$172,866, \$171,175, and \$171,358, respectively)	\$ 2,157,897	\$ 2,039,982	\$ 1,952,361
Services	93,347	103,215	87,014
Corporate and other	249,152	213,500	106,637
Intersegment revenues	(117,409)	(202,042)	(106,780)
	<u>\$ 2,382,987</u>	<u>\$ 2,154,655</u>	<u>\$ 2,039,232</u>
Income (loss) from continuing operations before income taxes			
Biomass-based diesel (includes REG Germany's income (loss) of (\$7,110), (\$7,544), and \$5,007, respectively)	\$ 314,727	\$ (63,925)	\$ 64,814
Services	4,863	2,899	2,970
Corporate and other	(10,091)	(35,743)	325
	<u>\$ 309,499</u>	<u>\$ (96,769)</u>	<u>\$ 68,109</u>
Depreciation and amortization expense, net:			
Biomass-based diesel (includes REG Germany's amounts of \$2,378, \$2,990, and \$2,849, respectively)	\$ 32,558	\$ 31,011	\$ 29,018
Services	1,658	1,092	613
Corporate and other	3,026	3,265	2,607
	<u>\$ 37,242</u>	<u>\$ 35,368</u>	<u>\$ 32,238</u>
Cash paid for purchases of property, plant and equipment:			
Biomass-based diesel (includes REG Germany's amounts of \$2,611, \$3,241, and \$1,353, respectively)	\$ 41,906	\$ 60,734	\$ 52,952
Services	4,300	3,826	4,731
Corporate and other	247	2,997	2,701
	<u>\$ 46,453</u>	<u>\$ 67,557</u>	<u>\$ 60,384</u>
		2018	2017
Goodwill:			
Services		<u>\$ 16,080</u>	<u>\$ 16,080</u>
Assets:			
Biomass-based diesel (including REG Germany's assets of \$52,119 and \$55,761)		\$ 914,843	\$ 898,180
Services		63,720	55,581
Corporate and other		379,658	392,007
Intersegment eliminations		(254,375)	(355,923)
Assets held for sale		3,250	15,751
		<u>\$ 1,107,096</u>	<u>\$ 1,005,596</u>

Geographic Information:

The following geographic data include net sales attributed to the countries based on the location of the subsidiaries making the sale and long-lived assets based on physical location. Long-lived assets represent the net book value of property, plant and equipment.

	2018	2017	2016
Net sales:			
United States	\$ 2,207,286	\$ 1,957,715	\$ 1,867,875
Germany	172,866	171,175	171,357
Other Foreign	2,835	25,765	—
Total Foreign	175,701	196,940	171,357
	\$ 2,382,987	\$ 2,154,655	\$ 2,039,232

	2018	2017
Long-lived assets:		
United States	\$ 571,045	\$ 564,992
Germany	18,972	20,689
Other Foreign	706	680
Total Foreign	19,678	21,369
	\$ 590,723	\$ 586,361

NOTE 20—COMMITMENTS AND CONTINGENCIES

The Company is involved in legal proceedings in the normal course of business. The Company currently believes that any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company has entered into contracts for supplies of hydrogen, nitrogen and utilities for the REG Geismar production facility. The following table outlines the minimum take or pay requirement related to the purchase of hydrogen, nitrogen, and utilities.

2019	\$	3,748
2020		3,298
2021		2,976
2022		2,976
2023		2,976
Thereafter		863
Total	\$	16,837

As of December 31, 2018, REG Geismar relies on one supplier to provide hydrogen necessary to execute the production process. Any disruptions to the hydrogen supply during production from this supplier will result in the shutdown of the REG Geismar plant operations. The Company is currently seeking additional hydrogen suppliers for the REG Geismar facility.

NOTE 21—SUPPLEMENTAL QUARTERLY INFORMATION (UNAUDITED)

The following table represents the significant items for the results of operations on a quarterly basis for the years ended December 31, 2018 and 2017:

	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 30, 2018	Three Months Ended December 31, 2018
Revenues from continuing operations	\$ 688,002	\$ 578,900	\$ 596,324	\$ 519,761
Gross profit from continuing operations	249,455	57,514	51,159	61,863
Selling, general, and administrative expenses including research and development expense	32,688	24,539	21,933	27,579
Impairment of property, plant and equipment	—	—	—	879
Income from operations	216,767	32,975	29,226	33,405
Other income (expense), net	(128)	(96)	(2,900)	250
Net income from continuing operations attributable to the Company	217,844	29,042	25,472	31,270
Net income (loss) from discontinued operations attributable to the Company	(3,455)	4,808	(469)	(12,196)
Net income attributable to the Company	214,389	33,850	25,003	19,074
Net income from continuing operations attributable to common stockholders	212,608	28,277	24,799	30,448
Net income (loss) from discontinued operations attributable to common stockholders	(3,455)	4,681	(469)	(12,197)
Net income per share from continuing operations attributable to common stockholders - basic	5.48	0.76	0.67	0.82
Net income per share from continuing operations attributable to common stockholders - diluted	5.38	0.67	0.55	0.66
Net income (loss) per share from discontinued operations attributable to common stockholders - basic	(0.09)	0.13	(0.01)	(0.33)
Net income (loss) per share from discontinued operations attributable to common stockholders - diluted	\$ (0.09)	\$ 0.11	\$ (0.01)	\$ (0.33)

	Three Months Ended March 31, 2017	Three Months Ended June 30, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2017
Revenues from continuing operations	\$ 418,361	\$ 534,602	\$ 625,732	\$ 575,960
Gross profit loss from continuing operations	17,833	31,956	14,681	19,884
Selling, general, and administrative expenses including research and development expense	23,535	23,115	26,829	22,364
Impairment of property, plant and equipment	—	1,341	—	48,532
Net operating income (loss) from continuing operations	(5,702)	7,500	(12,148)	(51,012)
Other income (expense), net	(5,328)	(37,425)	3,618	3,728
Net loss from continuing operations attributable to the Company	(12,106)	(31,884)	(8,413)	(13,876)
Net loss from discontinued operations attributable to the Company	(3,808)	(2,925)	(2,960)	(3,107)
Net loss attributable to the Company	(15,914)	(34,809)	(11,373)	(16,983)
Net loss from continuing operations attributable to common stockholders	(12,106)	(31,884)	(8,413)	(13,876)
Net loss from discontinued operations attributable to common stockholders	(3,808)	(2,925)	(2,960)	(3,107)
Net loss per share from continuing operations attributable to common stockholders - basic	(0.31)	(0.82)	(0.22)	(0.36)
Net loss per share from continuing operations attributable to common stockholders - diluted	(0.31)	(0.82)	(0.22)	(0.36)
Net loss per share from discontinued operations attributable to common stockholders - basic	(0.09)	(0.08)	(0.08)	(0.08)
Net loss per share from discontinued operations attributable to common stockholders - diluted	\$ (0.09)	\$ (0.08)	\$ (0.08)	\$ (0.08)

The results of operations for the three months ended December 31, 2017 reflect an asset impairment of \$44,649 (before tax) related to the Company's New Orleans facility as further described in Note 2 and the impact of the "H.R. 1", formerly known as the "Tax Cuts and Jobs Act" as signed into law on December 22, 2017. Refer to Note 13 for more details.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Company's reports we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, under the supervision of and with the participation of the CEO and CFO performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15-d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report, December 31, 2018. In connection with our evaluation of disclosure controls and procedures, we have concluded that our disclosure controls and procedures are effective as of December 31, 2018.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2018. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP has audited our internal control over financial reporting as of December 31, 2018 and has issued an attestation report regarding its assessment included herein.

Changes in Internal Control over Financial Reporting

There have been no changes during our quarter ended December 31, 2018 in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

On March 1, 2019, the Company filed with the Secretary of State of the State of Delaware two Certificates of Retirement and Cancellation to eliminate all references to Class A Common Stock and Series B Preferred Stock in the Company's certificate of incorporation. All such authorized shares of Class A Common Stock and Series B Preferred Stock were previously issued but were no longer outstanding and were retired by the board of directors of the Company. Following the filing of such certificates, the Company filed with the Secretary of State of the State of Delaware a Restated Certificate of Incorporation reflecting the elimination of all references to Class A Common Stock and Series B Preferred Stock. The Company's Restated Certificate filed as Exhibit Number 3.1 to this Form 10-K.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K.

ITEM 11. Executive Compensation

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides certain information as of December 31, 2018, with respect to our equity compensation plans:

<u>PLAN CATEGORY</u>	<u>NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS</u>	<u>WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS</u>	<u>NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS</u>
Equity compensation plans approved by stockholders	2,267,036 ¹	\$ 10.19 ²	1,872,450
Equity compensation plans not approved by stockholders	—	—	—
Total	2,267,036	\$ 10.19	1,872,450

1 Includes 1,022,274 shares underlying outstanding restricted stock units, 208,085 shares underlying outstanding performance restricted stock units, and 1,036,677 shares underlying outstanding stock appreciation rights.

2 Restricted stock units and performance restricted stock units do not have an exercise price and therefore have not been included in the calculation of weighted average exercise price.

The remainder of this Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K.

ITEM 14. Principal Accounting Fees and Services

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) Financial Statements

- (i) Consolidated Balance Sheets as of December 31, 2018 and 2017
- (ii) Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016
- (iii) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2018, 2017 and 2016
- (iv) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2018, 2017 and 2016
- (v) Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016
- (vi) Notes to the Consolidated Financial Statements for the years ended December 31, 2018, 2017 and 2016

(b) Exhibits

The Exhibits filed as part of this Annual Report on Form 10-K, or incorporated by reference, are listed on the Exhibit Index immediately preceding such Exhibits, which Exhibit Index is incorporated herein by reference.

(c) Financial Statement Schedules

All schedules are omitted because of the absence of the conditions under which they are required or because the information required is shown in the consolidated financial statements or the notes thereto.

ITEM 16. Form 10-K Summary

Not applicable.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
3.1	Restated Certificate of Incorporation of Renewable Energy Group, Inc. (the "Company").
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed September 12, 2013).
4.1	Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A filed November 18, 2011) (File Number 333-175627).
4.2	Indenture, dated as of June 3, 2014, between the Company and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 3, 2014).
4.3	First Supplemental Indenture, dated as of June 3, 2014, between the Company and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated June 3, 2014).
4.4	Form of Note (included in Exhibit 4.2).
4.5	Indenture dated as of June 2, 2016, between the Company and Wilmington Trust, National Association, as trustee (including form of Note) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated June 2, 2016).
10.1	Amended and Restated 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 10, 2017).*
10.2	Renewable Energy Group Annual Incentive Plan for Executive Officers (incorporated by reference to Appendix A to the Company's Proxy Statement for the Annual Meeting of Stockholders of April 4, 2013, filed on April 4, 2013).*
10.3	Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed March 14, 2016).*
10.4	Form of Stock Appreciation Right Award Agreement (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed March 14, 2016).*

Exhibit Number	Description
10.5	<u>Form of Performance Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed November 7, 2016).*</u>
10.6	<u>Form of Performance Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed August 4, 2017).*</u>
10.7	<u>Form of Performance Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 4, 2018).*</u>
10.8	<u>Employment Agreement, effective January 1, 2015, between the Company and Daniel J. Oh (incorporated by reference to Exhibit 10.24 to the Company's Current Report on Form 8-K filed December 24, 2014).*</u>
10.9	<u>Employment Agreement, dated as of August 15, 2017, between the Company and Randolph L. Howard (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 18, 2017).*</u>
10.10	<u>Employment Agreement, dated as of September 29, 2017, between the Company and Brad Albin (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 5, 2017).*</u>
10.11	<u>Employment Agreement, dated as of September 29, 2017, between the Company and Chad Stone (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 5, 2017).*</u>
10.12	<u>Employment Agreement, dated as of June 11, 2018, between the Company and Gary Haer (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 15, 2018).*</u>
10.13	<u>Employment Agreement, dated as of June 11, 2018, between the Company and Eric Bowen (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 15, 2018).*</u>
10.14	<u>Employment Agreement, dated as of November 30, 2018, between the Company and Cynthia J. Warner.*</u>
10.15	<u>Restricted Stock Unit Award Agreement, dated as of November 30, 2018, between the Company and Cynthia J. Warner.*</u>
10.16	<u>Form of Indemnification Agreement for Directors and Executive Officers.*</u>
10.17	<u>Amended and Restated Loan Agreement dated November 3, 2011 by and between REG Danville, LLC and Fifth Third Bank (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 9, 2011) (File Number 000-54374).</u>
10.18	<u>Credit Agreement dated as of December 23, 2011 by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 29, 2011).</u>
10.19	<u>Amendment No. 1 to Credit Agreement, dated as of January 31, 2012, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K filed March 14, 2016).</u>
10.20	<u>Amendment No. 2 to Credit Agreement, dated as of February 29, 2012, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K filed March 14, 2016).</u>
10.21	<u>Amendment No. 3 to Credit Agreement, dated as of May 1, 2012, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K filed March 14, 2016).</u>

Exhibit Number	Description
10.22	<u>Amendment No. 4 to Credit Agreement, dated as of January 9, 2013, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K filed March 14, 2016).</u>
10.23	<u>Amendment No. 5 to Credit Agreement, dated as of August 9, 2013, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K filed March 14, 2016).</u>
10.24	<u>Consent and Amendment No. 6 to Credit Agreement, dated as of December 23, 2013, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K filed March 14, 2016).</u>
10.25	<u>Amendment No. 7 to Credit Agreement, dated as of May 19, 2014, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K filed March 14, 2016).</u>
10.26	<u>Amendment No. 8 to Credit Agreement, dated as of February 20, 2015, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K filed March 14, 2016).</u>
10.27	<u>Amendment No. 9 to Credit Agreement, dated as of July 16, 2015, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 22, 2015).</u>
10.28	<u>Amendment No. 10 to Credit Agreement, dated as of December 8, 2015, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC. (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K filed March 9, 2018).</u>
10.29	<u>Joinder and Amendment No. 11 to Credit Agreement, dated as of September 30, 2016, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, Fifth Third Bank, REG Services Group, LLC and REG Marketing & Logistics Group, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 4, 2016).</u>
10.30	<u>Amendment No. 12 to Credit Agreement, dated as of December 22, 2017, by and among the lenders identified on the signature pages thereto, Wells Fargo Capital Finance, LLC, REG Services Group, LLC and REG Marketing & Logistics Group, LLC. (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K filed March 9, 2018).</u>
10.31	<u>General Continuing Guaranty dated as of December 23, 2011 in favor of Wells Fargo Capital Finance, LLC, as agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed December 29, 2011).</u>
10.32	<u>Capped Call Confirmation, dated May 29, 2014, between of Bank of America, N.A. and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 3, 2014).</u>
10.33	<u>Capped Call Confirmation, dated May 29, 2014, between of Wells Fargo Bank, National Association, and the Company (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed June 3, 2014).</u>
10.34	<u>Additional Capped Call Confirmation, dated May 30, 2014, between of Bank of America, N.A. and the Company (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed June 3, 2014).</u>
10.35	<u>Additional Capped Call Confirmation, dated May 30, 2014, between of Wells Fargo Bank, National Association, and the Company (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed June 3, 2014).</u>
21.1	<u>List of Subsidiaries.</u>

		<u>Date</u>
<u>/s/ Cynthia J. Warner</u> Cynthia J. Warner	President, Chief Executive Officer and Director (Principal Executive Officer)	March 7, 2019
<u>/s/ Chad Stone</u> Chad Stone	Chief Financial Officer (Principal Financial Officer)	March 7, 2019
<u>/s/ Todd M. Samuels</u> Todd M. Samuels	Chief Accounting Officer (Principal Accounting Officer)	March 7, 2019
<u>/s/ Jeffrey Stroburg</u> Jeffrey Stroburg	Director (Chairman)	March 7, 2019
<u>/s/ Randolph L. Howard</u> Randolph L. Howard	Director (Vice Chairman)	March 7, 2019
<u>/s/ Delbert Christensen</u> Delbert Christensen	Director	March 7, 2019
<u>/s/ Peter J.M.Harding</u> Peter J. M. Harding	Director	March 7, 2019
<u>/s/ Debora M. Frodl</u> Debora M. Frodl	Director	March 7, 2019
<u>/s/ Michael Scharf</u> Michael Scharf	Director	March 7, 2019
<u>/s/ Christopher Sorrells</u> Christopher Sorrells	Director	March 7, 2019
<u>/s/ James C. Borel</u> James C. Borel	Director	March 7, 2019

State of Delaware
Secretary of State
Division of
Corporations
Delivered 12:33 PM
03/05/2019 FILED 12:33
PM 03/05/2019
SR 20191758138 - FileNumber
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**RESTATED CERTIFICATE OF INCORPORATION OF
RENEWABLE ENERGY GROUP, INC.**

(originally incorporated on April 29, 2009 under the name "REG Newcoq Inc.")

Renewable Energy Group, Inc. (the "**Corporation**"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "**DGCL**"), hereby certifies that the Corporation's Certificate of Incorporation is hereby restated to read in its entirety as follows:

ARTICLE I

The name of the Corporation is Renewable Energy Group, Inc.

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is 850 New Burton Road, Suite 201, City of Dover, County of Kent, 19904. The name of its registered agent at such address is Cogency Global Inc.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the DGCL.

ARTICLE IV

A. Classes of Stock. The total number of shares of all classes of classes of capital stock that the Corporation shall have authority to issue is three hundred ten million (310,000,000), consisting of three hundred million (300,000,000) shares of Common Stock, par value \$.0001 per share (the "**Common Stock**"), and ten million (10,000,000) shares of Preferred Stock, par value \$.0001 per share (the "**Preferred Stock**"). The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the then outstanding shares of Common Stock without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such Preferred Stock holders is required by the certificate of incorporation of the Corporation (including any applicable certificate of designations), and if such holders of such Preferred Stock are so entitled to vote thereon, then, except as may otherwise be set forth in the certificate of incorporation of the Corporation (including any applicable certificate of designations), the only stockholder approval required shall be the affirmative vote of a majority of the voting power of the Common Stock and the Preferred Stock so entitled to vote, voting together as a single class.

B. Common Stock. Except as otherwise required by law or the certificate of incorporation of the Corporation, each holder of Common Stock shall be entitled to one vote in respect of each share of Common Stock held by such holder of record on the books of the Corporation for the election of directors and on all matters submitted to a vote of stockholders of the Corporation and shall otherwise have the rights conferred by applicable law in respect of such shares.

C. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series, as determined by the Board of Directors. The Board of Directors is expressly authorized to provide for the issue, in one or more series, of all or any of the shares of Preferred Stock and, in the resolution or resolutions providing for such issue, to establish for each such series the number of its shares, the voting powers, full or limited, of the shares of such series, or that such shares shall have no voting powers, and the designations, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof. The Board of Directors is also expressly authorized (unless forbidden in the resolution or resolutions providing for such issue) to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series. In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

ARTICLE V

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware:

A. The Board of Directors is expressly authorized to adopt, amend or repeal the bylaws of the Corporation, without any action on the part of the stockholders, by the vote of at least a majority of the directors of the Corporation then in office; which shall include the affirmative vote of at least one director from each class of the Board of Directors if the Board of Directors shall then be divided into classes. In addition to any vote of the holders of any class or series of stock of the Corporation required by law or the certificate of incorporation of the Corporation, the bylaws may also be adopted, amended or repealed by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of the shares of the capital stock of the Corporation entitled to vote in the election of directors, voting as one class; provided, however, that the affirmative vote of the holders representing only a majority of the voting power of the shares of the capital stock of the Corporation entitled to vote in the election of directors, voting as one class, shall be required if such adoption, amendment or repeal of the bylaws has been previously approved by the affirmative vote of at least two-thirds (2/3) of the directors of the Corporation then in office.

B. Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

C. The books of the Corporation may be kept at such place within or without the State of Delaware as the bylaws of the Corporation may provide or as may be designated from time to time by the Board of Directors.

ARTICLE VI

A. The business and affairs of the Corporation shall be managed by a Board of Directors consisting of not less than five (5) nor more than fifteen (15) persons. The exact number of directors within the minimum and maximum limitations specified in the preceding sentence shall be fixed from time to time by the Board of Directors pursuant to a resolution adopted by the affirmative vote of a majority of the directors of the Corporation then in office. The Board of Directors, other than those directors elected by the holders of any series of Preferred Stock as provided for or fixed pursuant to the provisions of Article IV hereof, shall be divided into three classes, designated Class I, Class II and Class III, as nearly equal in number as possible, and the term of office of directors of one class shall expire at each annual meeting of stockholders, and in all cases as to each director until his successor shall be duly elected and qualified or until his earlier resignation, removal from office, death or incapacity. Upon the effectiveness of the Restated Certificate of Incorporation first inserting this sentence, the Board of Directors shall assign all members of the Board of Directors then in office to a class and those directors assigned to Class I shall hold office for a term expiring at the first regularly scheduled annual meeting of stockholders following the effectiveness of the Restated Certificate of Incorporation first inserting this sentence (the "Effective Time"), those directors assigned to Class II shall hold office for a term expiring at the second annual meeting of stockholders following the Effective Time, and those directors assigned to Class III shall hold office for a term expiring at the third annual meeting of stockholders following the Effective Time. At each succeeding annual meeting of stockholders, a number of directors equal to the number of directors whose term expires at the time of such meeting (or, if less, the number of directors properly nominated and qualified for election) shall be elected to hold office until the third succeeding annual meeting of stockholders after their election.

B. Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by a majority vote of the directors then in office, although less than a quorum, or by a sole remaining director. If there are no directors in office, then an election of directors may be held in the manner provided by statute. Directors chosen pursuant to any of the foregoing provisions shall hold office for a term expiring at the Annual Meeting of Stockholders at which the term of the class to which they have been elected expires and until their successors are duly elected and have qualified or until their earlier resignation or removal. Additional directorships resulting from an increase in the number of directors pursuant to paragraph A of this Article VI shall be apportioned among the three classes as equally as possible. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, or by the certificate of incorporation or the bylaws of the Corporation, may exercise the powers of the full board until the vacancy is filled.

C. Any director or the entire Board of Directors may be removed only for cause.

ARTICLE VII

A. No action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

B. Special meetings of the stockholders of the Corporation may be called only by the Chairman of the Board or the Chief Executive Officer of the Corporation or by a resolution adopted by the affirmative vote of a majority of the Board of Directors, and any power of stockholders to call a special meeting of stockholders is specifically denied.

C. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner and to the extent provided in the bylaws of the Corporation.

ARTICLE VIII

A. Limitation on Liability. To the fullest extent permitted by the DGCL, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

B. Indemnification. Each person who is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation or of a partnership, joint venture, trust, employee benefit plan or other enterprise (including the heirs, executors, administrators or estate of such person), shall be indemnified and advanced expenses by the Corporation, in accordance with the bylaws of the Corporation, to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) or any other applicable laws as presently or hereinafter in effect. The right to indemnification and advancement of expenses hereunder shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the certificate of incorporation or bylaws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

C. Insurance. The Corporation may, to the fullest extent permitted by law, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

D. Repeal and Modification. Any repeal or modification of the foregoing provisions of this Article VIII shall not adversely affect any right or protection existing hereunder immediately prior to such repeal or modification.

ARTICLE IX

The affirmative vote of the holders of at least sixty-six and two-thirds percent (66- 2/3%) of the voting power of the shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend in any respect or repeal this Article IX, Paragraph A of Article V, and Articles VI, VII and VIII.

* * *

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of this Corporation as heretofore amended or supplemented, there being no discrepancies between those provisions and the provisions of this Restated Certificate of Incorporation, and it having been duly adopted by the Corporation's Board of Directors in accordance with Section 245 of the DGCL, has been executed by its duly authorized officer on the date set forth below.

RENEWABLE ENERGY GROUP, INC.

By: /s/ Chad Stone
Name: Chad Stone
Title: Chief Financial Officer
Date: March 5, 2019

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated this November 30, 2018, by and between Renewable Energy Group, Inc., a Delaware corporation (the "Company"), and Cynthia Warner ("Executive").

WHEREAS, the Company desires to employ Executive, and Executive desires to be employed by the Company, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, and for other good and valuable consideration, it is hereby covenanted and agreed by the Company and Executive as follows:

1. Term and Duties.

1.1 Term. The Company hereby employs Executive for a term (as the same may be extended, the "Term") commencing as of January 14, 2019 and continuing until January 14, 2022, unless terminated earlier in accordance with the provisions of Section 7. On January 14, 2022, the Term shall automatically be extended for successive one-year periods in accordance with the terms of this Agreement (subject to termination as aforesaid) unless either party notifies the other party of non-renewal in writing, in accordance with Section 12, at least 90 days prior to the expiration of the initial period or any subsequent renewal period.

1.2 Duties. During the Term, Executive shall be employed by the Company as the President and Chief Executive Officer of the Company, and, as such, Executive shall faithfully perform for the Company the duties of said office and shall perform such other duties of an executive, managerial or administrative nature as shall be specified and designated from time to time by the Board of Directors (the "Board") of the Company. Executive shall report to the Board. Executive shall devote substantially all of her business time and effort to the performance of her duties hereunder, except that Executive may devote reasonable time and attention to civic, charitable, business or social activities, so long as such activities do not interfere with Executive's employment duties. Executive shall comply with the policies, standards, and regulations established from time to time by the Company. In addition, during the Term, Executive shall serve as a member of the Board and the Company shall nominate Executive for re-election to the Board at such times as shall be necessary for Executive to remain as a member of the Board throughout the Term. During the Term, Executive shall not receive any compensation in any form in her capacity as a member of the Board.

2. Location. During the Term, Executive shall perform her duties under this Agreement at the Company's headquarters, subject to travel required by Executive's position and consistent with the reasonable business needs of the Company.

3. Office Space and Administrative Support. During the Term, the Company shall furnish Executive with office space, equipment, supplies and such other facilities and personnel at the Company's headquarters commensurate with Executive's position.

4. Compensation.

4.1 Annual Salary. During the Term, the Company shall pay Executive a base salary at the rate of \$800,000 per annum, in accordance with the customary payroll practices of the Company applicable

to senior executives, but not less frequently than monthly. The Compensation Committee (the “Compensation Committee”) of the Board shall review Executive’s base salary during the Term and may increase such amount as it may deem advisable (such salary, as the same may be increased, the “Annual Salary”). The Annual Salary shall be prorated for any partial calendar year during the Term.

4.2 Bonus and Incentive Compensation. Executive shall be entitled to participate in the Company’s incentive compensation programs as follows:

(a) Annual Bonus Compensation. During the Term, Executive shall be eligible to receive an annual bonus (the “Annual Bonus”) pursuant to the terms and conditions of the Company’s annual incentive plan for executive officers (or any successor thereto). Based upon attainment of performance goals predetermined by the Compensation Committee, Executive shall be entitled to an Annual Bonus payment at a target level of 100% of Executive’s Annual Salary. The Compensation Committee shall review the target annual bonus percentage during the Term and may increase such percentage as it may deem advisable (such target annual bonus, as the same may be increased, the “Target Annual Bonus”).

(b) Equity Incentive Compensation - In General. During the Term, Executive shall be eligible to participate in the Company’s equity incentive plans pursuant to the Company’s Amended and Restated 2009 Stock Incentive Plan (the “Plan”) (or any successor thereto) or such other plans or programs as the Compensation Committee shall determine. In the event that the vesting terms of the applicable award agreements governing Executive’s equity-based incentive awards differ from or are in conflict with the vesting terms set forth in Section 7 of this Agreement, the terms of this Agreement shall govern and control.

(c) Equity Incentive Compensation - Specific Grants. Each award set forth below shall be granted under the Plan and shall be evidenced by, and subject to the terms of, a restricted stock unit award agreement or a performance-based restricted stock unit award agreement, as applicable, in the form generally used by the Company under the Plan.

- (i) As soon as practicable following January 14, 2019, the Company shall grant Executive a one-time award in the form of restricted stock units (“Sign-On RSUs”) covering shares of the Company’s common stock, par value \$.0001 per share (“Common Stock”), having a total Fair Market Value (as defined in the Plan) on the date of grant of \$1,000,000. The Sign-On RSUs shall fully vest on the third anniversary of the date of grant, subject to Executive’s continued employment with the Company or one of its affiliates through such date, except as set forth in the applicable award agreement for the Sign-On RSUs, which shall incorporate the provisions of Section 7.1(d), Section 7.3(a)(i)(G) and Section 7.4(b)(i)(F), below).
- (ii) For each fiscal year during the Term, the Company shall grant Executive annual long-term incentive compensation awards having a target value of 237.5% of Executive’s Annual Salary, based on the Fair Market Value (as defined in the Plan) of the target number of shares of Common Stock underlying such awards as of the date of grant. For fiscal year 2019, 25% of such annual awards shall be in the form of restricted stock units (the “Annual RSUs”), and 75% of such annual awards shall be in the form of performance-based restricted stock units (the “Annual PBRsUs”). For fiscal year 2020 and thereafter, the mix of Annual RSUs and Annual PBRsUs shall be determined by the Committee in its discretion. The Annual RSUs shall fully vest on the third anniversary of the date of grant subject to Executive’s continued employment with the Company or one of its affiliates through such date (except as set forth in the applicable award

agreement), and the Annual PBRsUs shall vest based on attainment of performance conditions selected by the Compensation Committee which such conditions shall be consistent with the performance conditions established for the other senior executive officers of the Company.

4.3 Benefits - In General. During the Term, Executive shall be permitted to participate in any group health, dental, vision, disability and life insurance benefit plans and programs, retirement plans, fringe benefit programs, paid time-off policies and similar benefits that may be available to other senior executives of the Company generally, on the same terms as such other executives, in each case to the extent that Executive is eligible under the terms of such plans or programs. The Company reserves the right to modify, suspend or discontinue any of its health or welfare benefit, retirement, fringe benefit, paid time-off (“PTO”) and other plans, practices, policies or programs at any time without recourse by Executive; provided, Executive’s PTO benefit shall include 30 days’ vacation per calendar year.

4.4 Relocation Benefits. Executive shall relocate her principal residence to metropolitan Des Moines (which for this purpose shall include but not be limited to the Ames, Iowa area) no later than June 17, 2019. The Company shall provide Executive with the following relocation benefits through payment or reimbursement of reasonable costs relating to (i) packing and moving Executive’s personal effects and vehicles from her current residence to a residence in metropolitan Des Moines, (ii) closing costs on the sale of Executive’s current residence and the purchase of a residence in metropolitan Des Moines (in each case, including brokers’ commissions, title charges, attorneys fees, and transfer taxes) and (iii) a miscellaneous nonitemized cash allowance in the amount of \$20,000. In addition, prior to Executive’s relocation of her principal residence, the Company shall pay Executive an allowance to cover her actual temporary housing costs in metropolitan Des Moines in an amount up to \$5,000 per month. All payments or reimbursements under this Section 4.4 that are taxable to Executive shall be fully grossed up for all taxes incurred by Executive on such payments.

4.5 Legal Fees. The Company shall pay Executive’s reasonable legal fees and expenses incurred by Executive in connection with the review, negotiation and preparation of this Agreement and any documents ancillary thereto in an amount not to exceed \$10,000.

4.6 Expenses. The Company shall pay or reimburse Executive for all ordinary and reasonable out-of-pocket expenses incurred by Executive during the Term in the performance of Executive’s services under this Agreement; provided that such expenses are incurred and accounted for by Executive in accordance with the policies and procedures established from time to time by the Company.

5. Clawback. Notwithstanding anything in this Agreement to the contrary, Executive acknowledges that the Company may be entitled or required by law, the Company’s policy (the “Clawback Policy”) or the requirements of an exchange on which the Company’s shares are listed for trading, to recoup cash, equity or other compensation paid or provided to Executive pursuant to this Agreement or otherwise, and Executive agrees to comply with any Company request or demand for recoupment pursuant to such law or policy. Executive acknowledges that the Clawback Policy may be modified from time to time in the sole discretion of the Company and without the consent of Executive, and that such modification shall be deemed to amend this Agreement.

6. Indemnification. The Company shall, at all times during which Executive may be subject to liability for her acts and omissions to act occurring while serving as an officer or a member of the Board, indemnify Executive and hold her harmless (including advances of attorneys fees and expenses) to the maximum extent permitted under the Company’s certificate of incorporation, by-laws and applicable law (including the Delaware General Corporation Law). Executive shall be covered as an insured under any contract of directors and officers liability insurance that insures members of the Board. This Section 6 shall survive a termination of Executive’s employment and service as a member of the Board and any termination

of this Agreement.

7. Termination of Employment

7.1 Termination upon Death or Disability. If Executive dies during the Term, the obligations of the Company to or with respect to Executive shall terminate in their entirety except as otherwise provided under this Section 7.1. If Executive becomes eligible for disability benefit payments under the Company's long-term disability plans and arrangements (or, if none, if Executive by virtue of ill health or other disability is unable to perform substantially and continuously the duties assigned to her for at least 120 consecutive or non-consecutive days out of any consecutive 12-month period), the Company shall have the right, to the extent permitted by law, to terminate the employment of Executive upon notice in writing to Executive; provided that the Company shall have no right to terminate Executive's employment if, in the reasonable opinion of a qualified physician acceptable to the Company, it is substantially certain that Executive shall be able to resume Executive's duties on a regular full-time basis within 30 days of the date Executive receives notice of such termination. Upon death or other termination of employment by virtue of disability in accordance with this Section 7.1, Executive (or Executive's estate or beneficiaries in the case of the death of Executive) shall have no right to receive any compensation or benefits hereunder on and after the effective date of the termination of employment other than

- (a) Executive's Annual Salary, PTO and other benefits earned and accrued under this Agreement prior to the date of termination (and reimbursement under this Agreement for expenses incurred prior to the date of termination);
- (b) any unpaid Annual bonus earned for a year preceding the year in which such termination occurs, payable when annual bonuses are paid to other executives for such preceding year ("Prior Year Bonus");
- (c) a lump sum cash payment equal to the Annual Bonus for the calendar year in which Executive's employment hereunder terminates, prorated based on the number of days during the period beginning on January 1 and ending on the date on which Executive's employment is terminated pursuant to this Section 7.1, and calculated based on actual performance through the end of the applicable performance year (but in no event shall the amount of the bonus payable to Executive be greater than the prorated portion of Executive's Target Annual Bonus for such year in the event of Executive's termination within the first 180 days of such year), payable at the same time as annual bonuses of other senior executives of the Company, but in no event later than March 15 of the year following the year with respect to which such Annual Bonus is payable; and (d) any unvested Sign-On RSUs shall become fully vested and settled promptly after such termination.

7.2 Termination by the Company for Cause; Termination by Executive without

Good Reason.

- (a) For purposes of this Agreement, "Cause" shall mean Executive's:
 - (i) willful failure to perform her material employment duties hereunder;
 - (ii) having been convicted of, or entered a plea of *nolo contendere* to, a crime that constitutes a felony;
 - (iii) commission of any crime (other than traffic or other petty offenses) relating to Executive's employment with the Company or any of its subsidiaries or affiliates;
 - (iv) material violation of any federal, state or local law or administrative

regulation related to the business of the Company or any of its subsidiaries or affiliates;

- (v) willful conduct that could result in unfavorable publicity about the Company or any of its subsidiaries or affiliates;
- (vi) willful failure to comply in any material respect with the material policies of the Company or any of its subsidiaries or affiliates; or
- (vii) material breach of the terms of this Agreement or the Non- Competition and Confidentiality Agreement;

provided, that the Company shall not be permitted to terminate Executive for Cause except on written notice given to Executive at any time following the occurrence of any of the events described above. No act or omission to act shall be “willful” if conducted in good faith or with a reasonable belief that such conduct was in the best interests of the Company. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause under clause (i), (v), (vi), (vii) or (viii) above unless the Company provided written notice to Executive setting forth in reasonable detail the reasons for the Company’s intention to terminate for Cause and Executive failed within 30 days to cure the event or deficiency set forth in the written notice.

Executive: (a) For purposes of this Agreement, “Good Reason” shall mean, unless otherwise consented to by

- (i) a material reduction of Executive’s Annual Salary or Target Annual Bonus opportunity (except for an across-the-board annual base salary reduction of like proportion affecting all senior executives of the Company);
- (ii) a material breach of the terms of this Agreement by the Company;
- (iii) a material diminution of Executive’s title, duties or responsibilities (including reporting responsibilities);
- (iv) a relocation of Executive’s offices to more than 50 miles from the Company’s principal place of business in Ames, Iowa; or
- (v) any failure of the Company to assign this Agreement to any successor to the assets and business of the Company, or a failure of any such successor to assume the Company’s obligations under this Agreement.

Notwithstanding the foregoing, Good Reason shall not be deemed to exist unless notice of termination on account thereof (specifying a termination date no earlier than 30 days from the date of such notice) is given by Executive to the Company no later than 30 days after the time at which Executive first becomes or should have become aware of the event or condition purportedly giving rise to Good Reason; and, in such event, the Company shall have 30 days from the date notice of such a termination is given to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder, but, if the Company does not cure such event within the 30-day period, Executive must terminate her employment not later than 45 days after the end of such 30-day period in order for Good Reason to exist.

(b) If the Company terminates Executive’s employment hereunder for Cause or if Executive terminates her employment at any time other than for either Good Reason or Retirement, then (i)

Executive shall receive Executive's Annual Salary, PTO and other benefits (but, in all events, and without increasing Executive's rights under any other provision hereof, excluding any Annual Bonus not yet paid) earned and accrued under this Agreement prior to Executive's termination of employment (and reimbursement under this Agreement for expenses incurred prior to the termination of employment), and (ii) Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

7.3 Termination by the Company without Cause; Termination by Executive for Good Reason.

- (a) If the Company terminates Executive's employment without Cause or if

Executive terminates Executive's employment with the Company for Good Reason, then:

- (i) Executive shall (subject, in the case of the following clauses (C), (D), (F), (G) and (H), to Executive's delivery of a general release substantially in a form attached hereto as Exhibit A reasonably acceptable to the Company which shall have become irrevocable and Executive's compliance with the covenants set forth in the Non- Competition and Confidentiality Agreement) be entitled to:
- (A) any accrued but unpaid Annual Salary and PTO due to Executive as of the termination of employment;
 - (B) reimbursement under this Agreement for expenses incurred but unpaid prior to the termination of employment;
 - (C) a cash payment equal to 150% of the sum of Executive's Annual Salary plus her Target Annual Bonus, payable in equal installments over an 18-month period in accordance with the Company's usual and customary payroll practices;
 - (D) a lump sum cash payment equal to the Target Annual Bonus for the calendar year in which Executive's employment hereunder terminates, prorated based on the number of days during the period beginning on January 1 and ending on the date on which Executive's employment is terminated pursuant to this Section 7.3;
 - (E) any unpaid Prior Year Bonus;
 - (F) for a period of 18 months after termination, such health benefits under the Company's health plans and programs applicable to senior executives of the Company generally (if and as in effect from time to time) as Executive would have received under this Agreement (and at such costs to Executive as would have applied in the absence of such termination); provided, however, that the Company shall in no event be required to provide any benefits otherwise required by this clause (F) after such time as Executive becomes entitled to receive benefits of the same type from another employer or recipient of Executive's services (such entitlement being determined without regard to any individual waivers or

other similar arrangements);

- (G) any unvested Sign-On RSUs shall become fully vested and settled promptly after such termination; and
 - (H) any unvested Annual RSUs, Annual PBRsUs and other equity grants shall become immediately vested on the date of termination (and settled within 30 days thereafter) pro rata based on the ratio of (x) the number of days elapsed from the first day of the vesting period set forth in the grant agreement through the date on which Executive's employment is terminated pursuant to this Section 7.3 to (y) the total number of days in the vesting period (and if such awards vest on an annual basis, then such proration shall be based on the ratio of (p) the total number of days from the vesting date immediately preceding the termination date (or, if none, from the first day of the vesting period set forth in the grant agreement) through the date on which Executive's employment is terminated pursuant to this Section 7.3 to (q) the total number of days from such immediately preceding vesting date (or, if none, from the first day of the vesting period set forth in the grant agreement) to the next succeeding vesting date following the employment termination date; provided, any unvested Annual PBRsUs and other equity grants subject to performance-based vesting will remain subject to achievement of the applicable performance requirements and will be settled at the same time as Annual PBRsUs or and other equity grants subject to performance-based vesting are settled for other executive grantees after completion of the performance period.
- (ii) The timing of the payments provided under Section 7.3(a)(i) shall be as follows, except as provided in Section 7.6:
- (A) Amounts payable pursuant to clauses (A), (B) and (E) of Section 7.3(a)(i) shall be paid in the normal course or in accordance with applicable law and in no event later than 30 days following Executive's separation from service;
 - (B) Amounts payable pursuant to clauses (C) and (D) of Section 7.3(a)(i) shall commence or be paid, as applicable, on the 60th day following the separation from service, provided Executive has delivered the release referenced in Section 7.3(a)(i) to the Company and such release has become irrevocable; and
 - (C) Amounts payable for the health benefits provided pursuant to clause (F) of Section 7.3(a)(i) shall commence at the date following Executive's separation from service that is required under the relevant health plans and programs to provide such benefits.
- (iii) Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights

hereunder.

7.4 Termination by the Company without Cause or Termination by Executive for Good Reason Following a Change in Control.

- (a) For purposes of this Agreement, “Change in Control” means:
- (i) any person (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) but excluding (x) a trustee or other fiduciary holding securities under an employee benefit plan maintained by the Company or a parent or subsidiary and (y) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company, par value \$0.0001 per share (the “Common Stock”)) becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act) of 50% or more of the Common Stock or of the securities of the Company that are entitled to vote generally in the election of directors of the Company (“Voting Securities”) representing 50% or more of the combined voting power of all Voting Securities of the Company;
 - (ii) the Incumbent Directors cease for any reason to constitute at least 60% of the Board;
 - (iii) the restructuring of the Company as a result of the consummation of a merger, reorganization, consolidation, or similar transaction which shall result in the Company’s stockholders immediately prior to such transaction not holding more than 50% of the voting power of each of (A) the Company (or its successor) and (B) any direct or indirect parent corporation of the Company (or its successor) (any of the foregoing, a “Reorganization Transaction”); or
 - (iv) the consummation of a plan or agreement that has been approved by the shareholders of the Company for the sale or other disposition of all or substantially all of the consolidated assets of the Company or a plan of liquidation of the Company.

For purposes of the foregoing, “Incumbent Directors” means, as of any date, the individuals then serving as members of the Board who were also members of the Board as of the date two years prior to the date of determination; provided that any member appointed or elected as a member of the Board after such prior date, but whose election, or nomination for election, was approved by a vote or written consent of at least a majority of the directors then comprising the Incumbent Directors shall also be considered an Incumbent Director unless such person’s election, or nominated for election, to the Board was as a result of, or in connection with, a proxy contest or a Reorganization Transaction.

(b) If the Company terminates Executive’s employment without Cause or if Executive terminates Executive’s employment with the Company for Good Reason, in each case, within two years following the consummation of a Change in Control, then:

- (i) Executive shall (subject, in the case of the following clauses (C), (D), (F), and (G), to Executive’s delivery of a general release reasonably acceptable

to the Company which shall have become irrevocable and Executive's compliance with the covenants set forth in the Non-Competition and Confidentiality Agreement) be entitled to:

- (A) any accrued but unpaid Annual Salary and PTO due to Executive as of the termination of employment;
 - (B) reimbursement under this Agreement for expenses incurred but unpaid prior to the termination of employment;
 - (C) a lump sum cash payment equal to 200% of the sum of Executive's Annual Salary plus her Target Annual Bonus;
 - (D) a lump sum cash payment equal to the Target Annual Bonus for the calendar year in which Executive's employment hereunder terminates, prorated based on the number of days during the period beginning on January 1 and ending on the date on which Executive's employment is terminated pursuant to this Section 7.4;
 - (E) any unpaid Prior Year Bonus;
 - (F) (1) full acceleration of the vesting and settlement of any unvested Sign-On RSUs, Annual RSUs or other time-based equity awards in the Company, (2) for performance-based equity awards for which a target is not specified in the applicable award agreement, vesting of a number of shares of Common Stock equal to the number of shares of Common Stock set forth in the applicable award agreement and (3) for performance-based awards for which a target is set forth in the applicable award agreement, vesting of a number of shares of Common Stock determined using "target" level of performance; and
 - (G) for a period of 18 months after termination, such health benefits under the Company's health plans and programs applicable to senior executives of the Company generally (if and as in effect from time to time) as Executive would have received under this Agreement (and at such costs to Executive as would have applied in the absence of such termination); provided, however, that the Company shall in no event be required to provide any benefits otherwise required by this clause (G) after such time as Executive becomes entitled to receive benefits of the same type from another employer or recipient of Executive's services (such entitlement being determined without regard to any individual waivers or other similar arrangements).
- (ii) The timing of the payments provided under Section 7.4(b)(i) shall be as follows, except as provided in Section 7.6:
- (A) Amounts payable pursuant to clauses (A), (B) and (E) of Section 7.4(b)(i) shall be paid in the normal course or in accordance with applicable law and in no event later than 30 days following Executive's separation from service;

- (B) Amounts payable pursuant to clauses (C) and (D) of Section 7.4(b)(i) shall be paid on the 60th day following the separation from service, provided Executive has delivered the release referenced in Section 7.4(b)(i) to the Company and such release has become irrevocable; and
 - (C) Amounts payable for the health benefits provided pursuant to clause (G) of Section 7.4(b)(i) shall commence at the date following Executive's separation from service that is required under the relevant health plans and programs to provide such benefits.
- (iii) Executive shall have no further rights to any other compensation or benefits hereunder on or after the termination of employment, or any other rights hereunder.

7.5 Retirement. Executive may terminate her employment (other than for Good Reason) at any time on or after attainment of age 64 and five years of service with the Company, provided that Executive has given the Company not less than 90 days' notice ("Retirement"). If the Company gives notice to Executive pursuant to Section 1.1 that the Term will not be renewed, any termination of Executive's employment by the Company (except if for Cause) or by Executive occurring on or after expiration of the Term shall be treated as a Retirement.

(a) Upon Retirement:

- (i) Executive shall (subject, in the case of the following clauses (D), and (E), to Executive's delivery of a general release substantially in a form attached hereto as Exhibit A reasonably acceptable to the Company which shall have become irrevocable and Executive's compliance with the covenants set forth in the Non-Competition and Confidentiality Agreement) be entitled to:
 - (A) any accrued but unpaid Annual Salary and PTO due to Executive as of the termination of employment;
 - (B) reimbursement under this Agreement for expenses incurred but unpaid prior to the termination of employment;
 - (C) any unpaid Prior Year Bonus;
 - (D) an Annual Bonus, for the year in which such termination occurs, prorated based on the number of days during the period beginning on January 1 and ending on the date on which Executive's employment terminated pursuant to this Section 7.5, determined subject to attainment of applicable Company performance requirements (and any individual performance requirement shall be deemed fully satisfied); and
 - (E) any unvested Annual RSUs, Annual PBRsUs and other equity grants shall become immediately vested on the date of termination (and settled within 30 days thereafter) pro rata based on the ratio of (x) the number of days elapsed from the first day of the vesting period set forth in the grant agreement through the date of employment termination to (y) the

total number of days in the vesting period (and if such awards vest on an annual basis, then such proration shall be based on the ratio of (p) the total number of days from the vesting date immediately preceding the termination date (or, if none, from the first day of the vesting period set forth in the grant agreement) through the date of employment termination to

(q) the total number of days from such immediately preceding vesting date (or, if none, from the first day of the vesting period set forth in the grant agreement) to the next succeeding vesting date following the employment termination date; provided, any unvested Annual PBRsUs and other equity grants subject to performance-based vesting will remain subject to achievement of the applicable performance requirements and will be settled at the same time as Annual PBRsUs or other equity grants subject to performance-based vesting are settled for other executive grantees after completion of the performance period.

(ii) The timing of the payments provided under Section 7.5(a)(i) shall be as follows, except as provided in Section 7.6:

- (A) Amounts payable pursuant to clauses (A), (B) and (C) of Section 7.5(a)(i) shall be paid in the normal course or in accordance with applicable law and in no event later than 30 days following Executive's separation from service; and
- (B) Amounts payable pursuant to clause (D) of Section 7.5(a)(i) shall be paid at the same time as annual bonuses of other senior executives of the Company, but in no event later than March 15 of the year following the year with respect to which such Annual Bonus is payable, provided Executive has delivered the release referenced in Section 7.5(a)(i) to the Company and such release has become irrevocable.

7.6 Delay in Payment to a Specified Employee. If Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of Executive's separation from service, the provisions of this Section 7.6 shall apply but only if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and interpretive guidance promulgated thereunder (collectively, "Section 409A"). No distribution shall be made to Executive under Section 7.1, 7.3, 7.4 or 7.5 of this Agreement before the date that is six months after her separation from service or, if earlier, the date of Executive's death. Any amounts otherwise payable to Executive upon or in the six month period following Executive's separation from service that are not so paid by reason of this Section 7.6 shall be paid (without interest) as soon as practicable (and in all events within 10 days) after the date that is six months after Executive's separation from service (or, if earlier, as soon as practicable, and in all events within 10 days, after the date of Executive's death).

8. Limitation on Payments.

1.1 General. In the event that the payments and benefits (the "Payments") paid or provided to Executive under this Agreement or otherwise (a) constitute "parachute payments" within the meaning of Section 280G of the Code ("Section 280G"), and (b) but for this Section 8, would be subject to the excise tax imposed by Section 4999 of the Code ("Section 4999"), then the Payments shall be either (x) delivered in full, or (y) delivered as to such lesser extent which would result in no portion of the Payments

being subject to excise tax under Section 4999, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of the Payments, notwithstanding that all or some portion of the Payments may be taxable under Section 4999. The provisions of this Section 8 shall apply if, at the time of any change in ownership or control of the Company (within the meaning of Section 280G), the Company is an entity whose stock is readily tradable on an established securities market (or otherwise), within the meaning of Section 280G.

1.2 Accountants' Determinations. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants immediately prior to the Change of Control (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Section 280G and Section 4999. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8. If a reduction in the Payments constituting "parachute payments" as defined in Section 280G is necessary so that benefits are delivered to a lesser extent, reduction shall occur in the following order: (a) reduction of the cash severance payments; (b) cancellation of accelerated vesting of equity awards that do not qualify for special valuation under Q&A 24(c) of the regulations under Section 280G; (c) cancellation of other equity awards; and (d) reduction of continued employee benefits. In the event that the accelerated vesting of equity awards is to be cancelled, such vesting acceleration shall be cancelled in the reverse chronological order of Executive's equity awards' grant dates.

9. Restrictive Covenants. Simultaneously with the execution of this Agreement, Executive shall execute the Employee Non-Competition and Confidentiality Agreement attached hereto as Exhibit B (the "Non-Competition and Confidentiality Agreement").

10. Arbitration. All disputes between the parties or any claims concerning the performance, breach, construction or interpretation of this Agreement, or in any manner arising out of this Agreement, shall be submitted to binding arbitration in accordance with the Commercial Arbitration Rules, as amended from time to time, of the American Arbitration Association (the "AAA"), which arbitration shall be carried out in the manner set forth below:

- (i) Within 15 days after written notice by one party to the other party of its demand for arbitration, which demand shall set forth the name and address of its designated arbitrator, the other party shall appoint its designated arbitrator and so notify the demanding party. Within 15 days thereafter, the two arbitrators so appointed shall appoint the third arbitrator. If the two appointed arbitrators cannot agree on the third arbitrator, then the AAA shall appoint an independent arbitrator as the third arbitrator. The dispute shall be heard by the arbitrators within 90 days after appointment of the third arbitrator. The decision of any two or all three of the arbitrators shall be binding upon the parties without any right of appeal. The decision of the arbitrators shall be final and binding upon the Company, its successors and assigns, and upon Executive, her heirs, personal representatives, and legal representatives.
- (ii) The arbitration proceedings shall take place in Des Moines, Iowa, and the judgment and determination of such proceedings shall be binding on all parties. Judgment upon any award rendered by the arbitrators may be

entered into any court having competent jurisdiction without any right of appeal.

- (iii) The Company shall pay all expenses of the arbitration, and the expenses of the arbitrators and the arbitration proceeding. However, if in the opinion of a majority of the arbitrators, any claim or defense of Executive was unreasonable, the arbitrators may assess Executive, as part of any award to the Company, all or any part of expenses of the arbitrators and the arbitration proceeding otherwise payable by the Company.

11. Severability. As the provisions of this Agreement are independent of and severable from each other, the Company and Executive agree that if, in any action before any court or agency legally empowered to enforce this Agreement, any term, restriction, covenant, or promise hereof is found to be unreasonable or otherwise unenforceable, then such decision shall not affect the validity of the other provisions of this Agreement, and such invalid term, restriction, covenant, or promise shall also be deemed modified to the extent necessary to make it enforceable.

12. Notice. For purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when received if delivered in person, the next business day if delivered by overnight commercial courier (e.g., Federal Express), or the third business day if mailed by United States certified mail, return receipt requested, postage prepaid, to the following addresses:

- (a) If to the Company,
to:

Renewable Energy Group, Inc. 416 S. Bell Avenue
Ames, Iowa 50010
Attn: Chairman of the Board

with a copy to:

Pillsbury Winthrop Shaw Pittman LLP Four Embarcadero Center
22nd Floor
San Francisco, CA 94111 Attn: Blair W. White, Esq.

- (b) If to Executive,
to:

the address set forth in the Company's records

Either party may change its address for notices in accordance with this Section 12 by providing written notice of such change to the other party.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa (except under Section 6, in which case Delaware law shall apply) without regard to the choice of law rules thereof.

14. Benefits; Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, legal representatives, successors and permitted assigns. Executive shall not assign this Agreement. However, the Company is expressly

authorized to assign this Agreement to any of its current or future subsidiaries or affiliates upon written notice to Executive, provided that (a) the assignee assumes all of the obligations of the Company under this Agreement, (b) Executive's role when viewed from the perspective of the Company's current or future subsidiaries or affiliates in the aggregate is comparable to such role immediately before the assignment, and (c) the Company, for so long as an affiliate of the assignee, remains secondarily liable for the financial obligations hereunder.

15. Entire Agreement. This Agreement (together with Exhibit A and Exhibit B) constitutes the entire agreement between the parties, and all prior understandings, agreements or undertakings between the parties concerning Executive's employment or the other subject matters of this Agreement (including without limitation any term sheets) are superseded in their entirety by this Agreement. In the event of any inconsistency between this Agreement and any other plan, program or practice of the Company in which Executive is a participant or a party, this Agreement shall control unless Executive otherwise agrees in writing and such other plan, program or practice specifically refers to this Agreement as not so controlling.

16. Waivers; Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall be one and the same instrument.

18. Executive Acknowledgment. Executive confirms and represents to the Company that she has had the opportunity to obtain the advice of legal counsel, financial and tax advisers, and such other professionals as she deems necessary for entering into this Agreement, and she has not relied upon the advice of the Company or the Company's officers, directors, or employees.

19. Interpretation. As both parties having had the opportunity to consult with legal counsel, no provision of this Agreement shall be construed against or interpreted to the disadvantage of any party by reason of such party having, or being deemed to have, drafted, devised, or imposed such provision.

20. Withholding. Any payments made to Executive under this Agreement shall be reduced by any applicable withholding taxes or other amounts required to be withheld by law or contract.

21. Section 409A. This Agreement is intended to meet, or be exempt from, the requirements of Section 409A, with respect to amounts subject thereto, and shall be interpreted and construed consistent with that intent. No expenses eligible for reimbursement, or in-kind benefits to be provided, during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year, to the extent subject to the requirements of Section 409A, and no such right to reimbursement or right to in-kind benefits shall be subject to liquidation or exchange for any other benefit. For purposes of Section 409A, each payment in a series of installment payments provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A or any exemption therefrom, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Executive on account of non-compliance with Section 409A.

22. Survivability. Those provisions and obligations of this Agreement which are intended to

survive shall survive notwithstanding termination of Executive's employment with the Company.

23. Set-off/No Mitigation. The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of undisputed amounts owed by Executive to the Company or its affiliates. The Company agrees that, if Executive's employment is terminated hereunder, Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Agreement.

24. Cooperation. Executive shall make herself reasonably available, taking into account her other business and personal commitments, to cooperate with the Company, its subsidiaries and affiliates and any of their respective officers, directors, shareholders, employees or agents in connection with any investigation, inquiry, administrative proceeding or litigation relating to any matter in which Executive becomes involved or of which Executive has knowledge as a result of Executive's service with the Company or any of its subsidiaries or affiliates.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written

RENEWABLE ENERGY GROUP, INC.

By: /s/ Jeffrey Stroburg

Name: Jeffrey Stroburg

Title: Chairman

Employee

By: /s/ Cynthia J. Warner

Name: Cynthia J. Warner

General Release of Claims

AGREEMENT AND RELEASE

This AGREEMENT is made and entered into by and between Renewable Energy Group, Inc. and its affiliates (herein “Employer”) and Cynthia Warner (herein “Employee”) effective as of the last date set forth on the signature page below.

Pursuant to the Employment Agreement dated November 30, 2018 between Employer and Employee (the “Employment Agreement”), Employee is entitled to receive certain benefits if Employer terminates her employment without “Cause” or Employee terminates her employment for “Good Reason” (as such terms are defined in the Employment Agreement). Such benefits are provided under Section 7.3 of the Employment Agreement or, if the termination occurs within two years following the consummation of a “Change in Control” (as such term is defined in the Employment Agreement), under Section 7.4 of the Employment Agreement. In either case, Employee’s entitlement to certain of the benefits described in Sections 7.3 and 7.4 of the Employment Agreement is subject to Employee’s delivery of a general release in the form of this Agreement and such release having become irrevocable.

In consideration of the mutual promises contained in this Agreement and the Employment Agreement, Employer and Employee have reached the following agreement:

1. **Separation.** Employee acknowledges that her employment with Employer ends effective [DATE].
2. **Payment of Separation Benefits.** In consideration of Employee’s service to Employer and her further agreements as set out herein and in the Employment Agreement, and in exchange for, and contingent upon, Employee signing this Agreement and Release, Employer agrees to pay Employee the amounts described in [Section 7.3(a)(i)(C), (D) and (E)] of the Employment Agreement, at the time or times provided under [Section 7.3(a)(ii)] of the Employment Agreement.¹ Such payment will be subject to applicable withholdings and deductions and will be paid in accordance with Employer’s customary payroll practices.
3. **Full Compensation.** Employee acknowledges that separation benefits are not normally paid by Employer, and that the payments set forth in paragraph 2 exceed the amounts that Employer is required to pay or provide under its otherwise applicable policies and procedures. The payments set forth above, together with such other amounts as may be payable pursuant to the Employment Agreement, shall constitute full compensation to Employee for any and all sums owing her by Employer, from any source whatsoever with the exception of amounts that may come due and payable to Employee by virtue of her participation in Employer’s retirement plan and other benefit plans according to the terms and eligibility as set forth in appropriate plan documents in existence on Employee’s last date of employment.
4. **No Admission of Liability.** This Agreement is not and shall not in any way be construed as an admission of any wrongful acts by either party against each other or any of Employer’s officers, directors, employees, agents, affiliates, or representatives.

¹ If termination occurs within two years following the consummation of a Change in Control, replace bracketed references with Section 7.4(b)(i)(C), (D), (E) and (F) and Section 7.4(b)(ii), respectively.

5. **Release of Liability.** In consideration of the payments set out herein, Employee, on her own behalf and on behalf of anyone else who may make a claim for such payments, hereby irrevocably and unconditionally voluntarily promises, releases, and forever discharges Employer, its officers, directors, employees, agents, representatives, or affiliates (herein the "Persons Released") from any causes of action, complaints, claims, obligations, damages, and expenses of any nature whatsoever, in law or in equity, which she ever had, now has, or hereinafter may have up to and including the date of this Agreement. This release includes all claims that Employee may have now under any federal, state, or local law, regulation or ordinance, whether now known or unknown or whichever existed or now exist, including, without limitation, all liabilities, rights or claims arising from or in connection with Employee's employment with Employer and her separation from Employer. This Release includes, but is not limited to, a release of any rights or claims that Employee may have under the Employee Retirement Income Security Act of 1974, as amended; Age Discrimination and Employment Act; the Older Workers Benefit Protection Act; the Americans with Disabilities Act; the Rehabilitation Act of 1973; Title VII of the Federal Civil Rights Act, the Iowa Civil Rights Act; the Family and Medical Leave Act; any applicable wage payment law; any express or implied contract right; any other regulation or executive order prohibiting employment discrimination; and any other common law or statutory claim not identified above. Employee agrees that this instrument shall be a complete defense to any action or proceedings that may be brought, instituted, or taken against those released with regard to any matter herein released and shall forever be a complete bar to the commencement or prosecution of any action or proceeding whatsoever against those released. Anything herein to the contrary notwithstanding, Employee does not release or waive (i) any claim for indemnification pursuant to Section 6 of the Employment Agreement or otherwise pursuant to applicable law and any claim under directors and officers liability insurance coverage, (ii) Employee's rights as a stockholder of Employer, (iii) any claims based on grounds arising after the date hereof or (iv) any claim for accrued and vested benefits under any employee benefit plan of Employer or any affiliate in which Employee is a participant.

6. **Legal Action.** Employee further agrees, promises and covenants to the extent allowed by law, that neither she, nor any person, organization or any other entity acting on her behalf will file, charge, claim, sue or cause or permit to be filed, charged or claimed, any action for damages or other relief (including injunctive, declaratory, monetary relief or other) against Employer in any court or administrative agency involving her employment with Employer, or any matter which occurred in the past up to the date of this Agreement, or otherwise involving any claims, demands, causes of action, obligations, damages or liabilities which are the subject of this Agreement; provided, however, that nothing in this Agreement shall waive Employee's right to file an application for an award for original information submitted pursuant to Section 21F of the Securities Exchange Act of 1934.

7. **Reliance.** Employee represents and certifies that she has carefully read and fully understands all of the provisions and effects of this Agreement and that she has voluntarily entered into this Agreement in reliance upon her own knowledge, belief, and judgment and that neither Employer nor its agents, representatives, or attorney have made any representations concerning the terms or effects of this Agreement other than contained herein.

8. **Separate Prior Agreement.** Employee agrees to abide by the agreement that she signed as an employee of Employer dated November 30, 2018 ("Employee Non-Competition and Confidentiality Agreement") governing promises relating to confidentiality, non-solicitation of customers and non-competition with Employer and agrees that this promise is a material term of this Agreement. A copy of the Non-Competition and Confidentiality Agreement is attached and incorporated to this Agreement. Employee will destroy or return to Employer all Confidential Information (as defined in the Non-Competition and Confidentiality Agreement) and return all other property belonging to Employer.

9. **Terms Confidential.** For so long as Employer has not publicly disclosed this Agreement, Employee agrees not to disclose the terms of this Agreement to any person or entity for any reason at any time without the prior written consent of Employer, except for disclosures to her immediate family, her attorneys, for tax purposes to her accountant or tax consultant, state and federal authorities, or as required by law. All such persons to whom Employee discloses such information shall be informed of the confidential nature of the information and shall agree to keep such information confidential.

10. **Heirs and Successors Bound by Agreement.** This Agreement shall be binding upon Employee and upon Employee's spouse, heirs, representatives, successors, and assigns, and shall inure to the benefit of Employer and the other Persons Released.

11. **Iowa Law Governs.** This Agreement is made and entered into in the state of Iowa, and shall in all respects be interpreted, enforced and governed under the laws of the state of Iowa.

12. **Severability.** Should any provision of this Agreement be declared or be determined by any Court to be to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected thereby.

13. **Entire Agreement.** This Agreement sets forth the entire agreement between the parties hereto, and fully supersedes any and all prior agreements or understandings between the parties hereto pertaining to the subject matter hereof.

14. **Time Periods.** Employee has twenty-one (21) days from the date of receiving this document to consider whether or not to execute this Agreement. In the event of such execution, Employee has a further period of seven (7) days from the date of execution in which to revoke such execution, in which case this Agreement shall become null and void and neither party shall have any obligation under this Agreement. This Agreement shall not become effective or enforceable prior to the expiration of such seven (7) day period.

15. **Miscellaneous.** Employee has read this Agreement and understands its terms and effects. Employee is signing this Agreement knowingly and voluntarily and with the intention of releasing all causes of action, liabilities, rights and claims described above and acknowledges she has been advised in writing to consult, and has had the time and opportunity to consult with competent legal counsel of her selection.

Intending to be bound according to its terms, Employee and Employer have signed this Agreement as of the dates stated below.

RENEWABLE ENERGY GROUP, INC.

By: /s/ Jeffrey Stroburg

Name: Jeffrey Stroburg

Title: Chairman

Employee

By: /s/ Cynthia J. Warner

Name: Cynthia J. Warner

Attachment: Employee Non-Competition and Confidentiality Agreement

Employee Non-Competition and Confidentiality Agreement

EMPLOYEE NON-COMPETITION AND CONFIDENTIALITY AGREEMENT

This Employee Non-Competition and Confidentiality Agreement (this “Agreement”) is made between **RENEWABLE ENERGY GROUP, INC.**, a Delaware corporation (the “Employer”), and Cynthia Warner (“Employee”).

RECITALS:

A. The Employer and Employee are entering into an “at will” employment relationship, and concurrently with the execution of this Agreement, the Employer and Employee are entering into an employment agreement.

B. The parties wish to set out certain terms and conditions of Employee’s employment with Employer (the Employer and its Affiliates (as hereinafter defined) herein collectively the “Company”), the parties recognizing that Employee may at times be employed by an Affiliate of Employer.

C. The Company’s special knowledge base, skills and competence in the biofuels and renewable chemicals industries are critical to its growth.

D. The Company’s growth and competitiveness in the biofuels and renewable chemicals industries depend on its exclusive possession of, and the non-public nature of, its “Confidential Information” (as hereinafter defined).

E. The Company is engaged in research, development, procurement, sales, marketing, transportation and production of biofuels and renewable chemicals, feedstocks therefore and by- products thereof, and the ownership, lease, acquisition, financing, construction and operation of biofuels and renewable chemicals facilities, both nationally and internationally.

NOW, THEREFORE, in consideration of such employment relationship, and the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed follows:

1. **Covenant Not To Compete.** Employee shall not, during Employee’s employment with the Company and for twelve (12) months thereafter, without the prior written consent of the Company, directly or indirectly, own (other than passive investments in publicly traded companies where such investment does not exceed more than one percent (1%) of the total outstanding shares or other equity interests of such company), manage, operate, control, be employed by, participate in, advise or be connected in any manner with the ownership, management, operation or control of a Competing Business. The covenants of Employee contained in this paragraph 1 shall apply to each State and Country in which the Company, either directly or indirectly through Employer or an Affiliate of Employer, conducted its business or otherwise offered any goods, products or services related to its business, which shall include all States in the United States of America, which Employee represents and warrants is the minimum geographical area in which the Company is presently operating and intending to operate.

“Competing Business” is defined as a business engaged in the manufacture, development, sale, or marketing of biodiesel or renewable diesel or any other product or service (a) actively manufactured, developed, sold, or marketed by the Company during Employee’s employment period, so long as it remains so manufactured, developed, sold, or marketed by the Company or (b) which the Company has taken, and continues to take, substantial steps to prepare to test, manufacture, research, develop, fund, sell, market or otherwise target or pursue as a special project or initiative in which Employee had direct or indirect managerial or supervisory responsibility, as of Employee’s termination date. For the avoidance of doubt, employment with, or other provision of services to, an entity or other person that engages in a Competing Business shall not constitute the engagement by Employee in a Competing Business so long as Employee is not involved in activities constituting, and does not in any way assist or advise, directly or indirectly, a Competing Business.

2. **Employees, Customers, Suppliers, Etc.** Employee shall not, during Employee's employment with the Company and the period of twelve (12) months following the termination of Employee's employment, in any manner, directly or indirectly, solicit on behalf of any employer other than the Company the services or employment, or cause any employer other than the Company to engage the services or employ anyone who is then (or who was within the six (6) months prior thereto) an employee, or to induce an independent contractor of the Company to reduce or terminate such independent contractor's services to the Company or, in connection with a Competing Business, contact or solicit any of the Company's then past, present or identified potential customers, suppliers or strategic partners or any such customer, supplier, or strategic partner of any facility managed by the Company.

3. **Non-Disparagement.** Subject to paragraph 5, Employee agrees to refrain from making, directly or indirectly, now or at any time in the future, whether in writing, orally or electronically any comment that Employee knows or reasonably should know is critical in any material respect of the Company or any of its directors or officers or is otherwise detrimental in any material respect to the business or financial prospects or reputation of the Company. Subject to paragraph 5, the Company (via any authorized public statement) shall not make, directly or indirectly, now or at any time in the future, whether in writing, orally or electronically any comment that it knows or reasonably should know is critical in any material respect of Employee or is otherwise detrimental in any material respect to Employee's reputation. Nothing in the foregoing shall preclude any of the parties covered by this paragraph 3 from providing truthful disclosures required by applicable law or legal process.

4. **Confidential Information.** Subject to paragraph 5, Employee shall not during or after Employee's employment with the Company, in any manner, directly or indirectly, use or disclose to any third party any Confidential Information except as required in the course of performance of Employee's employment with the Company and as authorized by the Company in writing. For purposes of this Agreement, the term "Confidential Information" shall be deemed to include, but not limited to, trade secrets, proprietary information, information which derives independent economic value from not being generally known outside the Company and research and data, operating and marketing information, techniques and procedures, customer lists, employee lists, supplier lists, training manuals and procedures, business plans, projections and strategies, pricing information and financial reports of the Company or any of its predecessors, West Central Cooperative, REG, LLC (fka Renewable Energy Group, LLC) and InterWest, L.C. (the "Predecessors"), in any form, which are not generally known to the public.

5. **Confidential Disclosure in Reporting Violations of Law or in Court Filings** The parties acknowledge and agree that Employee, and the Company for purposes of paragraph 3, may disclose Confidential Information in confidence, directly or indirectly, to federal, state, or local government officials, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or regulation or making other disclosures that are protected under the whistleblower provisions of state or federal laws or regulations. Employee, and the Company for purposes of paragraph 3, may also disclose Confidential Information in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal. Nothing in this Agreement is intended to conflict with federal law protecting confidential disclosures of a trade secret to the government or in a court filing, 18 U.S.C. § 1833(b), or to create liability for disclosures of Confidential Information that are expressly allowed by 18 U.S.C. § 1833(b).

6. **Creations.** Employee acknowledges that Employee may conceive of or otherwise create ideas, inventions, original works of authorship, product designs, logos, brand names, trade or service marks, and/or other similar or related items during the course of Employee's employment ("Creations"). To the extent that any such Creations relate to the Company's or Predecessors' business or their customers or customer's business, Employee hereby assigns to the Company all rights, titles and interests in any such Creations, including, without limitation, all patent, trade secret, trademark, service mark, trade dress, copyright and other intellectual property and similar or related rights.

During the term of Employee's employment by the Company and for the period of one

(1) year following termination of employment by Employer and any of its Affiliates with or without cause, employee shall promptly disclose in writing to the Company all such intellectual property and other similar or related rights conceived or made by Employee, either solely or in concert with others.

Employee shall, at the Company's request and expense, execute specific assignments to any and all such intellectual property and other similar or related rights and execute, acknowledge and deliver such other documents and take all such further action as may be requested by the Company, at any time during or subsequent to the period of Employee's employment with the Company, to obtain, procure, prosecute, transfer, assign, enforce, or defend any and all national or international intellectual property and/or other similar or related rights assigned hereby to the Company.

Without diminishing in any way the rights granted to the Company, where lawful, if a Creation is described in a patent application or is disclosed to a third party by Employee within six (6) months after Employee's termination of employment with the Company, Employee agrees that it is to be presumed that the Creation was conceived, made, developed, acquired or created by Employee during the period of employment by the Company, unless Employee can prove otherwise.

7. **Return of Property.** All files, records, documents, manuals, books, forms, reports, memoranda, studies, data, calculations, recordings, or correspondence, whether visually perceptible, machine-readable or otherwise, in whatever form they may exist, and all copies, abstracts and summaries of the foregoing, and all physical items related to the business of the Company, whether of a public nature or not, and whether prepared by Employee or not, are and shall remain the exclusive property of the Company, and shall not be removed from its premises, except as required in the course of Employee's employment by the Company, without the prior written consent of the Company. Such items, including any copies or other reproductions thereof, shall be promptly returned by Employee to the Company at any time upon the written request of the Company (or, if requested by the Company, destroyed by Employee).

8. **Scope; Injunction.** Employee agrees that the covenants contained in this Agreement are reasonable in scope, area and duration and are necessary in furtherance of the legitimate interests of the Company in protecting its business. Employee represents and warrants that Employee has available to Employee sufficient other means of support and that observance of the covenants contained in this paragraph will not deprive Employee of the ability to earn a livelihood or to support Employee's dependents. Employee acknowledges and agrees that the services rendered by Employee to the Company, and the information disclosed to Employee during and by virtue of Employee's employment, are of a special, unique and extraordinary character. In the event of the breach of this Agreement, Employee acknowledges and agrees that irreparable injury will result to the Company and that injunctive relief to restrain the violation of this Agreement is appropriate in addition to any other remedies to which the Company may be entitled at law or in equity, all remedies being cumulative and not exclusive. In addition, Employee shall defend, indemnify and hold the Company and its directors, officers, shareholders, employees and agents, harmless from and against any claim, demand, proceeding, loss, liability, damage, cost or expense, including court costs and attorneys' fees, arising in connection with or resulting from any willful material breach of warranty, misrepresentation or nonfulfillment of any agreement on the part of Employee under this Agreement whether that claim, demand or proceeding is brought by the Employer, an Affiliate of Employer or a third party.

9. **No Guarantee of Employment.** This Agreement does not confer upon Employee any rights to continue in the employ or service of the Company. Except as may be provided in a separate written agreement, Employee's employment with or service for the Company is "at will" and Company or Employee may terminate Employee's employment at any time, for any reason or no reason, with or without cause or notice.

10. **Change of Employer.** Employee acknowledges that in the event Employee's employment changes from Employer to an Affiliate of Employer, that such change of employment shall be considered to be an assignment of this Agreement to such new employer, consented to by Employee without further action on Employee's part. Employee acknowledges that the Employer and any Affiliate of Employer subsequently employing Employee shall have the right to enforce any rights hereunder. Actions which may be taken by the Company hereunder may be

exercised by the President of the Employer (or of any Affiliate of Employer subsequently employing Employee) or the Board of the Employer (if Employee serves as the President of the Employer).

11. **Miscellaneous.** This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matters hereof, and supersedes all negotiations, preliminary agreements and all prior and contemporaneous discussions and understandings of the parties in connection with the subject matters hereof. No amendment, waiver, change or modification of any of the terms, provisions or conditions of this Agreement shall be effective unless made in writing and signed or initialed by each of the parties hereto. Waiver of any provision of this Agreement shall not be deemed a waiver of future compliance therewith and such provision shall remain in full force and effect. In the event any provision of this Agreement is held invalid, illegal or unenforceable, in whole or in part, the remaining provisions of this Agreement shall not be affected thereby and shall continue to be valid and enforceable. If, for any reason, a court finds that any provision of this Agreement is invalid, illegal or unenforceable as written, but that by limiting such provision it would become valid, legal and enforceable, then such provision shall be deemed to be written and shall be construed and enforced as so limited. In addition, in the event a court determines any provision of this Agreement unenforceable under the laws of its jurisdiction, this Agreement shall not be deemed unenforceable under the laws and regulations of any other jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the state of Iowa without regard to conflicts of laws principles. Each of the parties hereby irrevocably submits to the exclusive jurisdiction of any United States Federal court sitting in Iowa in any action or proceeding arising out of or relating to this Agreement or any agreement, document or instrument contemplated hereby, and each party hereby irrevocably agrees that all claims and counterclaims in respect of such action or proceeding may be heard and determined in any such United States Federal court. Each of the parties irrevocably waives any objection, including without limitation, any objection to the laying of venue or based on the grounds of forum non convenience, which it may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions. Each of the parties irrevocably consents to the service of any and all process in any such action or proceeding brought in any court in or of the State of Iowa by the delivery of copies of such process to each party at its address specified herein or by certified mail directed to such address. Words and phrases herein shall be construed as in the singular or plural number and as masculine, feminine or neuter gender, according to the context. The titles or captions of paragraphs of this Agreement are provided for convenience of reference only and shall not be considered a part hereof for purposes of interpreting or applying this Agreement and such titles or captions do not define, limit, extend, explain or describe the meaning, scope or extent of this Agreement or any of its terms or conditions. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than Employee, Employer and Employer's Affiliates who may subsequently employ Employee (and their respective heirs, legal representatives, successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and in making proof hereof, it shall not be necessary to produce or account for more than one such counterpart. Those provisions and obligations of this Agreement which are intended to survive shall survive notwithstanding termination of Employee's employment with the Company.

"Affiliate" means, for purposes of this Agreement, Renewable Energy Group, Inc. (if not the Employer), and any corporation, limited liability company or other entity directly or indirectly controlled by, or under common control with, Renewable Energy Group, Inc. as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such entity, whether through the ownership of voting securities or by contract or otherwise.

[Signature Page to Warner Employee Non-Competition and Confidentiality Agreement]

IN WITNESS WHEREOF, the Employer and Employee have executed this Agreement on the dates set forth below their respective signatures.

RENEWABLE ENERGY GROUP, INC.

By: /s/ Jeffrey Stroburg

Name: Jeffrey Stroburg

Title: Chairman

Employee

By: /s/ Cynthia J. Warner

Name: Cynthia J. Warner

RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement ("Agreement") is entered into effective as of January 14, 2019 (the "Grant Date"), by and between Renewable Energy Group, Inc., a Delaware corporation (the "Company"), and Cynthia J. Warner ("Employee"), pursuant to the Renewable Energy Group, Inc. Amended and Restated 2009 Stock Incentive Plan (the "Plan"). Employee and the Company agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

1. Award. In consideration of Employee's services for the Company, and Employee's entering into an Employment Agreement with the Company dated November 30, 2018 (the "Employment Agreement") and an Employee Non-Competition and Confidentiality Agreement with the Company dated November 30, 2018, the Company hereby grants to Employee 38,139 Restricted Stock Units. Restricted Stock Units are notational units of measurement denominated in shares of common stock of Renewable Energy Group, Inc., \$.0001 par value ("Common Stock"). Each Restricted Stock Unit represents a hypothetical share of Common Stock, subject to the conditions and restrictions on transferability set forth below and in the Plan. The Restricted Stock Units will be credited to Employee in an unfunded bookkeeping account established for Employee.

2. Vesting of Restricted Stock Units. The period of time between the Grant Date and the vesting of Restricted Stock Units (and the termination of restrictions thereon) will be referred to herein as the "Restricted Period."

(a) Vesting Period. Unless earlier vested under subsection (b) below, or forfeited pursuant to this Agreement, the Restricted Stock Units will vest 100% on January 14, 2022, subject to Employee's continued service as an Employee on such vesting date. Upon vesting, each Restricted Stock Unit will be converted into one share of Common Stock and Employee will be issued shares of Common Stock equal to the number of vested Restricted Stock Units held.

(b) Accelerated Vesting of Restricted Stock Units.

(i) Death or disability. The Restricted Stock Units shall fully vest upon Employee's termination of employment by reason of death or disability, in each case determined in accordance with Section 7.1 of the Employment Agreement.

(ii) Termination by the Company without Cause; termination by Employee for Good Reason. The Restricted Stock Units shall fully vest upon the Company's termination of Employee's employment without "Cause," or upon Employee's termination of her employment with the Company for "Good Reason," in each case determined in accordance with Section 7.3 or Section 7.4, as applicable, of the Employment Agreement.

(iii) Change of Control. Without limiting the foregoing, the Restricted Stock Units are subject to accelerated vesting upon the consummation of a Change of Control in accordance with Section 10(a) of the Plan to the extent the Restricted Stock Units are not honored or assumed, or new rights substituted therefor, in the manner prescribed by Section 10(b) of the Plan.

3. Forfeitures of Restricted Stock Units. Upon termination of service as an Employee prior to the expiration of the Restricted Period and for any reason other than as described in Section 2(b), Employee shall immediately forfeit all Restricted Stock Units, without the payment

of any consideration or further consideration by the Company. Upon forfeiture, neither Employee nor any successors, heirs, assigns, or legal representatives of Employee shall thereafter have any further rights or interest in the unvested Restricted Stock Units or certificates therefore.

4. Restrictions on Transfer Before Vesting

(a) Absent prior written consent of the Committee, the Restricted Stock Units granted hereunder to Employee may not be sold, assigned, transferred, pledged or otherwise encumbered, whether voluntarily or involuntarily, by operation of law or otherwise, from the Grant Date until such Restricted Stock Units have become vested and shares of Common Stock issued in conjunction with such vesting.

(b) Consistent with the foregoing, except as contemplated by Section 9, no right or benefit under this Agreement shall be subject to transfer, anticipation, alienation, sale, assignment, pledge, encumbrance or charge, whether voluntary, involuntary, by operation of law or otherwise, and any attempt to transfer, anticipate, alienate, sell, assign, pledge, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities or torts of the person entitled to such benefits. If Employee or his Beneficiary hereunder shall attempt to transfer, anticipate, alienate, assign, sell, pledge, encumber or charge any right or benefit hereunder, other than as contemplated by Section 9, or if any creditor shall attempt to subject the same to a writ of garnishment, attachment, execution, sequestration, or any other form of process or involuntary lien or seizure, then such attempt shall have no effect and shall be void.

5. Rights as a Stockholder. Employee will have no rights as a stockholder with regard to the Restricted Stock Units prior to vesting. However, the Company will pay Employee dividend equivalents on unvested (and vested but unpaid) Restricted Stock Units in the form of additional Restricted Stock Units having a value equal to the cash amount of such dividend at the Fair Market Value of Common Stock on the respective dates dividends are paid to stockholders, which shall be payable to Employee at such time as the Restricted Stock Units, underlying such dividend equivalents, become vested and nonforfeitable in accordance with the terms of this Agreement.

6. Taxes. To the extent that the vesting of the Restricted Stock Units or the receipt of Common Stock or dividend equivalents results in income to Employee for federal or state tax purposes, Employee shall deliver to the Company at the time of such vesting or receipt, as the case may be, such amount of money as the Company may require, or make other adequate arrangements satisfactory to the Company, at its discretion, to meet the Company's obligations under applicable tax withholding laws or regulations. Employee also authorizes the Company to satisfy all tax withholding obligations of the Company from his or her wages or other cash compensation payable to Employee by the Company. Subject to the following sentence, the Company, in its sole discretion, may also provide for the withholding of applicable taxes from the proceeds of the sale of shares acquired upon vesting of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on Employee's behalf pursuant to this authorization). Notwithstanding the foregoing, if requested by Employee, the Company shall withhold shares of Common Stock that would otherwise be issued upon vesting of the Restricted Stock Units to cover applicable withholding taxes, equal to the greatest number of whole shares having a Fair Market Value on the date immediately preceding the date on which the applicable tax liability is determined not in excess of the minimum amount required to satisfy the statutory withholding tax obligations with respect to the award. The Company may refuse to issue or deliver the shares of Common Stock unless all withholding taxes that may be due as a result of this award have been paid.

7. Changes in Capital Structure. If the outstanding shares of Common Stock or other securities of the Company, or both, shall at any time be changed or exchanged by declaration of a stock dividend, stock split, combination of shares, or recapitalization, the number and kind of Restricted Stock Units shall be appropriately and equitably adjusted so as to maintain the proportionate number of shares.

8. Compliance With Securities Laws. The Company will not be required to deliver any shares of Common Stock pursuant to this Agreement if, in the opinion of counsel for the Company, such issuance would violate the Securities Act of 1933 or any other applicable federal or state securities laws or regulations. Prior to the issuance of any shares pursuant to this Agreement, the Company may require that Employee (or Employee's legal representative upon Employee's death or disability) enter into such written representations, warranties and agreements as the Company may reasonably request in order to comply with applicable securities laws or with this Agreement.

9. Assignment. The Restricted Stock Units are not transferable (either voluntarily or involuntarily), other than pursuant to a domestic relations order. Employee may designate a beneficiary or beneficiaries (the "Beneficiary") to whom the Restricted Stock Units will pass upon Employee's death and may change such designation from time to time by filing a written designation of Beneficiary on such form as may be prescribed by the Company; provided that no such designation shall be effective until filed with the Company. Employee may change her Beneficiary without the consent of any prior Beneficiary by filing a new designation with the Company; provided that no such designation shall be effective prior to receipt by the Company. Following Employee's death, the Restricted Stock Units will pass to the designated Beneficiary and such person will be deemed Employee for purposes of any applicable provisions of this Agreement. If no such designation is made or if the designated Beneficiary does not survive Employee's death, the Restricted Stock Units shall pass by will or, if none, then by the laws of descent and distribution.

10. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Employee, the Company and their respective permitted successors or assigns (including personal representatives, heirs and legatees), except that Employee may not assign any rights or obligations under this Agreement except to the extent, and in the manner, expressly permitted herein.

11. Limitation of Rights. Nothing in this Agreement or the Plan may be construed to:

- (a) give Employee any right to be awarded any further Restricted Stock Units (or other form of stock incentive awards) other than in the sole discretion of the Committee;
- (b) give Employee or any other person any interest in any fund or in any specified asset or assets of the Company or affiliate thereof (other than the Restricted Stock Units and applicable Common Stock following the vesting of such Restricted Stock Units); or
- (c) confer upon Employee the right to continue in the service of the Company or affiliate thereof as Employee.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa, without reference to principles of conflict of laws.

13. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

14. No Waiver. The failure of Employee or the Company to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Employee or the Company may have under this Agreement shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

15. Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in the Plan. Certain other terms used herein have definitions given to them in the first place in which they are used.

16. Section 409A.

To the fullest extent applicable, this Agreement and the benefits payable hereunder are intended to be exempt from the definition of "nonqualified deferred compensation" under Section 409A of the Code in accordance with the "short-term deferral" exception available under the regulations promulgated under Section 409A. In that regard, Common Stock shall be issued to Employee no later than March 15 following the calendar year in which Employee's right to receive the Common Stock pursuant to this Agreement is no longer subject to a substantial risk of forfeiture within the meaning of Section 409A and the regulations thereunder. To the extent that any such benefit is or becomes subject to Section 409A due to a failure to qualify for an exemption from the definition of nonqualified deferred compensation in accordance with such regulations, this Agreement is intended to comply with the applicable requirements of Section 409A with respect to such benefits. This Agreement shall be interpreted and administered to the extent possible in a manner consistent with the foregoing statement of intent, and any ambiguity as to its compliance with Section 409A will be read in such a manner so that all payments hereunder comply with Section 409A of the Code.

17. Entire Agreement.

(a) Employee hereby acknowledges that she has received, reviewed and accepted the terms and conditions applicable to this Agreement. Employee hereby accepts such terms and conditions, subject to the provisions of the Plan and administrative interpretations thereof. Employee further agrees that the provisions of this Agreement, together with the Plan, constitute the entire and complete understanding and agreement between the parties with respect to the subject matter hereof, and supersede all prior and contemporaneous oral and written agreements, term sheets, representations and understandings of the parties, which are hereby terminated.

(b) Employee hereby acknowledges that she is to consult with and rely upon only Employee's own tax legal and financial advisors regarding the consequences and risks of this Agreement and the award of Restricted Stock Units.

(c) This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

18. Counterparts. This Agreement may be executed in counterparts, which together shall constitute one and the same original.

IN WITNESS WHEREOF, Renewable Energy Group, Inc. has caused this Agreement to be duly executed by one of its officers thereunto duly authorized, which execution may be facsimile, engraved or printed, which shall be deemed an original, and Employee has executed this Agreement, effective as of the day and year first above written.

RENEWABLE ENERGY GROUP, INC.

By: /s/ Jeffrey Stroburg

Name: Jeffrey Stroburg

Title: Chairman

Employee

By: /s/ Cynthia J. Warner

Name: Cynthia J. Warner

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the “Agreement”), is dated as of [insert date] between Renewable Energy Group, Inc., a Delaware corporation (the “Corporation”), and [insert name] (“Indemnitee”).

W I T N E S S E T H:

WHEREAS, Indemnitee is either a member of the board of directors of the Corporation (the “Board of Directors”), a member of the Board of Managers of a wholly-owned subsidiary of the Corporation, an officer of the Corporation or an officer of a wholly-owned subsidiary of the Corporation, or one or more of such positions, and in such capacity or capacities, or otherwise as an Agent (as hereinafter defined) of the Corporation, is performing a valuable service for the Corporation; and

WHEREAS, the Corporation is aware that competent and experienced persons are increasingly reluctant to serve as directors or officers of corporations or other business entities unless they are protected by comprehensive indemnification and liability insurance, due to increased exposure to litigation costs and risks resulting from their service to such entities, and because the exposure frequently bears no reasonable relationship to the compensation of such directors and officers; and

WHEREAS, the Board of Directors of the Corporation has concluded that, to retain and attract talented and experienced individuals to serve or continue to serve as officers, directors or managers of the Corporation or its subsidiaries, and to encourage such individuals to take the business risks necessary for the success of the Corporation, it is necessary for the Corporation contractually to indemnify directors and officers and to assume for itself to the fullest extent permitted by law expenses and damages in connection with claims against such officers, directors or managers in connection with their service to the Corporation; and

WHEREAS, Section 145 of the General Corporation Law of Delaware, under which the Corporation is organized (the “DGCL”), empowers the Corporation to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Corporation, as directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by the DGCL is not exclusive; and

WHEREAS, the Corporation desires and has requested the Indemnitee to serve or continue to serve as a director, officer or agent of the Corporation or one or more of its subsidiaries free from undue concern for claims for damages arising out of or related to such services to the Corporation; and

WHEREAS, Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Corporation on the condition that he or she be indemnified as herein provided; and

WHEREAS, it is intended that Indemnitee shall be paid promptly by the Corporation all amounts necessary to effectuate in full the indemnity provided herein.

NOW, THEREFORE, in consideration of the premises and the covenants in this Agreement, and of Indemnatee serving or continuing to serve the Corporation or one or more of its subsidiaries as an Agent and intending to be legally bound hereby, the parties hereto agree as follows:

1. Services by Indemnatee. Indemnatee agrees to serve or continue to serve (a) as a director or an officer of the Corporation, or as a manager, director or officer of a wholly-owned subsidiary of the Corporation, or one or more of such positions, so long as Indemnatee is duly appointed or elected and qualified in accordance with the applicable provisions of the Certificate of Incorporation and bylaws of the Corporation, and until such time as Indemnatee resigns or fails to stand for election or is removed from Indemnatee's position, or (b) otherwise as an Agent of the Corporation. Indemnatee may from time to time also perform other services at the request or for the convenience of, or otherwise benefiting the Corporation or one or more of its subsidiaries. Indemnatee may at any time and for any reason resign or be removed from such position (subject to any other contractual obligation or other obligation imposed by operation of law), in which event the Corporation shall have no obligation under this Agreement to continue Indemnatee in any such position.

2. Indemnification of Indemnatee. Subject to the limitations set forth herein and particularly in Section 6 hereof, the Corporation hereby agrees to indemnify Indemnatee as follows:

- (a) The Corporation shall, with respect to any Proceeding (as hereinafter defined) associated with Indemnatee's being an Agent of the Corporation, indemnify Indemnatee to the fullest extent permitted by applicable law or as such law may from time to time be amended (but, in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader indemnification rights than the law permitted the Corporation to provide before such amendment). The right to indemnification conferred herein shall be presumed to have been relied upon by Indemnatee in serving or continuing to serve the Corporation as an Agent and shall be enforceable as a contract right. Without in any way diminishing the scope of the indemnification provided by this Section 2(a), the rights of indemnification of Indemnatee shall include but shall not be limited to those rights hereinafter set forth.
- (b) The Corporation shall indemnify Indemnatee if Indemnatee is or was a party or is threatened to be made a party to any threatened, pending or completed Proceeding (other than an action by or in the right of the Corporation) by reason of the fact that Indemnatee is or was an Agent of the Corporation, or any subsidiary of the Corporation, or by reason of the fact that Indemnatee is or was serving at the request of the Corporation as an Agent of another corporation, partnership, joint venture, trust or other enterprise, against Expenses (as hereinafter defined) or Liabilities (as hereinafter defined), actually and reasonably incurred by Indemnatee in connection with such Proceeding if Indemnatee acted in good faith and in a manner Indemnatee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnatee's conduct was unlawful.

- (c) The Corporation shall indemnify Indemnitee if Indemnitee was or is a party or is threatened to be made a party to any threatened, pending or completed Proceeding by or in the right of the Corporation or any subsidiary of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was an Agent of the Corporation, or any subsidiary of the Corporation, or by reason of the fact that Indemnitee is or was serving at the request of the Corporation as an Agent of another corporation, partnership, joint venture, trust or other enterprise, against Expenses and, to the fullest extent permitted by law, Liabilities if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

3. Advancement of Expenses. All reasonable Expenses incurred by or on behalf of Indemnitee (including costs of enforcement of this Agreement) shall be advanced from time to time by the Corporation to Indemnitee within thirty (30) days after the receipt by the Corporation of a written request for an advance of Expenses, whether prior to or after final disposition of a Proceeding (except to the extent that there has been a Final Adverse Determination (as hereinafter defined) that Indemnitee is not entitled to be indemnified for such Expenses), including without limitation any Proceeding brought by or in the right of the Corporation. The written request for an advancement of any and all Expenses under this paragraph shall contain reasonable detail of the Expenses incurred by Indemnitee. In the event that such written request shall be accompanied by an affidavit of counsel to Indemnitee to the effect that such counsel has reviewed such Expenses and that such Expenses are reasonable in such counsel's view, then such expenses shall be deemed reasonable in the absence of clear and convincing evidence to the contrary. By execution of this Agreement, Indemnitee shall be deemed to have made whatever undertaking as may be required by law at the time of any advancement of Expenses with respect to repayment to the Corporation of such Expenses. In the event that the Corporation shall breach its obligation to advance Expenses under this Section 3, the parties hereto agree that Indemnitee's remedies available at law would not be adequate and that Indemnitee would be entitled to specific performance.

4. Presumptions and Effect of Certain Proceedings. Upon making a request for indemnification, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Corporation shall have the burden of proof to overcome that presumption in reaching any contrary determination. The termination of any Proceeding by judgment, order, settlement, arbitration award or conviction, or upon a plea of nolo contendere or its equivalent shall not affect this presumption or, except as determined by a judgment or other final adjudication adverse to Indemnitee, establish a presumption with regard to any factual matter relevant to determining Indemnitee's rights to indemnification hereunder. If the person or persons so empowered to make a determination pursuant to Section 5 hereof shall have failed to make the requested determination within sixty (60) days after any judgment, order, settlement, dismissal,

arbitration award, conviction, acceptance of a plea of nolo contendere or its equivalent, or other disposition or partial disposition of any Proceeding or any other event that could enable the Corporation to determine Indemnitee's entitlement to indemnification, the requisite determination that Indemnitee is entitled to indemnification shall be deemed to have been made.

5. Procedure for Determination of Entitlement to Indemnification.

- (a) Whenever Indemnitee believes that Indemnitee is entitled to indemnification pursuant to this Agreement, Indemnitee shall submit a written request for indemnification to the Corporation. Any request for indemnification shall include sufficient documentation or information reasonably available to Indemnitee for the determination of entitlement to indemnification. In any event, Indemnitee shall submit Indemnitee's claim for indemnification within a reasonable time, not to exceed five (5) years after any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of nolo contendere or its equivalent, or final determination, whichever is the later date for which Indemnitee requests indemnification. The Secretary or other appropriate officer shall, promptly upon receipt of Indemnitee's request for indemnification, advise the Board of Directors in writing that Indemnitee has made such request. Determination of Indemnitee's entitlement to indemnification shall be made not later than sixty (60) days after the Corporation's receipt of Indemnitee's written request for such indemnification, provided that any request for indemnification for Liabilities, other than amounts paid in settlement, shall have been made after a determination thereof in a Proceeding. If it is so determined that the Indemnitee is entitled to indemnification, payment to the Indemnitee shall be made within ten (10) days after such determination.
- (b) The Corporation shall be entitled to select the forum in which Indemnitee's entitlement to indemnification will be heard; provided, however, that if there is a Change in Control of the Corporation, Independent Legal Counsel (as hereinafter defined) shall determine whether Indemnitee is entitled to indemnification. The forum shall be any one of the following:
 - (i) a majority vote of Disinterested Directors (as hereinafter defined), even though less than a quorum;
 - (ii) by a committee of Disinterested Directors designated by majority vote of Disinterested Directors, even though less than a quorum;
 - (iii) Independent Legal Counsel, whose determination shall be made in a written opinion; or
 - (iv) The stockholders of the Corporation.

6. Specific Limitations on Indemnification. Notwithstanding anything in this Agreement to the contrary, the Corporation shall not be obligated under this Agreement to make any payment to Indemnitee with respect to any Proceeding:

- (a) To the extent that payment is actually made to Indemnitee under any insurance policy, or is made to Indemnitee by the Corporation or an affiliate otherwise than pursuant to this Agreement. Notwithstanding the availability of such insurance, Indemnitee also may claim indemnification from the Corporation pursuant to this Agreement by assigning to the Corporation any claims under such insurance to the extent Indemnitee is paid by the Corporation;
- (b) Provided there has been no Change in Control, for Liabilities in connection with Proceedings settled without the Corporation's consent, which consent, however, shall not be unreasonably withheld;
- (c) For an accounting of profits made from the purchase or sale by Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or similar provisions of any state statutory or common law;
- (d) To the extent it would be otherwise prohibited by law, if so established by a judgment or other final adjudication adverse to Indemnitee; or
- (e) In connection with a Proceeding commenced by Indemnitee (other than a Proceeding commenced by Indemnitee to enforce Indemnitee's rights under this Agreement) unless the commencement of such Proceeding was authorized by the Board of Directors.

7. Fees and Expenses of Independent Legal Counsel or Arbitrators . The Corporation agrees to pay the reasonable fees and expenses of Independent Legal Counsel should such Independent Legal Counsel be retained to make a determination of Indemnitee's entitlement to indemnification pursuant to Section 5(b) of this Agreement, and to fully indemnify such Independent Legal Counsel against any and all expenses and losses incurred by any of them arising out of or relating to this Agreement or their engagement pursuant hereto.

8. Remedies of Indemnitee.

- (a) In the event that (i) a determination pursuant to Section 5 hereof is made that Indemnitee is not entitled to indemnification, (ii) advances of Expenses are not made pursuant to this Agreement, (iii) payment has not been timely made following a determination of entitlement to indemnification pursuant to this Agreement, or (iv) Indemnitee otherwise seeks enforcement of this Agreement, Indemnitee shall be entitled to a final adjudication in the Court of Chancery of the State of Delaware of the remedy sought. Alternatively, unless court approval is required by law for the indemnification sought by Indemnitee, Indemnitee at Indemnitee's option may seek an award in arbitration to be conducted by a single arbitrator pursuant to the commercial arbitration rules of the American Arbitration Association now in effect, which award is to be made within ninety (90) days following the filing of the demand for arbitration. The Corporation shall not oppose Indemnitee's right to seek any such adjudication or arbitration award. In any such proceeding or

arbitration Indemnitee shall be presumed to be entitled to indemnification and advancement of Expenses under this Agreement and the Corporation shall have the burden of proof to overcome that presumption.

- (b) In the event that a determination that Indemnitee is not entitled to indemnification, in whole or in part, has been made pursuant to Section 5 hereof, the decision in the judicial proceeding or arbitration provided in paragraph (a) of this Section 8 shall be made *de novo* and Indemnitee shall not be prejudiced by reason of a determination that Indemnitee is not entitled to indemnification.
- (c) If a determination that Indemnitee is entitled to indemnification has been made pursuant to Section 5 hereof, or is deemed to have been made pursuant to Section 4 hereof or otherwise pursuant to the terms of this Agreement, the Corporation shall be bound by such determination.
- (d) The Corporation shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Corporation shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.
- (e) Expenses reasonably incurred by Indemnitee in connection with Indemnitee's request for indemnification under, seeking enforcement of or to recover damages for breach of this Agreement shall be borne by the Corporation when and as incurred by Indemnitee irrespective of any Final Adverse Determination that Indemnitee is not entitled to indemnification.

9. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Corporation, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Corporation and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Corporation (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

10. Maintenance of Insurance. The Corporation represents that it presently has in place certain directors' and officers' liability insurance policies covering the directors and officers of the Corporation and the directors, managers and officers of the wholly-owned subsidiaries of the Corporation. Subject only to the provisions within this Section 10, the Corporation agrees that so long as Indemnitee shall have consented to serve or shall continue to serve as a director or officer of the Corporation as a director, manager or officer of a wholly-owned subsidiary of the Corporation, or one or more of such positions, or as an Agent of the Corporation, and thereafter so long as Indemnitee shall be subject to any possible Proceeding (such periods being hereinafter sometimes referred to as the "Indemnification Period"), the Corporation will use all reasonable

efforts to maintain in effect for the benefit of Indemnitee one or more valid, binding and enforceable policies of directors' and officers' liability insurance from established and reputable insurers, providing, in all respects, coverage both in scope and amount which is no less favorable than that presently provided or, following the Corporation's initial public offering, than that provided as of the time of such initial public offering. Notwithstanding the foregoing, the Corporation shall not be required to maintain said policies of directors' and officers' liability insurance during any time period if during such period such insurance is not reasonably available or if it is determined in good faith by the then directors of the Corporation either that:

- (a) The premium cost of maintaining such insurance is substantially disproportionate to the amount of coverage provided thereunder; or
- (b) The protection provided by such insurance is so limited by exclusions, deductions or otherwise that there is insufficient benefit to warrant the cost of maintaining such insurance.

Anything in this Agreement to the contrary notwithstanding, to the extent that and for so long as the Corporation shall choose to continue to maintain any policies of directors' and officers' liability insurance during the Indemnification Period, the Corporation shall maintain similar and equivalent insurance for the benefit of Indemnitee during the Indemnification Period (unless such insurance shall be less favorable to Indemnitee than the Corporation's existing policies).

11. Modification, Waiver, Termination and Cancellation . No supplement, modification, termination, cancellation or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

12. Subrogation. In the event of payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

13. Notice by Indemnitee and Defense of Claim . Indemnitee shall promptly notify the Corporation in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter, whether civil, criminal, administrative or investigative, but the omission so to notify the Corporation will not relieve it from any liability that it may have to Indemnitee if such omission does not prejudice the Corporation's rights. If such omission does prejudice the Corporation's rights, the Corporation will be relieved from liability only to the extent of such prejudice. Notwithstanding the foregoing, such omission will not relieve the Corporation from any liability that it may have to Indemnitee otherwise than under this Agreement. With respect to any Proceeding as to which Indemnitee notifies the Corporation of the commencement thereof:

- (a) The Corporation will be entitled to participate therein at its own expense; and

- (b) The Corporation jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee; provided, however, that the Corporation shall not be entitled to assume the defense of any Proceeding if there has been a Change in Control or if Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and Indemnitee with respect to such Proceeding. After notice from the Corporation to Indemnitee of its election to assume the defense thereof, the Corporation will not be liable to Indemnitee under this Agreement for any Expenses subsequently incurred by Indemnitee in connection with the defense thereof, other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ Indemnitee's own counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless:
 - (i) the employment of counsel by Indemnitee has been authorized by the Corporation;
 - (ii) Indemnitee shall have reasonably concluded that counsel engaged by the Corporation may not adequately represent Indemnitee due to, among other things, actual or potential differing interests; or
 - (iii) The Corporation shall not in fact have employed counsel to assume the defense in such Proceeding or shall not in fact have assumed such defense and be acting in connection therewith with reasonable diligence; in each of which cases the fees and expenses of such counsel shall be at the expense of the Corporation.
- (c) The Corporation shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent; provided, however, that Indemnitee will not unreasonably withhold his or her consent to any proposed settlement.

14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to: _____

- (b) If to the Corporation, to: Renewable Energy Group,
Inc.

Attn: Secretary
PO Box 888
416 South Bell Avenue
Ames, IA 50010

or to such other address as may have been furnished to Indemnitee by the Corporation or to the Corporation by Indemnitee, as the case may be.

15. Nonexclusivity. The rights of Indemnitee hereunder shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under applicable law, the Corporation's Certificate of Incorporation or bylaws, or any agreements, vote of stockholders, resolution of the Board of Directors or otherwise, and to the extent that during the Indemnification Period the rights of the then existing directors and officers are more favorable to such directors or officers than the rights currently provided to Indemnitee thereunder or under this Agreement, Indemnitee shall be entitled to the full benefits of such more favorable rights.

Notwithstanding any other provision of this Agreement to the contrary, (i) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification, hold harmless, exoneration, advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to the Corporation's satisfaction and performance of all its obligations under this Agreement, and (ii) the Corporation shall perform fully its obligations under this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, hold harmless, exoneration, contribution or insurance coverage rights against any person or entity other than the Corporation.

16. Certain Definitions.

- (a) "Agent" shall mean any person who is or was, or who has consented to serve as, a director, officer, employee, agent, fiduciary, joint venturer, partner, manager or other official of the Corporation or a subsidiary or an affiliate of the Corporation, or any other entity (including without limitation, an employee benefit plan) either at the request of, for the convenience of, or otherwise to benefit the Corporation or a subsidiary of the Corporation. Any person who is or was serving as a manager, director, officer, employee or agent of a subsidiary of the Corporation shall be deemed to be serving, or have served, at the request of the Corporation.
- (b) "Change in Control" shall mean the occurrence, after the Corporation's initial public offering, of any of the following:
- (i) Both (A) any "person" (as defined below) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing at least twenty percent (20%) of the total voting power represented by the Corporation's then outstanding voting securities and (B) the beneficial ownership by such person of securities representing such percentage is not approved by a majority of the "continuing directors" (as defined below);

- (ii) Any “person” is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing at least fifty percent (50%) of the total voting power represented by the Corporation’s then outstanding voting securities;
- (iii) A change in the composition of the Board of Directors occurs, as a result of which fewer than two-thirds of the incumbent directors are directors who either (A) had been directors of the Corporation on the “look-back date” (as defined below) (the “Original Directors”) or (B) were elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority in the aggregate of the Original Directors who were still in office at the time of the election or nomination and directors whose election or nomination was previously so approved (the “continuing directors”);
- (iv) The stockholders of the Corporation approve a merger or consolidation of the Corporation with any other corporation, if such merger or consolidation would result in the voting securities of the Corporation outstanding immediately prior thereto representing (either by remaining outstanding or by being converted into voting securities of the surviving entity) 50% or less of the total voting power represented by the voting securities of the Corporation or such surviving entity outstanding immediately after such merger or consolidation; or
- (v) The stockholders of the Corporation approve (A) a plan of complete liquidation of the Corporation or (B) an agreement for the sale or disposition by the Corporation of all or substantially all of the Corporation’s assets.

For purposes of Subsections (i) and (ii) above, the term “person” shall have the same meaning as when used in Sections 13(d) and 14(d) of the Exchange Act, but shall exclude (x) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or of a parent or subsidiary of the Corporation or (y) a corporation owned directly or indirectly by the stockholders of the Corporation in substantially the same proportions as their ownership of the common stock of the Corporation.

For purposes of Subsection (iii) above, the term “look-back date” shall mean the later of (x) the date first written above in the preamble to this Agreement or (y) the date 24 months prior to the date of the event that may constitute a “Change in Control.”

Any other provision of this Section 16(b) notwithstanding, the term “Change in Control” shall not include a transaction, if undertaken at the election of the Corporation, the result of which is to sell all or substantially all of the assets of the Corporation to another corporation (the “surviving corporation”); provided that the surviving corporation is owned directly or indirectly by the stockholders of the Corporation immediately following such transaction in substantially the same proportions as their ownership of the Corporation’s common stock immediately

preceding such transaction; and provided, further, that the surviving corporation expressly assumes this Agreement.

- (c) “Disinterested Director” shall mean a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is being sought by Indemnitee.
- (d) “Expenses” shall include all direct and indirect costs (including, without limitation, attorneys’ fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, all other disbursements or out-of-pocket expenses and reasonable compensation for time spent by Indemnitee for which Indemnitee is otherwise not compensated by the Corporation or any third party) actually and reasonably incurred in connection with either the investigation, defense, settlement or appeal of a Proceeding or establishing or enforcing a right to indemnification under this Agreement, applicable law or otherwise; provided, however, that “Expenses” shall not include any Liabilities.
- (e) “Final Adverse Determination” shall mean that a determination that Indemnitee is not entitled to indemnification shall have been made pursuant to Section 5 hereof and either (1) a final adjudication in the Court of Chancery of the State of Delaware or decision of an arbitrator pursuant to Section 8(a) hereof shall have denied Indemnitee’s right to indemnification hereunder, or (2) Indemnitee shall have failed to file a complaint in a Delaware court or seek an arbitrator’s award pursuant to Section 8(a) for a period of one hundred twenty (120) days after the determination made pursuant to Section 5 hereof.
- (f) “Independent Legal Counsel” shall mean a law firm or a member of a firm selected by the Corporation and approved by Indemnitee (which approval shall not be unreasonably withheld) or, if there has been a Change in Control, selected by Indemnitee and approved by the Corporation (which approval shall not be unreasonably withheld), that neither is presently nor in the past five (5) years has been retained to represent: (i) the Corporation or any of its subsidiaries or affiliates, or Indemnitee or any corporation of which Indemnitee was or is a director, officer, employee or agent, or any subsidiary or affiliate of such a corporation, in any material matter, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Legal Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee’s right to indemnification under this Agreement.
- (g) “Liabilities” shall mean liabilities of any type whatsoever including, but not limited to, any judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid in settlement (including all interest assessments and other charges paid or payable in connection with or in respect of such judgments, fines, penalties or amounts paid in settlement) of any Proceeding.

- (h) “Proceeding” shall mean any threatened, pending or completed action, claim, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, that is associated with Indemnitee’s being an Agent of the Corporation.

17. Binding Effect; Duration and Scope of Agreement. This Agreement shall be binding upon the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Corporation), spouses, heirs and personal and legal representatives. This Agreement shall be deemed to be effective as of the commencement date of the Indemnitee’s service as an officer or director of the Corporation and shall continue in effect during the Indemnification Period, regardless of whether Indemnitee continues to serve as an Agent.

18. Severability. If any provision or provisions of this Agreement (or any portion thereof) shall be held to be invalid, illegal or unenforceable for any reason whatsoever:

- (a) the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; and
- (b) to the fullest extent legally possible, the provisions of this Agreement shall be construed so as to give effect to the intent of any provision held invalid, illegal or unenforceable.

19. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within the State of Delaware, without regard to conflict of laws rules.

20. Consent to Jurisdiction. The Corporation and Indemnitee each irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding that arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Delaware.

21. Entire Agreement. This Agreement represents the entire agreement between the parties hereto, and there are no other agreements, contracts or understandings between the parties hereto with respect to the subject matter of this Agreement, except as specifically referred to herein or as provided in Section 15 hereof.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed by a duly authorized officer and Indemnitee has executed this Agreement as of the date first above written.

RENEWABLE ENERGY GROUP, INC., INDEMNITEE
a Delaware corporation

By _____

Its _____

RENEWABLE ENERGY GROUP, INC. SUBSIDIARIES

REG Biofuels, LLC	Iowa
REG Marketing & Logistics Group, LLC	Iowa
REG Services Group, LLC	Iowa
REG Capital, LLC	Iowa
REG Synthetic Fuels, LLC	Iowa
REG Life Sciences, LLC	Iowa
REG Canada Holdings Inc.	British Columbia
REG Construction & Technology Group, LLC	Iowa
REG Ventures, LLC	Iowa
REG Ralston, LLC	Iowa
REG Houston, LLC	Texas
REG Danville, LLC	Delaware
REG Albert Lea, LLC	Iowa
REG Newton, LLC	Iowa
REG Seneca, LLC	Iowa
REG New Orleans, LLC	Iowa
REG New Boston, LLC	Iowa
REG Mason City, LLC	Iowa
REG Emporia, LLC	Iowa
REG Clovis, LLC	Iowa
REG Atlanta, LLC	Iowa
REG Okeechobee, LLC	Iowa
REG Geismar, LLC	Delaware
REG Grays Harbor, LLC	Washington
REG Madison, LLC	Wisconsin
REG Bioproducts, LLC	Iowa
REG Feedstock, LLC	Iowa
REG Overseas Holdings B.V.	Netherlands
REG International Trading & Commodities B.V.	Netherlands
REG Germany GmbH	Germany

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-168374, No. 333-203763 and No. 333-220518 on Form S-8 of our report dated March 7, 2019, relating to the consolidated financial statements of Renewable Energy Group, Inc. and subsidiaries, and the effectiveness of Renewable Energy Group, Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Renewable Energy Group, Inc. for the year ended December 31, 2018.

/s/ DELOITTE & TOUCHE LLP
Des Moines, Iowa
March 7, 2019

I, Cynthia J. Warner, certify that:

1. I have reviewed this annual report on Form 10-K of Renewable Energy Group, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 7, 2019

/s/ Cynthia J. Warner

Cynthia J. Warner

Chief Executive Officer

I, Chad Stone, certify that:

1. I have reviewed this annual report on Form 10-K of Renewable Energy Group, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 7, 2019

/s/ Chad Stone

Chad Stone
Chief Financial Officer

SECTION 1350 CERTIFICATIONS

I, Cynthia J. Warner, Chief Executive Officer of Renewable Energy Group, Inc. (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge the Annual Report on Form 10-K of the Company (the “Report”), which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 7, 2019

/s/ Cynthia J. Warner

Cynthia J. Warner
Chief Executive Officer

SECTION 1350 CERTIFICATIONS

I, Chad Stone, Chief Financial Officer of Renewable Energy Group, Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge the Annual Report on Form 10-K of the Company (the "Report"), which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 7, 2019

/s/ Chad Stone

Chad Stone
Chief Financial Officer