CVR ENERGY INC
Form 424B4
October 24, 2007

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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-137588
Registration No. 333-146855

20,000,000 Shares

CVR Energy, Inc.

Common Stock

This is an initial public offering of shares of common stock of CVR Energy, Inc. CVR Energy is offering all of the shares to be sold in the offering.

Prior to this offering, there has been no public market for the common stock. Our common stock has been approved for listing on the New York Stock Exchange under the symbol CVI.

See Risk Factors beginning on page 24 to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$ 19.000	$ 380,000,000
Underwriting discount	$ 1.240	$ 24,800,000
Proceeds, before expenses, to us	$ 17.760	$ 355,200,000

To the extent that the underwriters sell more than 20,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 3,000,000 shares from us at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on October 26, 2007.

Goldman, Sachs & Co.		**Deutsche Bank Securities**
	Credit Suisse	
Citi		**Simmons & Company International**

Prospectus dated October 22, 2007.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. You should carefully read the entire prospectus, including the Risk Factors and the consolidated financial statements and related notes included elsewhere in this prospectus, before making an investment decision. In this prospectus, all references to the Company, Coffeyville, we, us, and our refer to CVR Energy, Inc. and its consolidated subsidiaries, unless the context otherwise requires or where otherwise indicated. References in this prospectus to the nitrogen fertilizer business refer to our nitrogen fertilizer business which, prior to the consummation of this offering, we are transferring to a newly formed limited partnership whose managing general partner will be owned by our controlling stockholders and senior management. See The Nitrogen Fertilizer Limited Partnership. You should also see the Glossary of Selected Terms beginning on page 294 for definitions of some of the terms we use to describe our business and industry. We use non-GAAP measures in this prospectus, including Net income adjusted for unrealized gain or loss from Cash Flow Swap. For a reconciliation of this measure to net income, see footnote 4 under Summary Consolidated Financial Information.

Our Business

We are an independent refiner and marketer of high value transportation fuels and, through a limited partnership, a producer of ammonia and urea ammonia nitrate, or UAN, fertilizers. We are one of only seven petroleum refiners and marketers in the Coffeyville supply area (Kansas, Oklahoma, Missouri, Nebraska and Iowa) and, at current natural gas prices, the nitrogen fertilizer business is the lowest cost producer and marketer of ammonia and UAN in North America.

Our petroleum business includes a 113,500 barrel per day, or bpd, complex full coking sour crude refinery in Coffeyville, Kansas (with capacity expected to reach approximately 115,000 bpd by the end of 2007). In addition, our supporting businesses include (1) a crude oil gathering system serving central Kansas, northern Oklahoma and southwest Nebraska, (2) storage and terminal facilities for asphalt and refined fuels in Phillipsburg, Kansas, and (3) a rack marketing division supplying product through tanker trucks directly to customers located in close geographic proximity to Coffeyville and Phillipsburg and to customers at throughput terminals on Magellan Midstream Partners L.P. s refined products distribution systems. In addition to rack sales (sales which are made at terminals into third party tanker trucks), we make bulk sales (sales through third party pipelines) into the mid-continent markets via Magellan and into Colorado and other destinations utilizing the product pipeline networks owned by Magellan, Enterprise Products Partners LP and NuStar Energy L.P. Our refinery is situated approximately 100 miles from Cushing, Oklahoma, one of the largest crude oil trading and storage hubs in the United States, served by numerous pipelines from locations including the U.S. Gulf Coast and Canada, providing us with access to virtually any crude variety in the world capable of being transported by pipeline.

The nitrogen fertilizer business is the only operation in North America that utilizes a coke gasification process to produce ammonia (based on data provided by Blue Johnson & Associates). A majority of the ammonia produced by the fertilizer plant is further upgraded to UAN fertilizer (a solution of urea, ammonium nitrate and water used as a fertilizer). By using petroleum coke, or pet coke (a coal-like substance that is produced during the refining process), instead of natural gas as raw material, at current natural gas prices the nitrogen fertilizer business is the lowest cost producer of ammonia and UAN in North America. Furthermore, on average, over 80% of the pet coke utilized by the fertilizer plant is produced and supplied to the fertilizer plant as a by-product of our refinery. As such, the nitrogen fertilizer business benefits from high natural gas prices, as fertilizer prices generally increase with natural gas prices, without a directly related change in cost (because pet coke rather than more expensive natural gas is used as a primary raw material).

We generated combined net sales of $1.7 billion, $2.4 billion, $3.0 billion and $2.7 billion and operating income of $111.2 million, $270.8 million, $281.6 million and $190.5 million for the fiscal years ended December 31, 2004, 2005 and 2006 and the twelve months ended June 30, 2007, respectively. Our petroleum business generated $1.6 billion, $2.3 billion, $2.9 billion and $2.6 billion of our combined net sales, respectively, over these periods, with the nitrogen fertilizer business generating substantially all of the remainder. In addition, during these periods, our petroleum business contributed $84.8 million, $199.7 million, $245.6 million and $170.5 million, respectively, of our combined operating income, with substantially all of the remainder contributed by the nitrogen fertilizer business.

Significant Milestones Since the Change of Control in June 2005

Following the acquisition by certain affiliates of The Goldman Sachs Group, Inc. (whom we collectively refer to in this prospectus as the Goldman Sachs Funds) and certain affiliates of Kelso & Company, L.P. (whom we collectively refer to in this prospectus as the Kelso Funds) in June 2005, a new senior management team was formed which has executed several key strategic initiatives that we believe have significantly enhanced our business.

Increased Refinery Throughput and Yields. Management s focus on crude slate optimization (the process of determining the most economic crude oils to be refined), reliability, technical support and operational excellence coupled with prudent expenditures on equipment has significantly improved the operating metrics of the refinery. The refinery s crude throughput rate (the volume per day processed through the refinery) has increased from an average of less than 90,000 bpd to an average of greater than 102,000 bpd in the second quarter of 2006 with peak daily rates in excess of 113,500 bpd of crude in June 2007. Crude throughputs averaged over 94,500 bpd for 2006, an improvement of more than 3,400 bpd over 2005. Recent operational improvements at the refinery have also allowed us to produce higher volumes of favorably priced distillates (primarily No. 1 diesel fuel and kerosene), premium gasoline and boutique gasoline grades.

Diversified Crude Feedstock Variety. We have expanded the variety of crude grades processed in any given month from a limited few to over a dozen. This has improved our crude purchase cost discount to West Texas Intermediate crude oil, or WTI, from $3.33 per barrel in 2005 to $4.75 per barrel in 2006.

Expanded Direct Rack Sales. We have significantly expanded and intend to continue to expand rack marketing of refined products (petroleum products such as gasoline and diesel fuel) directly to customers rather than origin bulk sales. We presently sell approximately 23% of our produced transportation fuels at enhanced margins in this manner, which has helped improve our net income for 2006 compared to 2005.

Significant Plant Improvement and Capacity Expansion Projects. Management has identified and developed several significant capital projects since June 2005 primarily aimed at (1) expanding refinery and nitrogen fertilizer plant capacity (throughput that the plants are capable of sustaining on a daily basis), (2) enhancing operating reliability and flexibility, (3) complying with more stringent environmental, health and safety standards, and (4) improving our ability to process heavier sour crude feedstock varieties (petroleum products that are processed and blended into refined products). We have completed most of these capital projects and expect to complete substantially all of the capital projects by the end of 2007. The estimated total cost of these programs is $522 million, the majority of which has already been spent.

Key Market Trends

We have identified several key factors which we believe should favorably contribute to the long-term outlook for the refining and nitrogen fertilizer industries.

For the refining industry, these factors include the following:

High capital costs, historical excess capacity and environmental regulatory requirements that have limited the construction of new refineries in the United States over the past 30 years.

Continuing improvement in the supply and demand fundamentals of the global refining industry as projected by the Energy Information Administration of the U.S. Department of Energy, or the EIA.

Increasing demand for sweet crude oils and higher incremental production of lower cost sour crude that are expected to provide a cost advantage to sour crude processing refiners.

U.S. fuel specifications, including reduced sulfur content, reduced vapor pressure and the addition of oxygenates such as ethanol, that should benefit refiners who are able to efficiently produce fuels that meet these specifications.

Limited competitive threat from foreign refiners due to sophisticated U.S. fuel specifications and increasing foreign demand for refined products.

Refining capacity shortage in the mid-continent region, as certain regional markets in the U.S. are subject to insufficient local refining capacity to meet regional demands. This should result in local refiners earning higher margins on product sales than those who must rely on pipelines and other modes of transportation for supply.

For the nitrogen fertilizer industry, these factors include the following:

The impact of a growing world population combined with an expanded use of corn for the production of ethanol both of which are expected to drive worldwide grain demand and farm production, thereby increasing demand for nitrogen-based fertilizers.

High natural gas prices in North America that contribute to higher production costs for natural gas-based U.S. ammonia producers should result in elevated nitrogen fertilizer prices, as natural gas price trends generally correlate with nitrogen fertilizer price trends (based on data provided by Blue Johnson & Associates).

However, both of our industries are cyclical and volatile and have experienced downturns in the past. See Risk Factors.

Our Competitive Strengths

Regional Advantage and Strategic Asset Location. Our refinery is one of only seven refineries located in the Coffeyville supply area within the mid-continent region, where demand for refined products exceeded refining production by approximately 22% in 2006. We estimate that this favorable supply/demand imbalance combined with our lower pipeline transportation cost as compared to the U.S. Gulf Coast refiners has allowed us to generate refining margins, as measured by the 2-1-1 crack spread, that have exceeded U.S. Gulf Coast refining margins by approximately $1.74 per barrel on average for the last four years. The 2-1-1 crack spread is a general industry standard that approximates the per barrel refining margin resulting from processing two barrels of crude oil to produce one barrel of gasoline and one barrel of diesel fuel.

In addition, the nitrogen fertilizer business is geographically advantaged to supply products to markets in Kansas, Missouri, Nebraska, Iowa, Illinois and Texas without incurring intermediate transfer, storage, barge or pipeline freight charges. Because the nitrogen fertilizer business does not incur these costs, this geographic advantage provides it with a distribution cost benefit over U.S. Gulf Coast ammonia and UAN importers, assuming in each case freight rates and pipeline tariffs for U.S. Gulf Coast importers as recently in effect.

Access to and Ability to Process Multiple Crude Oils. Since June 2005 we have significantly expanded the variety of crude grades processed in any given month. While our proximity to the Cushing crude oil trading hub minimizes the likelihood of an interruption to our supply, we intend to further diversify our sources of crude oil. Among other initiatives in this regard, we have secured shipper rights on the newly built Spearhead pipeline, which connects Chicago to the Cushing hub. We have also committed to additional pipeline capacity on the proposed Keystone pipeline project currently under development by TransCanada Keystone Pipeline, LP which will provide us with access to incremental oil supplies from Canada. We also own and operate a crude gathering system serving northern Oklahoma, central Kansas and southwest Nebraska, which allows us to acquire quality crudes at a discount to WTI.

High Quality, Modern Asset Base with Solid Track Record. Our refinery s complexity allows us to optimize the yields (the percentage of refined product that is produced from crude and other feedstocks) of higher value transportation fuels (gasoline and distillate), which currently account for approximately 93% of our liquid production output. Complexity is a measure of a refinery s ability to process lower quality crude in an economic manner; greater complexity makes a refinery more profitable. From 1995 through August 31, 2007, we have invested approximately $673 million to modernize our oil refinery and to meet more stringent U.S. environmental, health and safety requirements. As a result, we have achieved significant increases in our refinery crude throughput rate from an average of less than 90,000 bpd prior to June 2005 to an average of over 102,000 bpd in the second quarter of 2006 and over 94,500 bpd for 2006 with peak daily rates in excess of 113,500 bpd in June 2007. In addition, we have completed our scheduled 2007 refinery turnaround and expect that plant capacity will reach approximately 115,000 bpd by the end of 2007. The fertilizer plant, completed in 2000, is the newest fertilizer facility in North America and, since 2003, has demonstrated a consistent record of operating near full capacity. This plant underwent a scheduled turnaround in 2006, and the plant s spare gasifier was recently expanded to increase its production capacity.

Near Term Internal Expansion Opportunities. With the completion of approximately $522 million of significant capital improvements since June 2005, we expect to significantly enhance the profitability of our refinery during periods of high crack spreads while enabling the refinery to operate more profitably at lower crack spreads than is currently possible.

Unique Coke Gasification Fertilizer Plant. The nitrogen fertilizer plant is the only one of its kind in North America utilizing a coke gasification process to produce ammonia. The coke gasification process allows the plant to produce ammonia at a lower cost than natural gas-based fertilizer plants because it uses significantly less natural gas than its competitors. We estimate that the facility s production cost advantage over U.S. Gulf Coast ammonia producers is sustainable at natural gas prices as low as $2.50 per million Btu. The nitrogen fertilizer business has a secure raw material supply with an average of more than 80% of the pet coke required by the fertilizer plant historically supplied by our refinery. After this offering, we will continue to supply pet coke to the nitrogen fertilizer business pursuant to a 20-year intercompany agreement. The nitrogen fertilizer business is also considering a $50 million fertilizer plant expansion, which we estimate could increase the nitrogen fertilizer plant s capacity to upgrade ammonia into premium priced UAN by 50% to approximately 1,000,000 tons per year.

Experienced Management Team. In conjunction with the acquisition of our business by Coffeyville Acquisition LLC in June 2005, a new senior management team was formed that combined selected members of existing management with experienced new members. Our senior management team averages over 28 years of refining and fertilizer industry experience and, in coordination with our broader management team, has increased our operating income and stockholder value since the acquisition of Coffeyville Resources. Mr. John J. Lipinski, our Chief Executive Officer, has over 35 years of experience in the refining and chemicals industries, and prior to joining us in connection with the acquisition of Coffeyville Resources in June 2005, was in charge of a 550,000 bpd refining system and a multi-plant fertilizer system. Mr. Stanley A. Riemann, our Chief Operating Officer, has over 33 years of experience, and prior to joining us in March 2004, was in charge of one of the largest fertilizer manufacturing systems in the United States. Mr. James T. Rens, our Chief Financial Officer, has over 18 years of experience in the energy and fertilizer industries, and prior to joining us in March 2004, was the chief financial officer of two fertilizer manufacturing companies.

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Our Business Strategy

The primary business objectives for our refinery business are to increase value for our stockholders and to maintain our position as an independent refiner and marketer of refined fuels in our markets by maximizing the throughput and efficiency of our petroleum refining assets. In addition, management s business objectives on behalf of the nitrogen fertilizer limited partnership are to increase value for our stockholders and maximize the production and efficiency of the nitrogen fertilizer facilities. We intend to accomplish these objectives through the following strategies:

- Pursuing organic expansion opportunities;
- Increasing the profitability of our existing assets;
- Seeking both strategic and accretive acquisitions; and
- Pursuing opportunities to maximize the value of the nitrogen fertilizer limited partnership.

Nitrogen Fertilizer Limited Partnership

Prior to the consummation of this offering, we will transfer our nitrogen fertilizer business to a newly formed limited partnership, or the Partnership. The Partnership will have two general partners: a managing general partner, which we will sell at fair market value at such time to a newly formed entity owned by the Goldman Sachs Funds, the Kelso Funds and our senior management, and a second general partner, controlled by us.

We will initially own all of the interests in the Partnership (other than the managing general partner interest and associated IDRs described below) and will initially be entitled to all cash that is distributed by the Partnership. The managing general partner will not be entitled to participate in Partnership distributions except in respect of its incentive distribution rights, or IDRs, which entitle the managing general partner to receive increasing percentages of the Partnership s quarterly distributions if the Partnership increases its distributions above $0.4313 per unit. The Partnership will not make any distributions with respect to the IDRs until the aggregate adjusted operating surplus (as defined on page 241) generated by the Partnership during the period from its formation through December 31, 2009 has been distributed in respect of the interests which we hold and/or the Partnership s common and subordinated units (none of which are yet outstanding but which would be issued if the Partnership issues equity in the future). In addition, there will be no distributions paid on the managing general partner s IDRs for so long as the Partnership or its subsidiaries are guarantors under our credit facilities.

While we will initially be entitled to receive all cash that is distributed by the Partnership, the partnership agreement will provide that, once the Partnership has distributed all aggregate adjusted operating surplus generated by the Partnership during the period from its formation through December 31, 2009, the managing general partner will be entitled to receive distributions on its IDRs only after we have received a quarterly distribution of $0.4313 per unit (or $52 million per year in the aggregate) from the Partnership. This quarterly distribution amount does not represent an amount that the Partnership currently intends to distribute to us, but represents the contractual term establishing our and the managing general partner s relative right to quarterly distributions from the Partnership, subject to the other limitations set forth in the partnership agreement and described herein. This amount may be changed at the time of the Partnership s initial offering, if any. The percentage of available cash distributed by the Partnership we receive will be limited (1) if the Partnership issues common units in a public or private offering, in which event all or a portion of our interests in the Partnership will become subordinated units and the balance, if any, will become common units, (2) if we sell or are required to sell any of our special units, and (3) at such time as the managing general partner begins to receive distributions with respect to its IDRs.

The Partnership will be operated by our senior management pursuant to a services agreement to be entered into among us, the managing general partner and the Partnership. We will pay all of our senior management s compensation, and the Partnership will reimburse us for the time our senior management spends working for the Partnership. The Partnership will be managed by the managing general partner and, to the extent described below, us, as special general partner. As special general partner of the Partnership, we will have joint management rights regarding the appointment, termination and compensation of the chief executive officer and chief financial officer of the managing general partner, will designate two members of the board of directors of the managing general partner and will have joint management rights regarding specified major business decisions relating to the Partnership.

We have considered various strategic alternatives with respect to the nitrogen fertilizer business, including an initial public or private offering of limited partnership interests of the Partnership. We have observed that entities structured as publicly traded limited partnerships (also known as master limited partnerships) have over recent history demonstrated significantly greater relative market valuation levels compared to corporations in the refining and marketing sector when measured as a ratio of enterprise value to EBITDA. Following completion of this offering, any public or private offering by the Partnership would be made solely at the discretion of the Partnership s managing general partner, subject to our specified joint management rights, and would be subject to market conditions and negotiation of terms acceptable to the Partnership s managing general partner. In connection with the Partnership s initial public or private offering, if any, the Partnership may require us to include a sale of a portion of our interests in the Partnership. If the Partnership becomes a public company, we may consider a secondary offering of interests which we own. We cannot assure you that any such transaction will be consummated or that master limited partnership valuations will continue to be greater relative to market valuation levels for corporations in the refining and marketing sector.

For more detailed information about the Partnership, see The Nitrogen Fertilizer Limited Partnership.

Flood and Crude Oil Discharge

Flood. During the weekend of June 30, 2007, torrential rains in southeast Kansas caused the Verdigris River to overflow its banks and flood the town of Coffeyville. The river crested more than 10 feet above flood stage, setting a new record for the river. Approximately 2,000 citizens and hundreds of homes throughout the city of Coffeyville were affected. Our refinery and the nitrogen fertilizer plant, which are located in close proximity to the Verdigris River, were severely flooded and were forced to conduct emergency shutdowns and evacuate.

As a result, our refinery and nitrogen fertilizer facilities sustained major damage and required extensive repairs. We hired nearly 1,000 extra contract workers to help repair and replace damaged equipment at the refinery. The refinery started operating its reformer on August 6, 2007 and began to charge crude oil to the facility on August 9, 2007. Substantially all of the refinery s units were in operation by August 20, 2007. The nitrogen fertilizer facility, situated on slightly higher ground, sustained less damage than the refinery. The nitrogen fertilizer facility initiated startup at its production facility on July 13, 2007.

The total third party cost to repair the refinery is currently estimated at approximately $86 million, and the total third party cost to repair the nitrogen fertilizer facility is currently estimated at approximately $4 million.

Crude Oil Discharge. Because the Verdigris River rose so rapidly during the flood, much faster than predicted, our employees had to shut down and secure the refinery in six to seven hours, rather than the 24 hours typically needed for such an effort. Despite our efforts to secure the refinery prior to its evacuation, we estimate that 1,919 barrels (80,600 gallons) of crude oil and 226 barrels of crude oil fractions were discharged from our refinery into the Verdigris River flood waters beginning on or about July 1, 2007. Crude oil was carried by floodwaters downstream from our refinery and into residential and commercial areas.

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On July 10, 2007, we entered into an administrative order on consent (the Consent Order) with the United States Environmental Protection Agency (the EPA). Pursuant to the Consent Order, we agreed to perform specified remedial actions to respond to the discharge of crude oil from our refinery. We have worked with the EPA throughout the recovery process and we could be required to reimburse the EPA s costs under the federal Oil Pollution Act. We are currently remediating the contamination caused by the crude oil discharge and expect our remedial actions to continue through December 2007. We estimate that the total costs of oil remediation through completion will be approximately $7 million to $10 million. Resolution of third party property damage claims is estimated to cost approximately $25 million to $30 million. As a result, the total cost associated with remediation and property damage claims resolution is estimated to be approximately $32 million to $40 million. This estimate does not include potential fines or penalties which may be imposed by regulatory authorities or costs arising from potential natural resource damages claims (for which we are unable to estimate a range of possible costs at this time) or possible additional damages arising from class action lawsuits related to the flood.

Impact on Our Third Quarter 2007 Performance. The flood and crude oil discharge will have a significant adverse impact on our third quarter 2007 financial results. We estimate that during the third quarter of 2007, revenue ranged between $580 million and $590 million compared to $778.6 million for the third quarter of 2006. In addition, we estimate that during the third quarter of 2007, operating income ranged between $45 million and $65 million, compared to $52.1 million for the third quarter of 2006, subject to the discussion below. The operating income range described above includes an approximately $95 million receivable due from our insurance carriers in connection with the flood and crude oil discharge. In connection with our third quarter closing process, we continue to evaluate and gather information to assess the measurement of this receivable. To the extent that we determine not to recognize some of this receivable in our third quarter financial statements, the operating income range described above will be reduced by a corresponding amount. The third quarter estimates included above are unaudited, are subject to completion, and reflect our current best estimates and may be revised as a result of management s further review of our results for the third quarter of 2007. During the course of the preparation of our final consolidated quarterly financial statements and related notes, we may identify items that would require us to make material adjustments to the preliminary financial information presented above.

We expect that we will report reduced revenue due to the closure of our facilities for a portion of the third quarter, as well as significant costs related to the flood as a result of the necessary repairs to our facilities and environmental remediation. Although operating results for the quarter ending September 30, 2007 will be significantly below historical levels due to the flood and crude oil discharge, both our refinery and nitrogen fertilizer facility have returned to operating performances at or exceeding levels achieved prior to the flood. For several days during the final weeks of September 2007, we processed in excess of 119,000 barrels per day of crude oil in our refinery. These levels of daily crude processing constitute the highest levels of daily processing ever achieved at the facility. The fertilizer plant has been back in operation since restarting production on July 13, 2007 and has demonstrated an operating performance at pre-flood levels. In addition, as of September 30, 2007, 300 of the approximately 330 residential properties that we have offered to purchase under our property repurchase program in connection with the flood and crude oil discharge are under contract. As of September 30, 2007, we had $168.1 million of borrowing availability under our credit facilities.

For more detailed information about the flood and crude oil discharge, including insurance reimbursement information, see Flood and Crude Oil Discharge.

Cash Flow Swap

In conjunction with the acquisition of our business by Coffeyville Acquisition LLC, on June 16, 2005, Coffeyville Acquisition LLC entered into a series of commodity derivative arrangements, or the Cash Flow Swap, with J. Aron & Company, or J. Aron, a subsidiary of The Goldman Sachs Group, Inc., and a related party of ours. The derivative took the form of three New York Mercantile Exchange,

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or NYMEX, swap agreements whereby if crack spreads fall below the fixed level, J. Aron agreed to pay the difference to us, and if crack spreads rise above the fixed level, we agreed to pay the difference to J. Aron. The Cash Flow Swap was assigned from Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005.

With crude oil capacity expected to reach 115,000 bpd by the end of 2007, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods January 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of our Credit Facility and upon meeting specific requirements related to an initial public offering, our leverage ratio and our credit ratings, and assuming our other credit facilities are terminated or amended to allow such actions, we may reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010.

We entered into the Cash Flow Swap for the following reasons:

- Debt was used as part of the acquisition financing in June 2005 which required the introduction of a financial risk management tool that would mitigate a portion of the inherent commodity price based volatility in our cash flow and preserve our ability to service debt; and

- Given the size of the capital expenditure program contemplated by us at the time of the June 2005 acquisition, we considered it necessary to enter into a derivative arrangement to reduce the volatility of our cash flow and to ensure an appropriate return on the incremental invested capital.

We have determined that the Cash Flow Swap does not qualify as a hedge for hedge accounting purposes under current generally accepted accounting principles in the United States, or GAAP. As a result, our periodic statements of operations reflect material amounts of unrealized gains and losses based on the increases or decreases in market value of the unsettled position under the swap agreements. Given the significant periodic fluctuations in the amounts of unrealized gains and losses, management utilizes Net income adjusted for unrealized gain or loss from Cash Flow Swap as a key indicator of our business performance and believes that this non-GAAP measure is a useful measure for investors in analyzing our business. For a discussion of the calculation and use of this measure, see footnote 4 to our Summary Consolidated Financial Information.

Our History

Prior to March 3, 2004, our refinery assets and the nitrogen fertilizer plant were operated as a small component of Farmland Industries, Inc., or Farmland, an agricultural cooperative. Farmland filed for bankruptcy protection on May 31, 2002. Coffeyville Resources, LLC, a subsidiary of Coffeyville Group Holdings, LLC, won the bankruptcy court auction for Farmland s petroleum business and a nitrogen fertilizer plant and completed the purchase of these assets on March 3, 2004. On June 24, 2005, pursuant to a stock purchase agreement dated May 15, 2005, all of the subsidiaries of Coffeyville Group Holdings, LLC were acquired by Coffeyville Acquisition LLC, an entity principally owned by the Goldman Sachs Funds and the Kelso Funds.

Prior to this offering, Coffeyville Acquisition LLC directly or indirectly owned all of our subsidiaries. We were formed as a wholly owned subsidiary of Coffeyville Acquisition LLC in order to complete this offering.

- Prior to the consummation of this offering, Coffeyville Acquisition LLC will transfer half of its interests in each of Coffeyville Refining & Marketing Holdings, Inc., Coffeyville Nitrogen Fertilizers, Inc. and CVR Energy to Coffeyville Acquisition II LLC. Coffeyville Acquisition LLC will be owned by the Kelso Funds and our senior management and Coffeyville Acquisition II LLC will be owned by the Goldman Sachs Funds and our senior management.

We will then merge a newly formed direct subsidiary of ours with Coffeyville Refining & Marketing Holdings, Inc. (which owns Coffeyville Refining & Marketing, Inc.) and merge a separate newly formed direct subsidiary of ours with Coffeyville Nitrogen Fertilizers, Inc. which

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will make Coffeyville Refining & Marketing, Inc. and Coffeyville Nitrogen Fertilizers, Inc. wholly owned subsidiaries of ours. These transactions will result in a structure with CVR Energy below Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC and above the two subsidiaries, so that CVR Energy will become the parent of the two subsidiaries. CVR Energy has not commenced operations and has no assets or liabilities. In addition, there are no contingent liabilities and commitments attributable to CVR Energy. The mergers provide a tax free means to put an appropriate organizational structure in place to go public and give CVR Energy the flexibility to simplify its structure in a tax efficient manner in the future if necessary.

In addition, we will transfer our nitrogen fertilizer business into a newly formed limited partnership and we will sell all of the interests of the managing general partner of this partnership to a new entity owned by our controlling stockholders and senior management at fair market value at such time.

We refer to these pre-IPO reorganization transactions in the prospectus as the Transactions.

Risks Relating to Our Business

We face certain risk factors that could materially affect our business, results of operations or financial condition. Our petroleum business is primarily affected by the relationship, or margin, between refined product prices and the prices for crude oil; future volatility in refining industry margins may cause volatility or a decline in our results of operations. Disruption of our ability to obtain an adequate supply of crude oil could reduce our liquidity and increase our costs.

In addition, our refinery and nitrogen fertilizer facilities face operating hazards and interruptions, including unscheduled maintenance or downtime. The nitrogen fertilizer plant has high fixed costs, and if natural gas prices fall below a certain level, our nitrogen fertilizer business may not generate sufficient revenue to operate profitably. In addition, our operations involve environmental risks that may require us to make substantial capital expenditures to remain in compliance or to remediate current or future contamination that could give rise to material liabilities. Also, we may not recover all of the costs we have incurred or expect to incur in connection with the flood and crude oil discharge that occurred at our refinery on the weekend of June 30, 2007.

The transfer of our nitrogen fertilizer business to the Partnership also involves numerous risks that could materially affect our business. The managing general partner of the Partnership will be a new entity owned by our controlling stockholders and senior management, and will manage the operations of the Partnership (subject to our specified joint management rights). The managing general partner will own incentive distribution rights which, over time, will entitle it to receive increasing percentages of quarterly distributions from the Partnership if the Partnership increases its quarterly distributions over a set amount. We will not be entitled to cash distributed in respect of the incentive distribution rights. If in the future the managing general partner decides to sell interests in the Partnership, we and you, as a stockholder of CVR Energy, will no longer have access to the cash flows of the Partnership to which the purchasers of these interests will be entitled, and at least 40% (and potentially all) of our interests will be subordinated to the interests of the new investors. In addition, the managing general partner of the Partnership will have a fiduciary duty to favor the interests of its owners, and these interests may differ from our interests and the interests of our stockholders. The members of our senior management will also face conflicts of interest because they will serve as executive officers of both CVR Energy as well as of the managing general partner of the Partnership.

For more information about these and other risks relating to our company, see Risk Factors beginning on page 24 and Cautionary Note Regarding Forward-Looking Statements beginning on page 55. You should carefully consider these risk factors together with all other information included in this prospectus.

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Organizational Structure

The following chart illustrates our organizational structure before the completion of this offering:

* Mr. John J. Lipinski, our chief executive officer, owns approximately 0.31% of Coffeyville Refining & Marketing Holdings, Inc. and approximately 0.64% of Coffeyville Nitrogen Fertilizers, Inc. It is expected that these interests will be exchanged for shares of our common stock (with an equivalent value) prior to the consummation of this offering. The mechanism for determining the equivalent value is described under Certain Relationships and Related Party Transactions Transactions with Senior Management.

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The following chart illustrates our organizational structure and the organizational structure of the Partnership upon completion of this offering:

* CVR GP, LLC, which we refer to as Fertilizer GP, will be the managing general partner of CVR Partners, LP. As managing general partner, Fertilizer GP will hold incentive distribution rights, or IDRs, which will entitle the managing general partner to receive increasing percentages of the Partnership s quarterly distributions if the Partnership increases its distributions above an amount specified in the limited partnership agreement. The IDRs will only be payable after the Partnership has distributed all aggregated adjusted operating surplus (as defined on page 241) generated by the Partnership during the period from the Partnership s formation through December 31, 2009.

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The Offering

Issuer	CVR Energy, Inc.
Common stock offered by us	20,000,000 shares.
Option to purchase additional shares of common stock from us	3,000,000 shares.
Common stock outstanding immediately after the offering	83,141,291 shares.
Use of proceeds	We estimate that the net proceeds to us in this offering, after deducting the underwriters discount and the estimated expenses of the offering, will be approximately $345.20 million. We expect to use the net proceeds of this offering to repay $280 million of the term loans under our Credit Facility, and to repay all indebtedness under our $25 million unsecured facility and our $25 million secured facility. We will use the remaining net proceeds to repay indebtedness outstanding under the revolving loan facility under our Credit Facility. If the underwriters exercise their option to purchase 3,000,000 additional shares from us in full, the additional net proceeds to us would be approximately $53.28 million (and the total net proceeds to us would be approximately $398.48 million) and we intend to use such additional net proceeds in the manner described above. Any remaining net proceeds would be used for general corporate purposes. See Use of Proceeds.
Proposed New York Stock Exchange symbol	CVI.
Risk Factors	See Risk Factors beginning on page 24 of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.

The number of shares of common stock to be outstanding after the offering:

- gives effect to a 628,667.20 for 1 split of our common stock;
- excludes 10,300 shares of common stock issuable upon the exercise of stock options to be granted to two directors pursuant to our long-term incentive plan on the date of this prospectus;
- excludes 17,500 shares of non-vested restricted stock to be awarded to two directors pursuant to our long-term incentive plan on the date of this prospectus;
- includes 27,100 shares of common stock to be awarded to our employees in connection with this offering; and
- assumes no exercise by the underwriters of their option to purchase up to 3,000,000 shares of common stock from us.

CVR Energy, Inc. was incorporated in Delaware in September 2006. Our principal executive offices are located at 2277 Plaza Drive, Suite 500 Sugar Land, Texas 77479, and our telephone number is (281) 207-3200. Our website address is www.CVREnergy.com. Information contained on our website is not a part of this prospectus.

Prior to this offering, the Kelso Funds and the Goldman Sachs Funds beneficially owned substantially all of our capital stock. For further information on these entities and their relationships with us, see Certain Relationships and Related Party Transactions and The Nitrogen Fertilizer Limited Partnership.

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Summary Consolidated Financial Information

The summary consolidated financial information presented below under the caption Statement of Operations Data for the 62-day period ended March 2, 2004, for the 304-day period ended December 31, 2004, for the 174-day period ended June 23, 2005, for the 233-day period ended December 31, 2005 and for the year ended December 31, 2006, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2005 and 2006, has been derived from our consolidated financial statements included elsewhere in this prospectus, which consolidated financial statements have been audited by KPMG LLP, independent registered public accounting firm. The summary consolidated financial information presented below under the caption Statement of Operations Data for the year ended December 31, 2003 and the summary consolidated balance sheet data as of December 31, 2003 and 2004 are derived from our audited consolidated financial statements that are not included in this prospectus. The summary unaudited interim consolidated financial information presented below under the caption Statement of Operations Data for the six-month period ended June 30, 2006 and the six-month period ended June 30, 2007, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of June 30, 2007, have been derived from our unaudited interim consolidated financial statements, which are included elsewhere in this prospectus and have been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, the interim data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of results for these periods. Operating results for the six-month period ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ended December 31, 2007. We have also included herein certain industry data.

The summary unaudited pro forma consolidated statement of operations data and other financial data for the fiscal year ended December 31, 2006 and for the six months ended June 30, 2007 give pro forma effect to the refinancing of the Credit Facility which occurred on December 28, 2006, the borrowings under the $25 million secured facility and the $25 million unsecured facility which occurred in August 2007, this offering, the use of proceeds from this offering and the Transactions, as if these transactions had occurred on January 1, 2006. The summary unaudited as adjusted consolidated financial information presented under the caption Balance Sheet Data as of June 30, 2007 gives effect to the transactions described above (other than the refinancing of the Credit Facility), the payment of a dividend to Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC, the termination fee payable in connection with the termination of the management agreements with Goldman, Sachs & Co. and Kelso and Company, L.P. in conjunction with this offering and the issuance of shares of our common stock to Mr. John J. Lipinski in exchange for his shares in two of our subsidiaries in the manner described under Unaudited Pro Forma Consolidated Financial Statements, as if these transactions occurred on June 30, 2007. The summary unaudited pro forma information does not purport to represent what our results of operations would have been if these transactions had occurred as of the date indicated or what these results will be for future periods.

Prior to March 3, 2004, our assets were operated as a component of Farmland Industries, Inc. Farmland filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on May 31, 2002. On March 3, 2004, Coffeyville Resources, LLC completed the purchase of the former Petroleum Division and one facility within the eight-plant Nitrogen Fertilizer Manufacturing and Marketing Division of Farmland (which we refer to collectively as Original Predecessor) from Farmland in a sales process under Chapter 11 of the U.S. Bankruptcy Code. See note 1 to our consolidated financial statements included elsewhere in this prospectus. We refer to this acquisition as the Initial Acquisition. As a result of certain adjustments made in connection with the Initial Acquisition, a new basis of accounting was established on the date of the Initial Acquisition and the results of operations for the 304 days ended December 31, 2004 are not comparable to prior periods.

During Original Predecessor periods, Farmland allocated certain general corporate expenses and interest expense to Original Predecessor. The allocation of these costs is not necessarily indicative of the costs that would have been incurred if Original Predecessor had operated as a

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stand-alone entity. Further, the historical results are not necessarily indicative of the results to be expected in future periods.

We calculate earnings per share for Successor on a pro forma basis, based on an assumed number of shares outstanding at the time of the initial public offering. All information in this prospectus assumes that in conjunction with the initial public offering, Coffeyville Refining & Marketing Holdings, Inc. (which owns Coffeyville Refining & Marketing, Inc.) and Coffeyville Nitrogen Fertilizers, Inc. will merge with two of our direct wholly owned subsidiaries, we will effect a 628,667.20 for 1 stock split, we will issue 247,471 shares of our common stock to our chief executive officer in exchange for his shares in two of our subsidiaries, we will issue 27,100 shares of our common stock to our employees, we will issue 17,500 shares of non-vested restricted stock to two of our directors and we will issue 20,000,000 shares of common stock in this offering. No effect has been given to any shares that might be issued in this offering by us pursuant to the exercise by the underwriters of their option.

We paid dividends for the period ended December 31, 2006 in excess of the earnings for such period. Accordingly, the earnings per share for Successor s December 31, 2006 year end and pro forma December 31, 2006 year end is calculated on a pro forma basis to give effect to the increase in the number of shares which, when multiplied by the offering price, would be sufficient to replace the capital in excess of earnings withdrawn. The weighted average number of shares outstanding for the pro forma December 31, 2006 year end also accounts for the additional $10.6 million dividend to be paid to Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC. Therefore, the earnings per share calculation for these periods is based upon an assumed number of shares outstanding at the time of the initial public offering increased for the additional calculated shares for the excess earnings withdrawn.

We have omitted earnings per share data for Immediate Predecessor because we operated under a different capital structure than what we will operate under at the time of this offering and, therefore, the information is not meaningful.

We have omitted per share data for Original Predecessor because, under Farmland s cooperative structure, earnings of Original Predecessor were distributed as patronage dividends to members and associate members based on the level of business conducted with Original Predecessor as opposed to a common stockholder s proportionate share of underlying equity in Original Predecessor.

Original Predecessor was not a separate legal entity, and its operating results were included with the operating results of Farmland and its subsidiaries in filing consolidated federal and state income tax returns. As a cooperative, Farmland was subject to income taxes on all income not distributed to patrons as qualifying patronage refunds and Farmland did not allocate income taxes to its divisions. As a result, Original Predecessor periods do not reflect any provision for income taxes.

On June 24, 2005, pursuant to a stock purchase agreement dated May 15, 2005, Coffeyville Acquisition LLC acquired all of the subsidiaries of Coffeyville Group Holdings, LLC. See note 1 to our consolidated financial statements included elsewhere in this prospectus. As a result of certain adjustments made in connection with this acquisition, a new basis of accounting was established on the date of the acquisition. Since the assets and liabilities of Successor and Immediate Predecessor were each presented on a new basis of accounting, the financial information for Successor, Immediate Predecessor and Original Predecessor is not comparable.

Financial data for the 2005 fiscal year is presented as the 174 days ended June 23, 2005 and the 233 days ended December 31, 2005. Successor had no financial statement activity during the period from May 13, 2005 to June 24, 2005, with the exception of certain crude oil, heating oil, and gasoline option agreements entered into with a related party as of May 16, 2005.

The historical data presented below has been derived from financial statements that have been prepared using GAAP and the pro forma data presented below has been derived from the Unaudited Pro Forma Consolidated Financial Statements included elsewhere in this prospectus. This data should be read in conjunction with the financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	Successor		Pro Forma
	Six Months Ended June 30, 2006 (unaudited)	Six Months Ended June 30, 2007 (unaudited)	Six Months Ended June 30, 2007 (unaudited)
	(in millions, except as otherwise indicated)		
Statement of Operations Data:			
Net sales	$ 1,550.6	$ 1,233.9	$ 1,233.9
Cost of product sold (exclusive of depreciation and amortization)	1,203.4	873.3	873.3
Direct operating expenses (exclusive of depreciation and amortization)	87.8	174.4	174.4
Selling, general and administrative expenses (exclusive of depreciation and amortization)	20.5	28.1	28.1
Costs associated with flood(1)		2.1	2.1
Depreciation and amortization	24.0	32.2	32.2
Operating income	$ 214.9	$ 123.8	$ 123.8
Other income	1.4	0.7	0.7
Interest (expense)	(22.3)	(27.6)	(15.9)
Loss on derivatives	(126.5)	(292.4)	(292.4)
Income (loss) before income taxes and minority interest in subsidiaries	$ 67.5	$ (195.5)	$ (183.8)
Income tax (expense) benefit	(25.7)	141.0	136.3
Minority interest in (income) loss of subsidiaries		0.2	0.2
Net income (loss)(2)	$ 41.8	$ (54.3)	$ (47.3)
Pro forma earnings (loss) per share, basic	0.50	(0.65)	(0.57)
Pro forma earnings (loss) per share, diluted	0.50	(0.65)	(0.57)
Pro forma weighted average shares, basic	83,141,291	83,141,291	83,141,291
Pro forma weighted average shares, diluted	83,158,791	83,141,291	83,141,291
Segment Financial Data:			
Operating income (loss)			
Petroleum	$ 178.0	$ 102.9	$ 102.9
Nitrogen fertilizer	37.1	21.0	21.0
Other	(0.2)	(0.1)	(0.1)
Operating income	$ 214.9	$ 123.8	$ 123.8
Depreciation and amortization			
Petroleum	$ 15.6	$ 23.1	$ 23.1
Nitrogen fertilizer	8.4	8.8	8.8
Other		0.3	0.3
Depreciation and amortization(3)	$ 24.0	$ 32.2	$ 32.2
Other Financial Data:			
	$ 101.0	$ 59.0	$ 66.0

Net income adjusted for unrealized gain or loss from Cash Flow Swap(4)		
Cash flows provided by operating activities	120.3	157.6
Cash flows (used in) investing activities	(86.2)	(214.1)
Cash flows provided by financing activities	29.0	37.6
Capital expenditures for property, plant and equipment	86.2	214.1

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	Successor	
	Six Months Ended June 30, 2006 (unaudited)	Six Months Ended June 30, 2007 (unaudited)
	(in millions, except as otherwise indicated)	
Key Operating Statistics:		
Petroleum Business		
Production (barrels per day)(5)	106,915	78,098
Crude oil throughput barrels per day(5)	94,083	71,098
Refining margin per barrel(6)	$ 15.69	$ 22.71
NYMEX 2-1-1 crack spread(7)	$ 12.02	$ 17.13
Direct operating expenses exclusive of depreciation and amortization per barrel(8)	$ 3.47	$ 10.96
Gross profit (loss) per barrel(8)	$ 11.30	$ 9.80
Nitrogen Fertilizer Business		
Production Volume:		
Ammonia (tons in thousands)	205.6	169.0
UAN (tons in thousands)	328.3	304.6
On-stream factors(9):		
Gasification	97.3%	90.6%
Ammonia	94.7%	86.8%
UAN	93.8%	81.9%

	Original Predecessor		Immediate Predecessor		Successor	Successor	Pro Forma
	Year Ended December 31, 2003	62 Days Ended March 2, 2004	304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2006 (unaudited)
	(in millions, except as otherwise indicated)						
Statement of Operations Data:							
Net sales	$ 1,262.2	$ 261.1	$ 1,479.9	$ 980.7	$ 1,454.3	$ 3,037.6	$ 3,037.6
Cost of product sold (exclusive of depreciation and amortization)	1,061.9	221.4	1,244.2	768.0	1,168.1	2,443.4	2,443.4
Direct operating expenses (exclusive of depreciation and amortization)	133.1	23.4	117.0	80.9	85.3	199.0	199.0
Selling, general and administrative expenses (exclusive of depreciation and amortization)	23.6	4.7	16.3	18.4	18.4	62.6	63.5
Depreciation and amortization	3.3	0.4	2.4	1.1	24.0	51.0	51.0
Impairment, losses in joint ventures, and other charges(10)	10.9						
Operating income	$ 29.4	$ 11.2	$ 100.0	$ 112.3	$ 158.5	$ 281.6	$ 280.7
Other income (expense)(11)	(0.5)		(6.9)	(8.4)	0.4	(20.8)	(20.8)
Interest (expense)	(1.3)		(10.1)	(7.8)	(25.0)	(43.9)	(34.1)
Gain (loss) on derivatives	0.3		0.5	(7.6)	(316.1)	94.5	94.5
Income (loss) before income taxes	$ 27.9	$ 11.2	$ 83.5	$ 88.5	$ (182.2)	$ 311.4	$ 320.3
Income tax (expense) benefit			(33.8)	(36.1)	63.0	(119.8)	(123.4)

Net income (loss)(2)	$ 27.9	$ 11.2	$ 49.7	$ 52.4	$ (119.2)	$ 191.6	$ 196.9
Pro forma earnings per share, basic						$ 2.22	$ 2.28
Pro forma earnings per share, diluted						2.22	2.28
Pro forma weighted average shares, basic						86,216,485	86,493,623
Pro forma weighted average shares, diluted						86,233,985	86,511,123
Segment Financial Data:							
Operating income (loss)							
Petroleum	$ 21.5	$ 7.7	$ 77.1	$ 76.7	$ 123.0	$ 245.6	245.0
Nitrogen fertilizer	7.8	3.5	22.9	35.3	35.7	36.8	36.5
Other	0.1			0.3	(0.2)	(0.8)	(0.8)
Operating income	$ 29.4	$ 11.2	$ 100.0	$ 112.3	$ 158.5	$ 281.6	280.7
Depreciation and amortization							
Petroleum	$ 2.1	$ 0.3	$ 1.5	$ 0.8	$ 15.6	$ 33.0	33.0
Nitrogen fertilizer	1.2	0.1	0.9	0.3	8.4	17.1	17.1
Other						0.9	0.9
Depreciation and amortization(3)	$ 3.3	$ 0.4	$ 2.4	$ 1.1	$ 24.0	$ 51.0	$ 51.0
Other Financial Data:							
Net income adjusted for unrealized gain or loss from Cash Flow Swap(4)	$ 27.9	$ 11.2	$ 49.7	$ 52.4	$ 23.6	$ 115.4	$ 120.7
Cash flows provided by operating activities	20.3	53.2	89.8	12.7	82.5	186.6	
Cash flows (used in) investing activities	(0.8)		(130.8)	(12.3)	(730.3)	(240.2)	
Cash flows provided by (used in) financing activities	(19.5)	(53.2)	93.6	(52.4)	712.5	30.8	
Capital expenditures for property, plant and equipment	0.8		14.2	12.3	45.2	240.2	

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	Original Predecessor		Immediate Predecessor		Successor	
	Year Ended December 31, 2003	62 Days Ended March 2, 2004	304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006
	(in millions, except as otherwise indicated)					
Key Operating Statistics:						
Petroleum Business						
Production (barrels per day)(5)(12)	95,701	106,645	102,046	99,171	107,177	108,031
Crude oil throughput (barrels per day)(5)(12)	85,501	92,596	90,418	88,012	93,908	94,524
Refining margin per barrel(6)	$ 3.89	$ 4.23	$ 5.92	$ 9.28	$ 11.55	$ 13.27
NYMEX 2-1-1 crack spread(7)	$ 5.53	$ 6.80	$ 7.55	$ 9.60	$ 13.47	$ 10.84
Direct operating expenses exclusive of depreciation and amortization per barrel(8)	$ 2.57	$ 2.60	$ 2.66	$ 3.44	$ 3.13	$ 3.92
Gross profit per barrel(8)	$ 1.25	$ 1.57	$ 3.20	$ 5.79	$ 7.55	$ 8.39
Nitrogen Fertilizer Business						
Production Volume:						
Ammonia (tons in thousands)(12)	335.7	56.4	252.8	193.2	220.0	369.3
UAN (tons in thousands)(12)	510.6	93.4	439.2	309.9	353.4	633.1
On-stream factors(9):						
Gasification	90.1%	93.5%	92.2%	97.4%	98.7%	92.5%
Ammonia	89.6%	80.9%	79.7%	95.0%	98.3%	89.3%
UAN	81.6%	88.7%	82.2%	93.9%	94.8%	88.9%

	Original Predecessor	Immediate Predecessor	Successor	Successor	Successor Actual	Successor As Adjusted
	December 31, 2003	December 31, 2004	December 31, 2005	December 31, 2006	June 30, 2007 (unaudited)	June 30, 2007 (unaudited)
	(in millions)					
Balance Sheet Data:						
Cash and cash equivalents	$	$ 52.7	$ 64.7	$ 41.9	$ 23.1	$ 61.1

Working capital(13)	150.5	106.6	108.0	112.3	53.5	105.3
Total assets	199.0	229.2	1,221.5	1,449.5	1,826.2	1,854.4
Liabilities subject to compromise(14)	105.2					
Total debt, including current portion		148.9	499.4	775.0	813.1	512.4
Minority interest in subsidiaries(15)				4.3	4.9	10.6
Management units subject to redemption			3.7	7.0	7.8	
Divisional/members equity	58.2	14.1	115.8	76.4	21.7	
Stockholders equity						354.6

(1) Represents the write-off of approximately $2.1 million of property, inventories and catalyst that were destroyed by the flood that occurred on June 30, 2007. See Flood and Crude Oil Discharge.

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(2) The following are certain charges and costs incurred in each of the relevant periods that are meaningful to understanding our net income and in evaluating our performance due to their unusual or infrequent nature:

	Original Predecessor		Immediate Predecessor		Successor	Successor	Pro Forma	Successor Six		Pro Forma Six
	Year Ended December 31, 2003	62 Days Ended March 2, 2004	304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2006 (unaudited)	Months Ended June 30, 2006 (unaudited)	2007	Months Ended June 30, 2007 (unaudited)
	(in millions)									
Impairment of property, plant and equipment(a)	$ 9.6	$	$	$	$	$	$	$	$	$
Loss on extinguishment of debt(b)			7.2	8.1		23.4	23.4			
Inventory fair market value adjustment(c)			3.0		16.6					
Funded letter of credit expense and interest rate swap not included in interest expense(d)					2.3			0.6	0.2	0.2
Major scheduled turnaround expense(e)			1.8			6.6	6.6	0.3	76.8	76.8
Loss on termination of swap(f)					25.0					
Unrealized (gain) loss from Cash Flow Swap					235.9	(126.8)	(126.8)	98.2	188.5	188.5

(a) During the year ended December 31, 2003, we recorded an additional charge of $9.6 million related to the asset impairment of our refinery and nitrogen fertilizer plant based on the expected sales price of the assets in the Initial Acquisition.

(b) Represents the write-off of $7.2 million of deferred financing costs in connection with the refinancing of our senior secured credit facility on May 10, 2004, the write-off of $8.1 million of deferred financing costs in connection with the refinancing of our senior secured credit facility on June 23, 2005 and the write-off of $23.4 million in connection with the refinancing of our senior secured credit facility on December 28, 2006.

(c) Consists of the additional cost of product sold expense due to the step up to estimated fair value of certain inventories on hand at March 3, 2004 and June 24, 2005, as a result of the allocation of the purchase price of the Initial Acquisition and the Subsequent Acquisition to inventory.

(d) Consists of fees which are expensed to Selling, general and administrative expenses in connection with the funded letter of credit facility of $150.0 million issued in support of the Cash Flow Swap. We consider these fees to be equivalent to interest expense and the fees are treated as such in the calculation of EBITDA in the Credit Facility.

(e) Represents expenses associated with a major scheduled turnaround at the nitrogen fertilizer plant and our refinery.

(f) Represents the expense associated with the expiration of the crude oil, heating oil and gasoline option agreements entered into by Coffeyville Acquisition LLC in May 2005.

(3) Depreciation and amortization is comprised of the following components as excluded from cost of products sold, direct operating expense and selling, general and administrative expense:

	Original Predecessor		Immediate Predecessor		Successor			
	Year Ended December 31, 2003	62 Days Ended March 2, 2004	304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30, 2006	Six Months Ended June 30, 2007
			(in millions)				(unaudited)	
Depreciation and amortization included in cost of product sold			0.2	0.1	1.1	2.2	1.0	1.2
Depreciation and amortization included in direct operating expense	3.3	0.4	2.0	0.9	22.7	47.7	22.8	30.6
Depreciation and amortization included in selling, general and administrative expense			0.2	0.1	0.2	1.1	0.2	0.4
Total depreciation and amortization	3.3	0.4	2.4	1.1	24.0	51.0	24.0	32.2

(4) Net income adjusted for unrealized gain or loss from Cash Flow Swap results from adjusting for the derivative transaction that was executed in conjunction with the Subsequent Acquisition. On June 16, 2005, Coffeyville Acquisition LLC entered into the Cash Flow Swap with J. Aron, a subsidiary of The Goldman Sachs Group, Inc., and a related party of ours. The Cash Flow Swap was subsequently assigned from Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005. The derivative took the form of three NYMEX swap agreements whereby if crack spreads fall below the fixed level, J. Aron agreed to pay the difference to us, and if crack spreads rise above the fixed level, we agreed to pay the difference to J. Aron. With crude oil capacity expected to reach 115,000 bpd by the end of

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2007, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods January 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of the Credit Facility and upon meeting specific requirements related to an initial public offering, our leverage ratio and our credit ratings, and assuming our other credit facilities are terminated or amended to allow such actions, we may reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010. See Description of Our Indebtedness and the Cash Flow Swap.

We have determined that the Cash Flow Swap does not qualify as a hedge for hedge accounting purposes under current GAAP. As a result, our periodic statements of operations reflect in each period material amounts of unrealized gains and losses based on the increases or decreases in market value of the unsettled position under the swap agreements which is accounted for as a liability on our balance sheet. As the crack spreads increase we are required to record an increase in this liability account with a corresponding expense entry to be made to our statement of operations. Conversely, as crack spreads decline we are required to record a decrease in the swap related liability and post a corresponding income entry to our statement of operations. Because of this inverse relationship between the economic outlook for our underlying business (as represented by crack spread levels) and the income impact of the unrecognized gains and losses, and given the significant periodic fluctuations in the amounts of unrealized gains and losses, management utilizes Net income adjusted for unrealized gain or loss from Cash Flow Swap as a key indicator of our business performance. In managing our business and assessing its growth and profitability from a strategic and financial planning perspective, management and our board of directors considers our U.S. GAAP net income results as well as Net income adjusted for unrealized gain or loss from Cash Flow Swap. We believe that Net income adjusted for unrealized gain or loss from Cash Flow Swap enhances the understanding of our results of operations by highlighting income attributable to our ongoing operating performance exclusive of charges and income resulting from mark to market adjustments that are not necessarily indicative of the performance of our underlying business and our industry. The adjustment has been made for the unrealized loss from Cash Flow Swap net of its related tax benefit.

Net income adjusted for unrealized gain or loss from Cash Flow Swap is not a recognized term under GAAP and should not be substituted for net income as a measure of our performance but instead should be utilized as a supplemental measure of financial performance or liquidity in evaluating our business. Because Net income adjusted for unrealized gain or loss from Cash Flow Swap excludes mark to market adjustments, the measure does not reflect the fair market value of our Cash Flow Swap in our net income. As a result, the measure does not include potential cash payments that may be required to be made on the Cash Flow Swap in the future. Also, our presentation of this non-GAAP measure may not be comparable to similarly titled measures of other companies.

The following is a reconciliation of Net income adjusted for unrealized gain or loss from Cash Flow Swap to Net income:

Original Predecessor		Immediate Predecessor		Successor	Successor	Pro Forma	Successor		Pro Forma
Year Ended	62 Days Ended	304 Days Ended	174 Days Ended	233 Days Ended	Year Ended		Six Months Ended		Six Months Ended
December 31, 2003	March 2, 2004	December 31, 2004	June 23, 2005	December 31, 2005	December 31, 2006	December 31, 2006	June 30, 2006	June 30, 2007	June 30, 2007
						(unaudited)	(unaudited)	(unaudited)	(unaudited)

(in millions)

Net income (loss) adjusted for unrealized loss from Cash Flow Swap	$ 27.9	$ 11.2	$ 49.7	$ 52.4	$ 23.6	$ 115.4	$ 120.7	$ 101.0	$ 59.0	$ 66.0
Plus: Unrealized gain (loss) from Cash Flow Swap, net of tax benefit					(142.8)	76.2	76.2	(59.2)	(113.3)	(113.3)
Net income (loss)	$ 27.9	$ 11.2	$ 49.7	$ 52.4	$ (119.2)	$ 191.6	$ 196.9	$ 41.8	$ (54.3)	$ (47.3)

(5) Barrels per day is calculated by dividing the volume in the period by the number of calendar days in the period. Barrels per day as shown here is impacted by plant down-time and other plant disruptions and does not represent the capacity of the facility s continuous operations.

(6) Refining margin is a measurement calculated as the difference between net sales and cost of products sold (exclusive of deprecation and amortization) which we use as a general indication of the amount above our cost of products sold at which we are able to sell refined products. Each of the components used to calculate refining margin (net sales and cost of products sold exclusive of deprecation and amortization) can be taken directly from our statement of operations. Refining margin per barrel is a measurement calculated by dividing the refining margin by our refinery s crude oil throughput volumes for the respective periods presented. We use refining margin as the most direct and comparable metric to a crack spread which is an observable market indication of industry profitability.

Refining margin is a non-GAAP measure and should not be substituted for gross profit or operating income. Our calculations of refining margin and refining margin per barrel may differ from similar calculations of other companies in our industry, thereby limiting their usefulness as comparative measures. The table included in footnote 8 reconciles refining margin to gross profit for the periods presented.

(7) This information is industry data and is not derived from our audited financial statements or unaudited interim financial statements.

(8) Direct operating expenses (exclusive of depreciation and amortization) per throughput barrel is calculated by dividing direct operating expenses (exclusive of depreciation and amortization) by total crude oil throughput volumes for the respective periods presented. Direct operating expenses (exclusive of depreciation and amortization) includes costs associated with the actual operations of the refinery, such as energy and utility costs, catalyst and chemical costs, repairs and maintenance and labor and environmental compliance costs but does not include deprecation or amortization. We use direct operating expenses (exclusive of depreciation and

amortization) as a measure of operating efficiency within the plant and as a control metric for expenditures.

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Direct operating expenses (exclusive of depreciation and amortization) per refinery throughput barrel is a non-GAAP measure. Our calculations of direct operating expenses (exclusive of depreciation and amortization) per refinery throughput barrel may differ from similar calculations of other companies in our industry, thereby limiting its usefulness as a comparative measure. The following table reflects direct operating expenses (exclusive of depreciation and amortization) and the related calculation of direct operating expenses per refinery throughput barrel.

	Original Predecessor		Immediate Predecessor		Successor			
	Year Ended December 31, 2003	62 Days Ended March 2, 2004	304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30, 2006 (unaudited)	Six Months Ended June 30, 2007 (unaudited)
	(in millions, except as otherwise indicated)							
Petroleum Business:								
Net sales	$ 1,161.3	$ 241.6	$ 1,390.8	$ 903.8	$ 1,363.4	$ 2,880.4	$ 1,457.7	$ 1,161.4
Cost of product sold (exclusive of depreciation and amortization)	1,040.0	217.4	1,228.1	761.7	1,156.2	2,422.7	1,190.5	869.1
Direct operating expenses (exclusive of depreciation and amortization)	80.1	14.9	73.2	52.6	56.2	135.3	59.1	141.1
Costs associated with flood								2.0
Depreciation and amortization	2.1	0.3	1.5	0.8	15.6	33.0	15.6	23.1
Gross profit (loss)	$ 39.1	$ 9.0	$ 88.0	$ 88.7	$ 135.4	$ 289.4	$ 192.5	$ 126.1
Plus direct operating expenses (exclusive of depreciation and amortization)	80.1	14.9	73.2	52.6	56.2	135.3	59.1	141.1
Plus costs associated with flood								2.0
Plus depreciation and amortization	2.1	0.3	1.5	0.8	15.6	33.0	15.6	23.1
Refining margin	$ 121.3	$ 24.2	$ 162.7	$ 142.1	$ 207.2	$ 457.7	$ 267.2	$ 292.3
Refining margin per refinery throughput barrel	$ 3.89	$ 4.23	$ 5.92	$ 9.28	$ 11.55	$ 13.27	$ 15.69	$ 22.71
Gross profit (loss) per refinery throughput	$ 1.25	$ 1.57	$ 3.20	$ 5.79	$ 7.55	$ 8.39	$ 11.30	$ 9.80

barrel																
Direct operating expenses (exclusive of depreciation and amortization) per refinery throughput barrel	$	2.57	$	2.60	$	2.66	$	3.44	$	3.13	$	3.92	$	3.47	$	10.96

(9) On-stream factor is the total number of hours operated divided by the total number of hours in the reporting period.

(10) During the year ended December 31, 2003, we recorded an additional charge of $9.6 million related to the asset impairment of the refinery and nitrogen fertilizer plant based on the expected sales price of the assets in the Initial Acquisition. In addition, we recorded a charge of $1.3 million for the rejection of existing contracts while operating under Chapter 11 of the U.S. Bankruptcy Code.

(11) During the 304 days ended December 31, 2004, the 174 days ended June 23, 2005 and the year ended December 31, 2006, we recognized a loss of $7.2 million, $8.1 million and $23.4 million, respectively, on early extinguishment of debt.

(12) Operational information reflected for the 233-day Successor period ended December 31, 2005 includes only 191 days of operational activity. Successor was formed on May 13, 2005 but had no financial statement activity during the 42-day period from May 13, 2005 to June 24, 2005, with the exception of certain crude oil, heating oil and gasoline option agreements entered into with J. Aron as of May 16, 2005 which expired unexercised on June 16, 2005.

(13) Excludes liabilities subject to compromise due to Original Predecessor s bankruptcy of $105.2 million as of December 31, 2003 in calculating Original Predecessor s working capital.

(14) While operating under Chapter 11 of the U.S. Bankruptcy Code, Original Predecessor s financial statements were prepared in accordance with SOP 90-7 Financial Reporting by Entities in Reorganization under Bankruptcy Code. SOP 90-7 requires that pre-petition liabilities be segregated in the Balance Sheet.

(15) Minority interest reflects (a) on December 31, 2006 and June 30, 2007, respectively, common stock in two of our subsidiaries owned by John J. Lipinski (which will be exchanged for shares of our common stock with an equivalent value prior to the consummation of this offering) and (b) on June 30, 2007, as adjusted, the managing general partner interest in the Partnership held by our controlling stockholders and senior management.

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About This Prospectus

Certain Definitions

In this prospectus,

Original Predecessor refers to the former Petroleum Division and one facility within the eight-plant Nitrogen Fertilizer Manufacturing and Marketing Division of Farmland which Coffeyville Resources, LLC acquired on March 3, 2004 in a sales process under Chapter 11 of the U.S. Bankruptcy Code;

Initial Acquisition refers to the acquisition of Original Predecessor on March 3, 2004 by Coffeyville Resources, LLC;

Immediate Predecessor refers to Coffeyville Group Holdings, LLC and its subsidiaries, including Coffeyville Resources, LLC;

Subsequent Acquisition refers to the acquisition of Immediate Predecessor on June 24, 2005 by Coffeyville Acquisition LLC; and

Successor refers to Coffeyville Acquisition LLC and its consolidated subsidiaries.

In addition, references in this prospectus to the nitrogen fertilizer business refer to our nitrogen fertilizer business which, prior to the consummation of this offering, we are transferring to a newly formed limited partnership. The managing general partner of the limited partnership will be a new entity owned by our controlling stockholders and senior management. We will initially own all of the interests in the limited partnership (other than the managing general partner interest and associated IDRs). See The Nitrogen Fertilizer Limited Partnership.

Industry and Market Data

The data included in this prospectus regarding the oil refining industry and the nitrogen fertilizer industry, including trends in the market and our position and the position of our competitors within these industries, are based on our estimates, which have been derived from management s knowledge and experience in the areas in which the relevant businesses operate, and information obtained from customers, distributors, suppliers, trade and business organizations, internal research, publicly available information, industry publications and surveys and other contacts in the areas in which the relevant businesses operate. We have also cited information compiled by industry publications, governmental agencies and publicly available sources. Although we believe that these sources are generally reliable, we have not independently verified data from these sources or obtained third party verification of this data. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain. Accordingly, investors should not place undue weight on the industry and market share data presented in this prospectus.

Trademarks, Trade Names and Service Marks

This prospectus includes trademarks, including COFFEYVILLE RESOURCES™ and CVR Energy™, and we have applied for federal registration of these trademarks. This prospectus also contains trademarks, service marks, copyrights and trade names of other companies.

RISK FACTORS

You should carefully consider each of the following risks and all of the information set forth in this prospectus before deciding to invest in our common stock. If any of the following risks and uncertainties develops into actual events, our business, financial condition or results of operations could be materially adversely affected. In that case, the price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Petroleum Business

Volatile margins in the refining industry may cause volatility or a decline in our future results of operations and decrease our cash flow.

Our petroleum business financial results are primarily affected by the relationship, or margin, between refined product prices and the prices for crude oil and other feedstocks. Future volatility in refining industry margins may cause volatility or a decline in our results of operations, since the margin between refined product prices and feedstock prices may decrease below the amount needed for us to generate net cash flow sufficient for our needs. Although an increase or decrease in the price for crude oil generally results in a similar increase or decrease in prices for refined products, there is normally a time lag in the realization of the similar increase or decrease in prices for refined products. The effect of changes in crude oil prices on our results of operations therefore depends in part on how quickly and how fully refined product prices adjust to reflect these changes. A substantial or prolonged increase in crude oil prices without a corresponding increase in refined product prices, or a substantial or prolonged decrease in refined product prices without a corresponding decrease in crude oil prices, could have a significant negative impact on our earnings, results of operations and cash flows.

If we are required to obtain our crude oil supply without the benefit of our credit intermediation agreement, our exposure to the risks associated with volatile crude prices may increase and our liquidity may be reduced.

We currently obtain the majority of our crude oil supply through a crude oil credit intermediation agreement with J. Aron, which minimizes the amount of in transit inventory and mitigates crude pricing risks by ensuring pricing takes place extremely close to the time when the crude is refined and the yielded products are sold. In the event this agreement is terminated or is not renewed prior to expiration we may be unable to obtain similar services from another party at the same or better terms as our existing agreement. The current credit intermediation agreement expires on December 31, 2007. Further, if we were required to obtain our crude oil supply without the benefit of an intermediation agreement, our exposure to crude pricing risks may increase, even despite any hedging activity in which we may engage, and our liquidity would be negatively impacted due to the increased inventory and the negative impact of market volatility.

Disruption of our ability to obtain an adequate supply of crude oil could reduce our liquidity and increase our costs.

Our refinery requires approximately 80,000 bpd of crude oil in addition to the light sweet crude oil we gather locally in Kansas and northern Oklahoma. We obtain a significant amount of our non-gathered crude oil, approximately 20% to 30% on average, from Latin America and South America. If these supplies become unavailable to us, we may need to seek supplies from the Middle East, West Africa, Canada and the North Sea. We are subject to the political, geographic, and economic risks attendant to doing business with suppliers located in those regions. Disruption of production in any of such regions for any reason could have a material impact on other regions and our business. In the event that one or more of our traditional suppliers becomes unavailable to us, we may be unable to obtain an adequate supply of crude oil, or we may only be able to obtain our crude oil supply at

unfavorable prices. As a result, we may experience a reduction in our liquidity and our results of operations could be materially adversely affected.

The key event of 2005 in our industry was the hurricane season which produced a record number of named storms, including hurricanes Katrina and Rita. The location and intensity of these storms caused extreme amounts of damage to both crude and natural gas production as well as extensive disruption to many U.S. Gulf Coast refinery operations although we believe that substantially most of this refining capacity has been restored. These events caused both price spikes in the commodity markets as well as substantial increases in crack spreads. Severe weather, including hurricanes along the U.S. Gulf Coast, could interrupt our supply of crude oil. Supplies of crude oil to our refinery are periodically shipped from U.S. Gulf Coast production or terminal facilities, including through the Seaway Pipeline from the U.S. Gulf Coast to Cushing, Oklahoma. U.S. Gulf Coast facilities could be subject to damage or production interruption from hurricanes or other severe weather in the future which could interrupt or materially adversely affect our crude oil supply. If our supply of crude oil is interrupted, our business, financial condition and results of operations could be materially adversely impacted.

Our profitability is linked to the light/heavy and sweet/sour crude oil price spreads. In 2005 and 2006 the light/heavy crude oil price spread increased significantly. A decrease in either of the spreads would negatively impact our profitability.

Our profitability is linked to the price spreads between light and heavy crude oil and sweet and sour crude oil within our plant capabilities. We prefer to refine heavier sour crude oils because they have historically provided wider refining margins than light sweet crude. Accordingly, any tightening of the light/heavy or sweet/sour spreads could reduce our profitability. During 2005 and 2006, relatively high demand for lighter sweet crude due to increasing demand for more highly refined fuels resulted in an attractive light/heavy crude oil price spread and an improved sweet/sour spread compared to 2004. Countries with less complex refining capacity than the United States and Europe continue to require large volumes of light sweet crude in order to meet their demand for transportation fuels. Crude oil prices may not remain at current levels and the light/heavy or sweet/sour spread may decline, which could result in a decline in profitability or operating losses.

The new and redesigned equipment in our facilities may not perform according to expectations, which may cause unexpected maintenance and downtime and could have a negative effect on our future results of operations and financial condition.

We have recently upgraded all of the units in our refinery by installing new equipment and redesigning older equipment to improve refinery capacity. The installation and redesign of key equipment involves significant risks and uncertainties, including the following:

- our upgraded equipment may not perform at expected throughput levels;
- the yield and product quality of new equipment may differ from design; and
- redesign or modification of the equipment may be required to correct equipment that does not perform as expected, which could require facility shutdowns until the equipment has been redesigned or modified.

We have also repaired certain of our equipment as a result of the flood. This repaired equipment is subject to similar risks and uncertainties as described above. Any of these risks associated with new equipment, redesigned older equipment, or repaired equipment could lead to lower revenues or higher costs or otherwise have a negative impact on our future results of operations and financial condition.

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If our access to the pipelines on which we rely for the supply of our feedstock and the distribution of our products is interrupted, our inventory and costs may increase and we may be unable to efficiently distribute our products.

If one of the pipelines on which we rely for supply of our crude oil becomes inoperative, we would be required to obtain crude oil for our refinery through an alternative pipeline or from additional tanker trucks, which could increase our costs and result in lower production levels and profitability. Similarly, if a major refined fuels pipeline becomes inoperative, we would be required to keep refined fuels in inventory or supply refined fuels to our customers through an alternative pipeline or by additional tanker trucks from the refinery, which could increase our costs and result in a decline in profitability.

Our petroleum business financial results are seasonal and generally lower in the first and fourth quarters of the year, which may cause volatility in the price of our common stock.

Demand for gasoline products is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and road construction work. As a result, our results of operations for the first and fourth calendar quarters are generally lower than for those for the second and third quarters, which may cause volatility in the price of our common stock. Further, reduced agricultural work during the winter months somewhat depresses demand for diesel fuel in the winter months. In addition to the overall seasonality of our business, unseasonably cool weather in the summer months and/or unseasonably warm weather in the winter months in the markets in which we sell our petroleum products could have the effect of reducing demand for gasoline and diesel fuel which could result in lower prices and reduce operating margins.

We face significant competition, both within and outside of our industry. Competitors who produce their own supply of feedstocks, have extensive retail outlets, make alternative fuels or have greater financial resources than we do may have a competitive advantage over us.

The refining industry is highly competitive with respect to both feedstock supply and refined product markets. We may be unable to compete effectively with our competitors within and outside of our industry, which could result in reduced profitability. We compete with numerous other companies for available supplies of crude oil and other feedstocks and for outlets for our refined products. We are not engaged in the petroleum exploration and production business and therefore we do not produce any of our crude oil feedstocks. We do not have a retail business and therefore are dependent upon others for outlets for our refined products. We do not have any long-term arrangements for much of our output. Many of our competitors in the United States as a whole, and one of our regional competitors, obtain significant portions of their feedstocks from company-owned production and have extensive retail outlets. Competitors that have their own production or extensive retail outlets with brand-name recognition are at times able to offset losses from refining operations with profits from producing or retailing operations, and may be better positioned to withstand periods of depressed refining margins or feedstock shortages. A number of our competitors also have materially greater financial and other resources than us, providing them the ability to add incremental capacity in environments of high crack spreads. These competitors have a greater ability to bear the economic risks inherent in all phases of the refining industry. An expansion or upgrade of our competitors facilities, price volatility, international political and economic developments and other factors are likely to continue to play an important role in refining industry economics and may add additional competitive pressure on us. In addition, we compete with other industries that provide alternative means to satisfy the energy and fuel requirements of our industrial, commercial and individual consumers. The more successful these alternatives become as a result of governmental regulations, technological advances, consumer demand, improved pricing or otherwise, the greater the impact on pricing and demand for our products and our profitability. There are presently significant governmental and consumer pressures to increase the use of alternative fuels in the United States.

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Environmental laws and regulations will require us to make substantial capital expenditures in the future.

Current or future federal, state and local environmental laws and regulations could cause us to expend substantial amounts to install controls or make operational changes to comply with environmental requirements. In addition, future environmental laws and regulations, or new interpretations of existing laws or regulations, could limit our ability to market and sell our products to end users. Any such future environmental laws or governmental regulations could have a material impact on the results of our operations.

In March 2004, we entered into a Consent Decree with the United States Environmental Protection Agency, or the EPA, and the Kansas Department of Health and Environment, or the KDHE, to address certain allegations of Clean Air Act violations by Farmland at the Coffeyville oil refinery in order to reduce environmental risks and liabilities going forward. Pursuant to the Consent Decree, in the short-term, we have increased the use of catalyst additives to the fluid catalytic cracking unit at the facility to reduce emissions of sulfur dioxide, or SO_2. We will begin adding catalyst to reduce oxides of nitrogen, or NOx, in 2007. A catalyst is a substance that alters, accelerates or instigates chemical changes, but is neither produced, consumed nor altered in the process. In the long term, we will install controls to minimize both SO_2 and NOx emissions, which under the terms of the Consent Decree require that final controls be in place by January 1, 2011. In addition, pursuant to the Consent Decree, we assumed certain cleanup obligations at our Coffeyville refinery and Phillipsburg terminal, and we agreed to retrofit some heaters at the refinery with Ultra Low NOx burners. All heater retrofits have been performed and we are currently verifying that the heaters meet the Ultra Low NOx standards required by the Consent Decree. The Ultra Low NOx heater technology is in widespread use throughout the industry. There are other permitting, monitoring, recordkeeping and reporting requirements associated with the Consent Decree, and we are required to provide periodic reports on our compliance with the terms and conditions of the Consent Decree. The overall costs of complying with the Consent Decree over the next four years are expected to be approximately $41 million. To date, we have met all deadlines and requirements of the Consent Decree and we have not had to pay any stipulated penalties, which are required to be paid for failure to comply with various terms and conditions of the Consent Decree. Availability of equipment and technology performance, as well as EPA interpretations of provisions of the Consent Decree that differ from ours, could have a material adverse effect on our ability to meet the requirements imposed by the Consent Decree.

We will incur capital expenditures over the next several years in order to comply with regulations under the Clean Air Act establishing stringent low sulfur content specifications for our petroleum products, including the Tier II gasoline standards, as well as regulations with respect to on- and off-road diesel fuel, which are designed to reduce air emissions from the use of these products. In February 2004, the EPA granted us a hardship waiver, which will require us to meet final low sulfur Tier II gasoline standards by January 1, 2011. Compliance with the Tier II gasoline standards and on-road diesel standards required us to spend approximately $133 million during 2006 and we estimate that compliance will require us to spend approximately $108 million in 2007 and approximately $57 million between 2008 and 2010. Changes in these laws or interpretations thereof could result in significantly greater expenditures.

On July 10, 2007, we entered into the Consent Order with the EPA. As set forth in the Consent Order, the EPA concluded that the discharge of oil from our refinery into the Verdigris River flood waters beginning on or about July 1, 2007 caused and may continue to cause an imminent and substantial threat to the public health and welfare. Pursuant to the Consent Order, we agreed to perform specific remedial actions to respond to the discharge of crude oil from our refinery. Additionally, we could be required to reimburse the EPA s costs under the federal Oil Pollution Act. See Flood and Crude Oil Discharge EPA Administrative Order on Consent.

Changes in our credit profile may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity.

Changes in our credit profile may affect the way crude oil suppliers view our ability to make payments and may induce them to shorten the payment terms of their invoices. Given the large dollar amounts and volume of our feedstock purchases, a change in payment terms may have a material adverse effect on our liquidity and our ability to make payments to our suppliers.

We may have additional capital needs for which our internally generated cash flows and other sources of liquidity may not be adequate.

If we cannot generate cash flow or otherwise secure sufficient liquidity to support our short-term and long-term capital requirements, we may be unable to comply with certain environmental standards or pursue our business strategies, in which case our operations may not perform as well as we currently expect. We have substantial short-term and long-term capital needs, including capital expenditures we are required to make to comply with Tier II gasoline standards, on-road diesel regulations, off-road diesel regulations and the Consent Decree. Our short-term working capital needs are primarily crude oil purchase requirements, which fluctuate with the pricing and sourcing of crude oil. We also have significant long-term needs for cash, including deferred payments owed under the Cash Flow Swap and debt repayment obligations. We currently estimate that mandatory capital and turnaround expenditures, excluding the non-recurring capital expenditures required to comply with Tier II gasoline standards, on-road diesel regulations, off-road diesel regulations and the Consent Decree described above, will average approximately $64 million per year over the next five years.

Risks Related to the Nitrogen Fertilizer Business

The nitrogen fertilizer plant has high fixed costs. If natural gas prices fall below a certain level, the nitrogen fertilizer business may not generate sufficient revenue to operate profitably or cover its costs.

The nitrogen fertilizer plant has high fixed costs as discussed in Management s Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting Results Nitrogen Fertilizer Business. As a result, downtime or low productivity due to reduced demand, weather interruptions, equipment failures, low prices for fertilizer products or other causes can result in significant operating losses. Unlike its competitors, whose primary costs are related to the purchase of natural gas and whose fixed costs are minimal, the nitrogen fertilizer business has high fixed costs not dependent on the price of natural gas. A decline in natural gas prices generally has the effect of reducing the base sale price for fertilizer products while other fixed costs remain substantially the same. Any decline in the price of fertilizer products could have a material negative impact on our profitability and results of operations.

The nitrogen fertilizer business is cyclical, which exposes us to potentially significant fluctuations in our financial condition and results of operations, which could result in volatility in the price of our common stock.

A significant portion of nitrogen fertilizer product sales consists of sales of agricultural commodity products, exposing us to fluctuations in supply and demand in the agricultural industry. These fluctuations historically have had and could in the future have significant effects on prices across all nitrogen fertilizer products and, in turn, the nitrogen fertilizer business results of operations and financial condition, which could result in significant volatility in the price of our common stock. The prices of nitrogen fertilizer products depend on a number of factors, including general economic conditions, cyclical trends in end-user markets, supply and demand imbalances, and weather conditions, which have a greater relevance because of the seasonal nature of fertilizer application. Changes in supply result from capacity additions or reductions and from changes in inventory levels. Demand for fertilizer products is dependent, in part, on demand for crop nutrients by the global agricultural industry. Periods of high demand, high capacity utilization, and increasing operating margins have tended to result in new

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plant investment and increased production until supply exceeds demand, followed by periods of declining prices and declining capacity utilization until the cycle is repeated.

Fertilizer products are global commodities, and the nitrogen fertilizer business faces intense competition from other nitrogen fertilizer producers.

The nitrogen fertilizer business is subject to intense price competition from both U.S. and foreign sources, including competitors operating in the Persian Gulf, Asia-Pacific, the Caribbean and the former Soviet Union. Fertilizers are global commodities, with little or no product differentiation, and customers make their purchasing decisions principally on the basis of delivered price and availability of the product. The nitrogen fertilizer business competes with a number of U.S. producers and producers in other countries, including state-owned and government-subsidized entities. The United States and the European Commission each have trade regulatory measures in effect which are designed to address this type of unfair trade. Changes in these measures could have an adverse impact on the sales and profitability of the particular products involved. Some competitors have greater total resources and are less dependent on earnings from fertilizer sales, which makes them less vulnerable to industry downturns and better positioned to pursue new expansion and development opportunities. In addition, recent consolidation in the fertilizer industry has increased the resources of several competitors. In light of this industry consolidation, our competitive position could suffer to the extent the nitrogen fertilizer business is not able to expand its own resources either through investments in new or existing operations or through acquisitions, joint ventures or partnerships. An inability to compete successfully could result in the loss of customers, which could adversely affect our sales and profitability.

Adverse weather conditions during peak fertilizer application periods may have a negative effect upon our results of operations and financial condition, as the nitrogen fertilizer business agricultural customers are geographically concentrated.

Sales of fertilizer products by the nitrogen fertilizer business to agricultural customers are concentrated in the Great Plains and Midwest states and are seasonal in nature. For example, the nitrogen fertilizer business generates greater net sales and operating income in the spring. Accordingly, an adverse weather pattern affecting agriculture in these regions or during this season could have a negative effect on fertilizer demand, which could, in turn, result in a decline in our net sales, lower margins and otherwise negatively affect our financial condition and results of operations. Our quarterly results may vary significantly from one year to the next due primarily to weather-related shifts in planting schedules and purchase patterns, as well as the relationship between natural gas and nitrogen fertilizer product prices.

Our margins and results of operations may be adversely affected by the supply and price levels of pet coke and other essential raw materials.

Pet coke is a key raw material used by the nitrogen fertilizer business in the manufacture of nitrogen fertilizer products. Increases in the price of pet coke could result in a decrease in our profit margins or results of operations. Our profitability is directly affected by the price and availability of pet coke obtained from our oil refinery and purchased from third parties. The nitrogen fertilizer business obtains the majority of the pet coke it needs from our adjacent oil refinery, and procures the remainder on the open market. The nitrogen fertilizer business is therefore sensitive to fluctuations in the price of pet coke on the open market. Pet coke prices could significantly increase in the future. In addition, the BOC air separation plant that provides oxygen, nitrogen, and compressed dry air to the nitrogen fertilizer plant s gasifier has experienced numerous short-term interruptions (one to five minute), thereby causing interruptions in the gasifier operations. The operations of the nitrogen fertilizer business require a reliable supply of raw materials. A disruption of its reliable supply could prevent it from producing its products at current levels and its reputation, customer relationships and results of operations could be materially harmed.

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The nitrogen fertilizer business may not be able to maintain an adequate supply of pet coke and other essential raw materials. In addition, the nitrogen fertilizer business could experience production delays or cost increases if alternative sources of supply prove to be more expensive or difficult to obtain. If raw material costs were to increase, or if the fertilizer plant were to experience an extended interruption in the supply of raw materials, including pet coke, to its production facilities, the nitrogen fertilizer business could lose sale opportunities, damage its relationships with or lose customers, suffer lower margins, and experience other negative effects to its business, results of operations and financial condition. In addition, if natural gas prices in the United States were to decline to a level that prompts those U.S. producers who have permanently or temporarily closed production facilities to resume fertilizer production, this would likely contribute to a global supply/demand imbalance that could negatively affect our margins, results of operations and financial condition.

Ammonia can be very volatile. If we are held liable for accidents involving ammonia that cause severe damage to property and/or injury to the environment and human health, our financial condition and the price of our common stock could decline. In addition, the costs of transporting ammonia could increase significantly in the future.

The nitrogen fertilizer business manufactures, processes, stores, handles, distributes and transports ammonia, which is very volatile. Accidents, releases or mishandling involving ammonia could cause severe damage or injury to property, the environment and human health, as well as a possible disruption of supplies and markets. Such an event could result in civil lawsuits and regulatory enforcement proceedings, both of which could lead to significant liabilities. Any damage to persons, equipment or property or other disruption of the ability of the nitrogen fertilizer business to produce or distribute its products could result in a significant decrease in operating revenues and significant additional cost to replace or repair and insure its assets, which could negatively affect our operating results and financial condition. In addition, the nitrogen fertilizer business may incur significant losses or costs relating to the operation of railcars used for the purpose of carrying various products, including ammonia. Due to the dangerous and potentially toxic nature of the cargo, in particular ammonia on board railcars, a railcar accident may result in uncontrolled or catastrophic circumstances, including fires, explosions, and pollution. These circumstances may result in severe damage and/or injury to property, the environment and human health. In the event of pollution, we may be strictly liable. If we are strictly liable, we could be held responsible even if we are not at fault and we complied with the laws and regulations in effect at the time. Litigation arising from accidents involving ammonia may result in our being named as a defendant in lawsuits asserting claims for large amounts of damages, which could have a material adverse effect on our financial condition and the price of our common stock.

Given the risks inherent in transporting ammonia, the costs of transporting ammonia could increase significantly in the future. Ammonia is most typically transported by railcar. A number of initiatives are underway in the railroad and chemicals industries which may result in changes to railcar design in order to minimize railway accidents involving hazardous materials. If any such design changes are implemented, or if accidents involving hazardous freight increases the insurance and other costs of railcars, freight costs of the nitrogen fertilizer business could significantly increase.

Environmental laws and regulations could require the nitrogen fertilizer business to make substantial capital expenditures in the future.

The nitrogen fertilizer business manufactures, processes, stores, handles, distributes and transports fertilizer products, including ammonia, that are subject to federal, state and local environmental laws and regulations. Presently existing or future environmental laws and regulations could cause the nitrogen fertilizer business to expend substantial amounts to install controls or make operational changes to comply with changes in environmental requirements. In addition, future environmental laws and regulations, or new interpretations of existing laws or regulations, could limit the ability of the nitrogen fertilizer business to market and sell its products to end users. Any such future environmental laws or governmental regulations may have a significant impact on our results of operations.

The nitrogen fertilizer operations are dependent on a few third-party suppliers. Failure by key third-party suppliers of oxygen, nitrogen and electricity to perform in accordance with their contractual obligations may have a negative effect upon our results of operations and financial condition.

The nitrogen fertilizer operations depend in large part on the performance of third-party suppliers, including The BOC Group, for the supply of oxygen and nitrogen, and the City of Coffeyville for the supply of electricity. The contract with The BOC Group extends through 2020 and the electricity contract extends through 2019. Should either of those two suppliers fail to perform in accordance with the existing contractual arrangements, the gasification operation would be forced to a halt. Alternative sources of supply of oxygen, nitrogen or electricity could be difficult to obtain. Any shutdown of operations at the nitrogen fertilizer business could have a material negative effect upon our results of operations and financial condition.

Risks Related to Our Entire Business

Our refinery and nitrogen fertilizer facilities face operating hazards and interruptions, including unscheduled maintenance or downtime. We could face potentially significant costs to the extent these hazards or interruptions are not fully covered by our existing insurance coverage. Insurance companies that currently insure companies in the energy industry may cease to do so or may substantially increase premiums in the future.

Our operations, located primarily in a single location, are subject to significant operating hazards and interruptions. If any of our facilities, including our refinery and nitrogen fertilizer plant, experiences a major accident or fire, is damaged by severe weather, flooding or other natural disaster, or is otherwise forced to curtail its operations or shut down, we could incur significant losses which could have a material adverse impact on our financial results. In addition, a major accident, fire, flood, crude oil discharge or other event could damage our facilities or the environment and the surrounding community or result in injuries or loss of life. If our facilities experience a major accident or fire or other event or an interruption in supply or operations, our business could be materially adversely affected if the damage or liability exceeds the amounts of business interruption, property, terrorism and other insurance that we maintain against these risks and successfully collect. As required under our existing credit facilities, we maintain property and business interruption insurance capped at $1.25 billion which is subject to various deductibles and sub-limits for particular types of coverages (e.g., $300 million for a loss caused by flood). In the event of a business interruption, we would not be entitled to recover our losses until the interruption exceeds 45 days in the aggregate. We are fully exposed to losses in excess of this dollar cap and the various sub-limits, or business interruption losses that occur in the 45 days of our deductible period. These losses may be material. For example, a substantial portion of our lost revenue caused by the business interruption following the flood that occurred during the weekend of June 30, 2007 cannot be claimed because it was lost in the 45 days after the flood.

If our refinery is forced to curtail its operations or shut down due to hazards or interruptions like those described above, we will still be obligated to make any required payments to J. Aron under our Cash Flow Swap. We will be required to make payments under the Cash Flow Swap if crack spreads rise above a certain level. Such payments could have a material adverse impact on our financial results if, as a result of a disruption to our operations, we are unable to sustain sufficient revenues from which we can make such payments.

The energy industry is highly capital intensive, and the entire or partial loss of individual facilities can result in significant costs to both industry participants, such as us, and their insurance carriers. In recent years, several large energy industry claims have resulted in significant increases in the level of premium costs and deductible periods for participants in the energy industry. For example, during 2005, hurricanes Katrina and Rita caused significant damage to several petroleum refineries along the U.S. Gulf Coast, in addition to numerous oil and gas production facilities and pipelines in that region.

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As a result of large energy industry claims, insurance companies that have historically participated in underwriting energy related facilities could discontinue that practice, or demand significantly higher premiums or deductibles to cover these facilities. Although we currently maintain significant amounts of insurance, insurance policies are subject to annual renewal. If significant changes in the number or financial solvency of insurance underwriters for the energy industry occur, we may be unable to obtain and maintain adequate insurance at reasonable cost or we might need to significantly increase our retained exposures.

Our refinery consists of a number of processing units, many of which have been in operation for a number of years. One or more of the units may require unscheduled down time for unanticipated maintenance or repairs on a more frequent basis than our scheduled turnaround of every three to four years for each unit, or our planned turnarounds may last longer than anticipated. Our nitrogen fertilizer plant may also require scheduled or unscheduled downtime for maintenance or repairs. Scheduled and unscheduled maintenance could reduce our net income during the period of time that any of our units is not operating.

We may not recover all of the costs we have incurred or expect to incur in connection with the flood and crude oil discharge that occurred at our refinery in June/July 2007.

We have incurred and will continue to incur significant costs with respect to facility repairs, environmental remediation and property damage claims.

During the weekend of June 30, 2007, torrential rains in southeast Kansas caused the Verdigris River to overflow its banks and flood the town of Coffeyville. Our refinery and the nitrogen fertilizer plant, which are located in close proximity to the Verdigris River, were severely flooded, sustained major damage and required extensive repairs. As of August 31, 2007, we had incurred approximately $67 million in costs to repair the refinery and currently estimate the total third party repair costs at approximately $86 million. The total third party cost to repair the nitrogen fertilizer facility is currently estimated at approximately $4 million. In addition to the cost of repairing the facilities, we experienced a significant revenue loss attributable to the property damage during the period when the facilities were not in operation.

Despite our efforts to complete a rapid shutdown of the refinery immediately before the flooding, we estimate that 1,919 barrels (80,600 gallons) of crude oil and 226 barrels of crude oil fractions were discharged from our refinery into the Verdigris River flood waters beginning on or about July 1, 2007. We are currently remediating the contamination caused by the crude oil discharge. We estimate that the total costs of oil remediation through completion will be approximately $7 million to $10 million, and that the total cost to resolve third party property damage claims will be approximately $25 million to $30 million. As a result, the total cost associated with remediation and property damage claims resolution is estimated to be approximately $32 million to $40 million. This estimate does not include potential fines or penalties which may be imposed by regulatory authorities or costs arising from potential natural resource damages claims (for which we are unable to estimate a range of possible costs at this time) or possible additional damages arising from class action lawsuits related to the flood.

The ultimate cost of environmental remediation and third party property damage is difficult to assess and could be higher than our current estimates.

It is difficult to estimate the ultimate cost of environmental remediation resulting from the crude oil discharge or the cost of third party property damage that we will ultimately be required to pay. The costs and damages that we ultimately pay may be greater than the amounts described and projected in this prospectus. Such excess costs and damages could be material.

We cannot predict the outcome of class action suits that have been brought against us with respect to the flood and crude oil discharge.

Two putative class action suits have been brought against us relating to these incidents. Due to the uncertainty of these suits, we are unable to estimate a range of possible loss at this time.

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Presently, we do not expect that the resolution of either or both of these suits will have a significant adverse effect on our business and results of operations. However, we cannot predict the outcome of these suits or their effect on our financial position or results of operations.

We do not know which of our losses our insurers will ultimately cover or when we will receive any insurance recovery.

During the time of the flood and crude oil discharge, Coffeyville Resources, LLC was covered by both property/business interruption and liability insurance policies. We are in the process of submitting claims to, responding to information requests from, and negotiating with various insurers with respect to costs and damages related to these incidents. However, we do not know which of our losses, if any, the insurers will ultimately cover or when we will receive any recovery. We may not be able to recover all of the costs we have incurred and losses we have suffered in connection with the flood and crude oil discharge. Further, we likely will not be able to recover most of the business interruption losses we incurred since a substantial portion of our facilities were operational within 45 days of the start of the flood.

Our operations involve environmental risks that may require us to make substantial capital expenditures to remain in compliance or to remediate current or future contamination that could give rise to material liabilities.

Our results of operations may be affected by increased costs resulting from compliance with the extensive federal, state and local environmental laws and regulations to which our facilities are subject and from contamination of our facilities and neighboring areas as a result of accidental spills, discharges or other historical releases of petroleum or hazardous substances.

Our operations are subject to a variety of federal, state and local environmental laws and regulations relating to the protection of the environment, including those governing the emission or discharge of pollutants into the environment, product specifications and the generation, treatment, storage, transportation, disposal and remediation of solid and hazardous waste and materials. Environmental laws and regulations that affect the operations, processes and margins for our refined products are extensive and have become progressively more stringent. Violations of these laws and regulations or permit conditions can result in substantial penalties, injunctive orders compelling installation of additional controls, civil and criminal sanctions, permit revocations and/or facility shutdowns.

In addition, new environmental laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement of laws and regulations or other developments could require us to make additional unforeseen expenditures. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. These expenditures or costs for environmental compliance could have a material adverse effect on our financial condition and results of operations.

All of our facilities operate under a number of federal and state permits, licenses and approvals with limits, terms and conditions containing a significant number of prescriptive and performance standards in order to operate. Our facilities are also required to meet compliance with prescriptive and performance standards specific to refining and chemical facilities as well as to general manufacturing facilities. All of these permits, licenses and standards require a significant amount of monitoring, record keeping and reporting requirements in order to demonstrate compliance with the underlying permit, license or standard. Inspections by federal and state governmental agencies may uncover incomplete or unknown documentation of compliance status that may result in the imposition of fines, penalties and injunctive relief that could have a material adverse effect on our ability to operate our facilities. Additionally, due to the nature of our manufacturing processes there may be times when we are unable to meet the standards and terms and conditions of these permits, licenses and standards that may not receive enforcement discretion from the governmental agencies, which may lead to the imposition of fines and penalties or operating restrictions that may have a material adverse effect on our ability to operate our facilities and accordingly our financial performance.

Our business is inherently subject to accidental spills, discharges or other releases of petroleum or hazardous substances into the environment and neighboring areas. Past or future spills related to any of our operations, including our refinery, pipelines, product terminals, fertilizer plant or transportation of products or hazardous substances from those facilities, may give rise to liability (including strict liability, or liability without fault, and potential cleanup responsibility) to governmental entities or private parties under federal, state or local environmental laws, as well as under common law. For example, we could be held strictly liable under the Comprehensive Environmental Responsibility, Compensation and Liability Act, or CERCLA, for past or future spills without regard to fault or whether our actions were in compliance with the law at the time of the spills. Pursuant to CERCLA and similar state statutes, we could be held liable for contamination associated with facilities we currently own or operate, facilities we formerly owned or operated and facilities to which we transported or arranged for the transportation of wastes or by-products containing hazardous substances for treatment, storage, or disposal. The potential penalties and clean-up costs for past or future releases or spills, liability to third parties for damage to their property or exposure to hazardous substances, or the need to address newly discovered information or conditions that may require response actions could be significant and could have a material adverse effect on our business, financial condition and results of operations.

Two of our facilities, including our Coffeyville oil refinery and the Phillipsburg terminal (which operated as a refinery until 1991), have environmental contamination. We have assumed Farmland s responsibilities under certain Resource Conservation and Recovery Act, or RCRA, corrective action orders related to contamination at or that originated from the Coffeyville refinery (which includes portions of the fertilizer plant) and the Phillipsburg terminal. If significant unforeseen liabilities that have been undetected to date by our extensive soil and groundwater investigation and sampling programs arise in the areas where we have assumed liability for the corrective action, that liability could have a material adverse effect on our results of operations and financial condition and may not be covered by insurance.

In addition, we may face liability for alleged personal injury or property damage due to exposure to chemicals or other hazardous substances located at or released from our facilities. We may also face liability for personal injury, property damage, natural resource damage or for cleanup costs for the alleged migration of contamination or other hazardous substances from our facilities to adjacent and other nearby properties.

We may face future liability for the off-site disposal of hazardous wastes. Pursuant to CERCLA, companies that dispose of, or arrange for the disposal of, hazardous substances at off-site locations can be held jointly and severally liable for the costs of investigation and remediation of contamination at those off-site locations, regardless of fault. We could become involved in litigation or other proceedings involving off-site waste disposal and the damages or costs in any such proceedings could be material.

For a discussion of environmental risks and impacts related to the flood and crude oil discharge, see We may not recover all of the costs we have incurred or expect to incur in connection with the flood and crude oil discharge that occurred at our refinery in June/July 2007 and Flood and Crude Oil Discharge.

We have a limited operating history as a stand-alone company.

Our limited historical financial performance as a stand-alone company makes it difficult for you to evaluate our business and results of operations to date and to assess our future prospects and viability. Our brief operating history has resulted in strong period-over-period revenue and profitability growth rates that may not continue in the future. We have been operating during a recent period of

significant growth in the profitability of the refined products industry which may not continue or could reverse. As a result, our results of operations may be lower than we currently expect and the price of our common stock may be volatile.

Because we are transferring our nitrogen fertilizer business to a newly formed limited partnership, we may be required in the future to share increasing portions of the fertilizer business cash flows with third parties and we may in the future be required to deconsolidate the fertilizer business from our consolidated financial statements, our historical financial statements do not reflect the new limited partnership structure and therefore our past financial performance may not be an accurate indicator of future performance.

Prior to the consummation of this offering, we will transfer our nitrogen fertilizer business to a newly formed limited partnership, whose managing general partner will be a new entity owned by our controlling stockholders and senior management. Although we will initially consolidate the Partnership in our financial statements, over time an increasing portion of the cash flow of the nitrogen fertilizer business will be distributed to our managing general partner if the Partnership increases its quarterly distributions above specified target distribution levels. In addition, if the Partnership consummates a public or private offering of limited partner interests to third parties, the new limited partners will also be entitled to receive cash distributions from the Partnership. This may require us to deconsolidate. Our historical financial statements do not reflect this new limited partnership structure and therefore our past financial performance may not be an accurate indicator of future performance. See Management s Discussion and Analysis of Financial Condition and Results of Operations Nitrogen Fertilizer Limited Partnership.

Our commodity derivative activities could result in losses and may result in period-to-period earnings volatility.

The nature of our operations results in exposure to fluctuations in commodity prices. If we do not effectively manage our derivative activities, we could incur significant losses. We monitor our exposure and, when appropriate, utilize derivative financial instruments and physical delivery contracts to mitigate the potential impact from changes in commodity prices. If commodity prices change from levels specified in our various derivative agreements, a fixed price contract or an option price structure could limit us from receiving the full benefit of commodity price changes. In addition, by entering into these derivative activities, we may suffer financial loss if we do not produce oil to fulfill our obligations. In the event we are required to pay a margin call on a derivative contract, we may be unable to benefit fully from an increase in the value of the commodities we sell. In addition, we may be required to make a margin payment before we are able to realize a gain on a sale resulting in a reduction in cash flow, particularly if prices decline by the time we are able to sell.

In June 2005, Coffeyville Acquisition LLC entered into the Cash Flow Swap, which is not subject to margin calls, in the form of three swap agreements for the period from July 1, 2005 to June 30, 2010 with J. Aron in connection with the Subsequent Acquisition. These agreements were subsequently assigned from Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005. With crude oil capacity expected to reach 115,000 bpd by the end of 2007, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods January 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of the Credit Facility and upon meeting specific requirements related to an initial public offering, our leverage ratio and our credit ratings, and assuming our other credit facilities are terminated or amended to allow such actions, we may reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010. Otherwise, under the terms of our credit facilities, management has limited discretion to change the amount of hedged volumes under the Cash Flow Swap therefore affecting our exposure to market volatility. Because this derivative is based on NYMEX prices while our revenue is based on prices in the Coffeyville supply area, the contracts cannot completely eliminate all risk of price volatility. If the price of products on NYMEX is different from the

value contracted in the swap, then we will receive from or owe to the counterparty the difference on each unit of product that is contracted in the swap. In addition, as a result of the accounting treatment of these contracts, unrealized gains and losses are charged to our earnings based on the increase or decrease in the market value of the unsettled position and the inclusion of such derivative gains or losses in earnings may produce significant period-to-period earnings volatility that is not necessarily reflective of our underlying operating performance. The positions under the Cash Flow Swap resulted in unrealized gains (losses) of $126.8 million and $(188.5) million for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively. As of June 30, 2007, a $1.00 change in quoted prices for the crack spreads utilized in the Cash Flow Swap would result in a $54.8 million change to the fair value of derivative commodity position and the same change to net income. See Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Derivative Instruments and Fair Value of Financial Instruments and Description of Our Indebtedness and the Cash Flow Swap Cash Flow Swap.

Both the petroleum and nitrogen fertilizer businesses depend on significant customers, and the loss of one or several significant customers may have a material adverse impact on our results of operations and financial condition.

The petroleum and nitrogen fertilizer businesses both have a high concentration of customers. Our four largest customers in the petroleum business represented 58.7%, 44.4% and 36.9% of our petroleum sales for the years ended December 31, 2005 and 2006 and the six months ended June 30, 2007, respectively. Further, in the aggregate the top five ammonia customers of the nitrogen fertilizer business represented 55.2%, 51.9% and 74.3% of its ammonia sales for the years ended December 31, 2005 and 2006 and the six months ended June 30, 2007, respectively, and the top five UAN customers of the nitrogen fertilizer business represented 43.1%, 30.0% and 38.8% of its UAN sales, respectively, for the same periods. Several significant petroleum, ammonia and UAN customers each account for more than 10% of sales of petroleum, ammonia and UAN, respectively. Given the nature of our business, and consistent with industry practice, we do not have long-term minimum purchase contracts with any of our customers. The loss of one or several of these significant customers, or a significant reduction in purchase volume by any of them, could have a material adverse effect on our results of operations and financial condition.

The petroleum and nitrogen fertilizer businesses may not be able to successfully implement their business strategies, which include completion of significant capital programs.

One of the business strategies of the petroleum and nitrogen fertilizer businesses is to implement a number of capital expenditure projects designed to increase productivity, efficiency and profitability. Many factors may prevent or hinder implementation of some or all of these projects, including compliance with or liability under environmental regulations, a downturn in refining margins, technical or mechanical problems, lack of availability of capital and other factors. Costs and delays have increased significantly during the past two years and the large number of capital projects underway in the industry has led to shortages in skilled craftsmen, engineering services and equipment manufacturing. Failure to successfully implement these profit-enhancing strategies may materially adversely affect our business prospects and competitive position. In addition, we expect to execute turnarounds at our refinery every three to four years, which involve numerous risks and uncertainties. These risks include delays and incurrence of additional and unforeseen costs. The next scheduled refinery turnaround will be in 2010. In addition, development and implementation of business strategies for the Partnership will be primarily the responsibility of the managing general partner of the Partnership.

The acquisition strategy of our petroleum business and the nitrogen fertilizer business involves significant risks.

Both our petroleum business and the nitrogen fertilizer business will consider pursuing strategic and accretive acquisitions in order to continue to grow and increase profitability. However, acquisitions involve numerous risks and uncertainties, including intense competition for suitable acquisition targets; the potential unavailability of financial resources necessary to consummate acquisitions in the future; difficulties in identifying suitable acquisition targets or in completing any transactions identified on sufficiently favorable terms; and the need to obtain regulatory or other governmental approvals that may be necessary to complete acquisitions. In addition, any future acquisitions may entail significant transaction costs and risks associated with entry into new markets. In addition, even when acquisitions are completed, integration of acquired entities can involve significant difficulties, such as

- unforeseen difficulties in the acquired operations and disruption of the ongoing operations of our petroleum business and the nitrogen fertilizer business;

- failure to achieve cost savings or other financial or operating objectives with respect to an acquisition;

- strain on the operational and managerial controls and procedures of our petroleum business and the nitrogen fertilizer business, and the need to modify systems or to add management resources;

- difficulties in the integration and retention of customers or personnel and the integration and effective deployment of operations or technologies;

- amortization of acquired assets, which would reduce future reported earnings;

- possible adverse short-term effects on our cash flows or operating results;

- diversion of management s attention from the ongoing operations of our petroleum business and the nitrogen fertilizer business; and

- assumption of unknown material liabilities or regulatory non-compliance issues.

Failure to manage these acquisition growth risks could have a material adverse effect on the financial condition and/or operating results of our petroleum business and/or the nitrogen fertilizer business.

We are a holding company and depend upon our subsidiaries for our cash flow.

We are a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. Consequently, our cash flow and our ability to meet our obligations or to pay dividends or make other distributions in the future will depend upon the cash flow of our subsidiaries and the payment of funds by our subsidiaries to us in the form of dividends, tax sharing payments or otherwise. In addition, Coffeyville Resources, LLC, our indirect subsidiary, and Coffeyville Refining & Marketing Holdings, Inc., our direct subsidiary, which are the primary obligors under our existing credit facilities, are holding companies and their ability to meet their debt service obligations depends on the cash flow of their subsidiaries. The ability of our subsidiaries to make any payments to us will depend on their earnings, the terms of their indebtedness, including the terms of our credit facilities, tax considerations and legal restrictions. In particular, our credit facilities currently impose significant limitations on the ability of our subsidiaries to make distributions to us and consequently our ability to pay dividends to our stockholders. Distributions that we receive from the Partnership will be primarily reinvested in our business rather than distributed to our stockholders. See also Risks Related to the Limited Partnership Structure Through Which We Will Hold Our Interest in the Nitrogen Fertilizer Business Our rights to receive distributions from the Partnership may be limited over time and Risks Related to the Limited Partnership Structure Through Which We Will Hold Our Interest in the Nitrogen Fertilizer Business The Partnership may not have sufficient available cash to enable it to

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make quarterly distributions to us following establishment of cash reserves and payment of fees and expenses.

Our significant indebtedness may affect our ability to operate our business, and may have a material adverse effect on our financial condition and results of operation.

As of September 30, 2007, we had total debt outstanding of $841.1 million, $150 million in funded letters of credit outstanding and borrowing availability of $168.1 million under our credit facilities. We and our subsidiaries may be able to incur significant additional indebtedness in the future. If new indebtedness is added to our current indebtedness, the risks described below could increase. Our high level of indebtedness could have important consequences, such as:

- limiting our ability to obtain additional financing to fund our working capital, acquisitions, expenditures, debt service requirements or for other purposes;

- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service debt;

- limiting our ability to compete with other companies who are not as highly leveraged;

- placing restrictive financial and operating covenants in the agreements governing our and our subsidiaries long-term indebtedness and bank loans, including, in the case of certain indebtedness of subsidiaries, certain covenants that restrict the ability of subsidiaries to pay dividends or make other distributions to us;

- exposing us to potential events of default (if not cured or waived) under financial and operating covenants contained in our or our subsidiaries debt instruments that could have a material adverse effect on our business, financial condition and operating results;

- increasing our vulnerability to a downturn in general economic conditions or in pricing of our products; and

- limiting our ability to react to changing market conditions in our industry and in our customers industries.

In addition, borrowings under our credit facilities bear interest at variable rates. If market interest rates increase, such variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. Our interest expense for the year ended December 31, 2006 was $34.1 million on a pro forma basis. Each 1/8% increase or decrease in the applicable interest rates under our credit facilities would correspondingly change our interest expense by approximately $625,000 per year.

In addition to our debt service obligations, our operations require substantial investments on a continuing basis. Our ability to make scheduled debt payments, to refinance our obligations with respect to our indebtedness and to fund capital and non-capital expenditures necessary to maintain the condition of our operating assets, properties and systems software, as well as to provide capacity for the growth of our business, depends on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and financial, business, competitive, legal and other factors. In addition, we are and will be subject to covenants contained in agreements governing our present and future indebtedness. These covenants include and will likely include restrictions on certain payments, the granting of liens, the incurrence of additional indebtedness, dividend restrictions affecting subsidiaries, asset sales, transactions with affiliates and mergers and consolidations. Any failure to comply with these covenants could result in a default under our credit facilities. Upon a default, unless waived, the lenders under our secured credit facilities would have all remedies available to a secured lender, and could elect to terminate their commitments, cease making further loans, institute foreclosure proceedings against our or our subsidiaries assets, and force us and our subsidiaries into bankruptcy or liquidation. In addition, any defaults under the credit facilities or any other debt could trigger cross defaults under other or future credit agreements. Our operating results may not be sufficient to service our indebtedness or to fund our other expenditures and we may not be able to obtain financing to meet these requirements.

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If the Partnership seeks to consummate a public or private offering, we may be required to use our commercially reasonable efforts to amend our credit facilities to remove the Partnership as a guarantor. Any such amendment could result in increased fees to us or other onerous terms in our credit facilities. In addition, we may not be able to obtain such an amendment on terms acceptable to us or at all.

If the managing general partner elects to pursue a public or private offering of limited partner interests in the Partnership, we expect that any such transaction would require amendments to our credit facilities, as well as the Cash Flow Swap, in order to remove the Partnership and its subsidiaries as obligors under such instruments. Any such amendments could result in significant changes to our credit facilities pricing, mandatory repayment provisions, covenants and other terms and could result in increased interest costs and require payment by us of additional fees. We have agreed to use our commercially reasonable efforts to obtain such amendments if the managing general partner elects to cause the Partnership to pursue a public or private offering and gives us at least 90 days written notice. However, we may not be able to obtain any such amendment on terms acceptable to us or at all. If we are not able to amend our credit facilities on terms satisfactory to us, we may need to refinance them with other facilities. We will not be considered to have used our commercially reasonable efforts to obtain such amendments if we do not effect the requested modifications due to (i) payment of fees to the lenders or the swap counterparty, (ii) the costs of this type of amendment, (iii) an increase in applicable margins or spreads or (iv) changes to the terms required by the lenders including covenants, events of default and repayment and prepayment provisions; provided that (i), (ii), (iii) and (iv) in the aggregate are not likely to have a material adverse effect on us.

If we lose any of our key personnel, we may be unable to effectively manage our business or continue our growth.

Our future performance depends to a significant degree upon the continued contributions of our senior management team and key technical personnel. The loss or unavailability to us of any member of our senior management team or a key technical employee could negatively affect our ability to operate our business and pursue our strategy. We face competition for these professionals from our competitors, our customers and other companies operating in our industry. To the extent that the services of members of our senior management team and key technical personnel would be unavailable to us for any reason, we would be required to hire other personnel to manage and operate our company and to develop our products and strategy. We may not be able to locate or employ such qualified personnel on acceptable terms or at all.

A substantial portion of our workforce is unionized and we are subject to the risk of labor disputes and adverse employee relations, which may disrupt our business and increase our costs.

As of June 30, 2007, approximately 39% of our employees, all of whom work in our petroleum business, were represented by labor unions under collective bargaining agreements expiring in 2009. We may not be able to renegotiate our collective bargaining agreements when they expire on satisfactory terms or at all. A failure to do so may increase our costs. In addition, our existing labor agreements may not prevent a strike or work stoppage at any of our facilities in the future, and any work stoppage could negatively affect our results of operations and financial condition.

The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, and the corporate governance standards of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act. These requirements may place a strain on our management, systems and resources. The Exchange Act will require that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act will require that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Due to our limited operating history as a stand-alone company, our disclosure controls and procedures and internal controls may not meet all of the standards applicable to public companies. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. This may divert management s attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and the price of our common stock.

We will be exposed to risks relating to evaluations of controls required by Section 404 of the Sarbanes-Oxley Act.

We are in the process of evaluating our internal controls systems to allow management to report on, and our independent auditors to audit, our internal controls over financial reporting. We will be performing the system and process evaluation and testing (and any necessary remediation) required to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, and will be required to comply with Section 404 in our annual report for the year ended December 31, 2008 (subject to any change in applicable SEC rules). Furthermore, upon completion of this process, we may identify control deficiencies of varying degrees of severity under applicable U.S. Securities and Exchange Commission, or SEC, and Public Company Accounting Oversight Board, or PCAOB, rules and regulations that remain unremediated. As a public company, we will be required to report, among other things, control deficiencies that constitute a material weakness or changes in internal controls that, or that are reasonably likely to, materially affect internal controls over financial reporting. A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

If we fail to implement the requirements of Section 404 in a timely manner, we might be subject to sanctions or investigation by regulatory authorities such as the SEC or the PCAOB. If we do not implement improvements to our disclosure controls and procedures or to our internal controls in a timely manner, our independent registered public accounting firm may not be able to certify as to the effectiveness of our internal controls over financial reporting pursuant to an audit of our internal controls over financial reporting. This may subject us to adverse regulatory consequences or a loss of confidence in the reliability of our financial statements. We could also suffer a loss of confidence in the reliability of our financial statements if our independent registered public accounting firm reports a material weakness in our internal controls, if we do not develop and maintain effective controls and procedures or if we are otherwise unable to deliver timely and reliable financial information. Any loss of confidence in the reliability of our financial statements or other negative reaction to our failure to develop timely or adequate disclosure controls and procedures or internal controls could result in a decline in the price of our common stock. In addition, if we fail to remedy any material weakness, our financial statements may be inaccurate, we may face restricted access to the capital markets and our stock price may be adversely affected.

We are a controlled company within the meaning of the New York Stock Exchange rules and, as a result, will qualify for, and may rely on, exemptions from certain corporate governance requirements.

A company of which more than 50% of the voting power is held by an individual, a group or another company is a controlled company within the meaning of the New York Stock Exchange rules and may elect not to comply with certain corporate governance requirements of the New York Stock Exchange, including:

the requirement that a majority of our board of directors consist of independent directors;

the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and

the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities.

Following this offering, we will rely on some or all of these exemptions as a controlled company. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

New regulations concerning the transportation of hazardous chemicals, risks of terrorism, the security of chemical manufacturing facilities and increased insurance costs could result in higher operating costs.

The costs of complying with regulations relating to the transportation of hazardous chemicals and security associated with the refining and nitrogen fertilizer facilities may have a negative impact on our operating results and may cause the price of our common stock to decline. Targets such as refining and chemical manufacturing facilities may be at greater risk of future terrorist attacks than other targets in the United States. As a result, the petroleum and chemical industries have responded to the issues that arose due to the terrorist attacks on September 11, 2001 by starting new initiatives relating to the security of petroleum and chemical industry facilities and the transportation of hazardous chemicals in the United States. Simultaneously, local, state and federal governments have begun a regulatory process that could lead to new regulations impacting the security of refinery and chemical plant locations and the transportation of petroleum and hazardous chemicals. Our business or our customers businesses could be materially adversely affected because of the cost of complying with new regulations.

If we are not able to successfully defend against third-party claims of intellectual property infringement, our business may be adversely affected.

There are currently no claims pending against us relating to the infringement of any third-party intellectual property rights; however, in the future we may face claims of infringement that could interfere with our ability to use technology that is material to our business operations. Any litigation of this type, whether successful or unsuccessful, could result in substantial costs to us and diversions of our resources, either of which could negatively affect our business, profitability or growth prospects. In the event a claim of infringement against us is successful, we may be required to pay royalties or license fees for past or continued use of the infringing technology, or we may be prohibited from using the infringing technology altogether. If we are prohibited from using any technology as a result of such a claim, we may not be able to obtain licenses to alternative technology adequate to substitute for the technology we can no longer use, or licenses for such alternative technology may only be available on terms that are not commercially reasonable or acceptable to us. In addition, any substitution of new technology for currently licensed technology may require us to make substantial changes to our manufacturing processes or equipment or to our products, and may have a material adverse effect on our business, profitability or growth prospects.

If licensed technology is no longer available, the refinery and nitrogen fertilizer businesses may be adversely affected.

The refinery and nitrogen fertilizer businesses have licensed, and may license in the future, a combination of patent, trade secret and other intellectual property rights of third parties for use in their business. If any of these license agreements were to be terminated, licenses to alternative technology may not be available, or may only be available on terms that are not commercially reasonable or acceptable. In addition, any substitution of new technology for currently-licensed technology may require substantial changes to manufacturing processes or equipment and may have a material adverse effect on our business, profitability or growth prospects.

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Risks Related to this Offering

There is no existing market for our common stock, and we do not know if one will develop to provide you with adequate liquidity. If our stock price fluctuates after this offering, you could lose a significant part of your investment.

Prior to this offering, there has not been a public market for our common stock. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The initial public offering price for the shares will be determined by negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell shares of our common stock at prices equal to or greater than the price paid by you in this offering. The market price of our common stock may be influenced by many factors including:

- the failure of securities analysts to cover our common stock after this offering or changes in financial estimates by analysts;
- announcements by us or our competitors of significant contracts or acquisitions;
- variations in quarterly results of operations;
- loss of a large customer or supplier;
- general economic conditions;
- terrorist acts;
- future sales of our common stock; and
- investor perceptions of us and the industries in which our products are used.

As a result of these factors, investors in our common stock may not be able to resell their shares at or above the initial offering price. In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies like us. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance.

Following the completion of this offering, the Goldman Sachs Funds and the Kelso Funds will continue to control us and may have conflicts of interest with other stockholders. Conflicts of interest may arise because our principal stockholders or their affiliates have continuing agreements and business relationships with us.

Upon completion of this offering, the Goldman Sachs Funds will control 37.4% of our outstanding common stock, or 36.1% if the underwriters exercise their option in full, and the Kelso Funds will control 36.8% of our outstanding common stock, or 35.6% if the underwriters exercise their option in full. As a result, the Goldman Sachs Funds and the Kelso Funds will continue to be able to control the election of our directors, determine our corporate and management policies and determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. The Goldman Sachs Funds and the Kelso Funds will also have sufficient voting power to amend our organizational documents.

Conflicts of interest may arise between our principal stockholders and us. Affiliates of some of our principal stockholders engage in transactions with our company. We obtain the majority of our crude oil supply through a crude oil credit intermediation agreement with J. Aron, a subsidiary of The Goldman Sachs Group, Inc. and an affiliate of the Goldman Sachs Funds, and Coffeyville Resources, LLC currently has outstanding commodity derivative contracts (swap agreements) with J. Aron for the period from July 1, 2005 to June 30, 2010. In addition, Goldman Sachs Credit Partners, L.P. is the sole or joint lead arranger for our four credit facilities. See Certain Relationships and Related Party Transactions. Further, the Goldman Sachs Funds and the Kelso Funds are in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us and they may either directly, or through affiliates, also maintain business relationships with companies that may directly compete with us. In general, the Goldman Sachs Funds and the Kelso Funds or their affiliates could pursue business interests or exercise their voting power as stockholders in ways that are detrimental to us, but beneficial to themselves or to other companies in which they invest or with whom they have a material relationship. Conflicts of interest could also arise with respect to business opportunities that could be advantageous to the Goldman Sachs Funds and the Kelso Funds and they may pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. Under the terms of our certificate of incorporation, the Goldman Sachs Funds and the Kelso Funds will have no obligation to offer us corporate opportunities. See Description of Capital Stock Corporate Opportunities.

Other conflicts of interest may arise between our principal stockholders and us because the Goldman Sachs Funds and the Kelso Funds will control the managing general partner of the Partnership which will hold the nitrogen fertilizer business. The managing general partner will manage the operations of the Partnership (subject to our rights to participate in the appointment, termination and compensation of the chief executive officer and chief financial officer of the managing general partner and our other specified joint management rights) and will also hold incentive distribution rights which, over time, entitle the managing general partner to receive increasing percentages of the Partnership s quarterly distributions if the Partnership increases the amount of distributions. Although the managing general partner will have a fiduciary duty to manage the Partnership in a manner beneficial to the Partnership and us (as a holder of special units in the Partnership), the fiduciary duty is limited by the terms of the partnership agreement and the directors and officers of the managing general partner also will have a fiduciary duty to manage the managing general partner in a manner beneficial to the owners of the managing general partner. The interests of the owners of the managing general partner may differ significantly from, or conflict with, our interests and the interests of our stockholders. As a result of these conflicts, the managing general partner of the Partnership may favor its own interests and/or the interests of its owners over our interests and the interests of our stockholders (and the interests of the Partnership). In particular, because the managing general partner owns the incentive distribution rights, it may be incentivized to maximize future cash flows by taking current actions which may be in its best interests over the long term. See Risks Related to the Limited Partnership Structure Through Which We Will Hold Our Interest in the Nitrogen Fertilizer Business Our rights to receive distributions from the Partnership may be limited over time and Risks Related to the Limited Partnership Structure Through Which We Will Hold Our Interest in the Nitrogen Fertilizer Business The managing general partner of the Partnership will have a fiduciary duty to favor the interests of its owners, and these interests may differ from, or conflict with, our interests and the interests of our stockholders. In addition, if the value of the managing general partner interest were to increase over time, this increase in value and any realization of such value upon a sale of the managing general partner interest would benefit the owners of the managing general partner, which are the Goldman Sachs Funds and the Kelso Funds, as well as our senior management, rather than our company and our stockholders. Such increase in value could be significant if the Partnership performs well. See The Nitrogen Fertilizer Limited Partnership.

Further, decisions made by the Goldman Sachs Funds and the Kelso Funds with respect to their shares of common stock could trigger cash payments to be made by us to certain members of our senior management under our phantom unit appreciation plans. Phantom points granted under the Coffeyville Resources, LLC Phantom Unit Appreciation Plan (Plan I), or the Phantom Unit Plan I, and phantom points that we intend to grant under the Coffeyville Resources, LLC Phantom Unit Appreciation Plan (Plan II), or the Phantom Unit Plan II, represent a contractual right to receive a cash payment when payment is made in respect of certain profits interests in Coffeyville Acquisition LLC and, after the consummation of the Transactions, Coffeyville Acquisition II LLC. Definitions of the terms phantom points, Phantom Unit Plan I, and Phantom Unit Plan II are contained in the section of this prospectus entitled Glossary of Selected Terms. If either the Goldman Sachs Funds or the Kelso Funds sell any or all of the shares of common stock of CVR Energy which they beneficially own through Coffeyville Acquisition LLC or Coffeyville Acquisition II LLC, as applicable, they may then cause Coffeyville Acquisition LLC or Coffeyville Acquisition II LLC, as applicable, to make distributions

to their members in respect of their profits interests. Because payments under the phantom unit plans are triggered by payments in respect of profit interests under the Coffeyville Acquisition LLC Agreement and Coffeyville Acquisition II LLC Agreement, we would therefore be obligated to make cash payments under the phantom unit appreciation plans. This could negatively affect our cash reserves, which could negatively affect our results of operations and financial condition. We estimate that any such cash payments should not exceed $50 million, assuming all of the shares of our common stock held by Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC were sold at the initial public offering price of $19.00 per share. Following the completion of this offering, Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC may make a significant revision to the Phantom Unit Plan I and Phantom Unit Plan II, respectively, to provide that a significant portion of the payments in respect of phantom service points and phantom performance points will be paid on fixed payment dates (for example, in annual installments) rather than within 30 days from the date distributions are made pursuant to the respective limited liability company agreements. This amendment, if enacted, would mitigate in part the effect of decisions made by the Goldman Sachs Funds and the Kelso Funds with respect to their shares of common stock on cash payments by the plans because those payments scheduled to be made on fixed dates would not be triggered by distributions from Coffeyville Acquisition LLC or Coffeyville Acquisition II LLC, as applicable, to its members. Coffeyville Acquisition LLC has indicated that it is continuing to explore other ways to revise the Phantom Unit Plans.

In addition, one of the Goldman Sachs Funds and one of the Kelso Funds have each guaranteed 50% of (1) our obligations under the $25 million secured facility, the $25 million unsecured facility and the $75 million unsecured facility and (2) our payment obligations under the Cash Flow Swap in the amount of $123.7 million, plus accrued interest. In addition, Coffeyville Acquisition LLC currently guarantees and, following the closing of this offering, Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC will each guarantee 50% of our obligations under the $75 million unsecured facility. As a result of these guarantees, the Goldman Sachs Funds and the Kelso Funds may have interests that conflict with those of our other shareholders.

Since June 24, 2005, we have made one cash distribution to the Goldman Sachs Funds and the Kelso Funds. This distribution, in the aggregate amount of $244.7 million, was made in December 2006. In addition, the Goldman Sachs Funds and the Kelso Funds have received and continue to receive advisory and other fees pursuant to separate consulting and advisory agreements between Coffeyville Acquisition LLC and each of Goldman, Sachs & Co. and Kelso & Company, L.P. In addition, prior to the consummation of this offering, we intend to make a special dividend to the Goldman Sachs Funds and the Kelso Funds in an aggregate amount of approximately $10.3 million, which they will contribute to Coffeyville Acquisition III LLC in connection with the purchase of the managing general partner of the Partnership from us. The Goldman Sachs Funds and the Kelso Funds are not contractually obligated to contribute the special dividend of $10.3 million to Coffeyville Acquisition III LLC for its purchase of the managing general partner. However, they have indicated to us that they intend to do so upon the closing of this offering and we have amended our Credit Facility in order to allow such purchase and distribution.

As a result of these relationships, including their ownership of the managing general partner of the Partnership, the interests of the Goldman Sachs Funds and the Kelso Funds may not coincide with the interests of our company or other holders of our common stock. So long as the Goldman Sachs Funds and the Kelso Funds continue to control a significant amount of the outstanding shares of our common stock, the Goldman Sachs Funds and the Kelso Funds will continue to be able to strongly influence or effectively control our decisions, including potential mergers or acquisitions, asset sales and other significant corporate transactions. In addition, so long as the Goldman Sachs Funds and the Kelso Funds continue to control the managing general partner of the Partnership, they will be able to effectively control actions taken by the Partnership (subject to our specified joint management rights), which may not be in our interests or the interest of our stockholders. See Certain Relationships and Related Party Transactions.

You will incur immediate and substantial dilution.

The initial public offering price of our common stock is substantially higher than the adjusted net tangible book value per share of our outstanding common stock. As a result, if you purchase shares in this offering, you will incur immediate and substantial dilution in the amount of $15.75 per share. See Dilution.

Shares eligible for future sale may cause the price of our common stock to decline.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales may occur, could cause the market price of our common stock to decline. This could also impair our ability to raise additional capital through the sale of our equity securities. Under our amended and restated certificate of incorporation, we are authorized to issue up to 350,000,000 shares of common stock, of which 83,141,291 shares of common stock will be outstanding following this offering. Of these shares, the 20,000,000 shares of common stock sold in this offering will be freely transferable without restriction or further registration under the Securities Act by persons other than affiliates, as that term is defined in Rule 144 under the Securities Act. Our principal stockholders, directors and executive officers will enter into lock-up agreements, pursuant to which they are expected to agree, subject to certain exceptions, not to sell or transfer, directly or indirectly, any shares of our common stock for a period of 180 days from the date of this prospectus, subject to extension in certain circumstances. See Shares Eligible for Future Sale.

Risks Related to the Limited Partnership Structure Through Which We Will Hold Our Interest in the Nitrogen Fertilizer Business

Because we will neither serve as, nor control, the managing general partner of the Partnership, the managing general partner may operate the Partnership in a manner with which we disagree or which is not in our interest.

CVR GP, LLC, or Fertilizer GP, a new entity owned by our controlling stockholders and senior management, will be the managing general partner of the Partnership which will hold the nitrogen fertilizer business. The managing general partner will be authorized to manage the operations of the nitrogen fertilizer business (subject to our specified joint management rights), and we will not control the managing general partner. Although our senior management will also serve as the senior management of Fertilizer GP, in accordance with a services agreement between us, Fertilizer GP and the Partnership, our senior management will operate the Partnership under the direction of the managing general partner s board of directors and Fertilizer GP has the right to select different management at any time (subject to our joint right in relation to the chief executive officer and chief financial officer of the managing general partner). Accordingly, the managing general partner may operate the Partnership in a manner with which we disagree or which is not in the interests of our company and our stockholders.

Our interest in the Partnership will consist of special units. The substantial majority of these units will be general partner interests that will give us defined rights to participate in the management and governance of the Partnership. These rights will include the right to approve the appointment, termination of employment and compensation of the chief executive officer and chief financial officer of Fertilizer GP, not to be exercised unreasonably, and to approve specified major business transactions such as significant mergers and asset sales. We will also have the right to appoint two directors to Fertilizer GP s board of directors. However, our special GP units will be converted into limited partner interests, and we will lose the rights listed above, if we fail to hold at least 15% of the units in the Partnership. See The Nitrogen Fertilizer Limited Partnership.

Our rights to receive distributions from the Partnership may be limited over time.

As a holder of 30,333,333 special units (which may convert into common and/or subordinated units, and which we may sell from time to time), we will be entitled to receive a quarterly distribution of $0.4313 per unit (or $13.1 million per quarter in the aggregate, assuming we do not sell any of our units) from the Partnership to the extent the Partnership has sufficient available cash after establishment of cash reserves and payment of fees and expenses before any distributions are made in respect of the incentive distribution rights. The Partnership will be required to distribute all of its cash on hand at the end of each quarter, less reserves established by the managing general partner in its discretion. In addition, the managing general partner, Fertilizer GP, will have no right to receive distributions in respect of its incentive distribution rights (i) until the Partnership has distributed all aggregate adjusted operating surplus generated by the Partnership during the period from its formation through December 31, 2009 and (ii) for so long as the Partnership or its subsidiaries are guarantors under our credit facilities.

However, distributions of amounts greater than the aggregate adjusted operating surplus (as defined under The Nitrogen Fertilizer Limited Partnership Cash Distributions by the Partnership Operating Surplus, Capital Surplus and Adjusted Operating Surplus) generated through December 31, 2009 will be allocated between us and Fertilizer GP (and the holders of any other interests in the Partnership), and in the future the allocation will grant Fertilizer GP a greater percentage of the Partnership s cash distributions as more cash becomes available for distribution. In particular, if quarterly distributions exceed the target of $0.4313 per unit, Fertilizer GP will be entitled to increasing percentages of the distributions, up to 48% of the distributions above the highest target level, in respect of its incentive distribution rights. Therefore, we will receive a smaller percentage of quarterly cash distributions from the Partnership if the Partnership increases its quarterly distributions above the set amount per unit. This could incentivise Fertilizer GP, as managing general partner, to cause the Partnership to make capital expenditures for maintenance, which reduces operating surplus (as defined under The Nitrogen Fertilizer Limited Partnership Cash Distributions by the Partnership Operating Surplus, Capital Surplus and Adjusted Operating Surplus), rather than for improvement or expansion, which does not, and accordingly effect the amount of cash available for distribution. Fertilizer GP could also be incentivized to cause the Partnership to make capital expenditures for maintenance prior to December 31, 2009 that it would otherwise make at a later date in order to reduce operating surplus generated prior to such date. In addition, Fertilizer GP s discretion in determining the level of cash reserves may materially adversely affect the Partnership s ability to make cash distributions to us.

Moreover, if the Partnership issues common units in a public or private offering, at least 40% (and potentially all) of our special units will become subordinated units. We will not be entitled to any distributions on our subordinated units until the common units issued in the public or private offering and our common units (which the balance of our special units will become) have received the minimum quarterly distribution, or MQD, of $0.375 per unit (which may be reduced without our consent in connection with the public or private offering, or could be increased with our consent), plus any accrued and unpaid arrearages in the minimum quarterly distribution from prior quarters. The managing general partner, and not CVR Energy, has authority to decide whether or not to pursue such an offering. As a result, our right to distributions will diminish if the managing general partner decides to pursue such an offering. See The Nitrogen Fertilizer Limited Partnership Cash Distributions by the Partnership Distributions from Operating Surplus.

The managing general partner of the Partnership will have a fiduciary duty to favor the interests of its owners, and these interests may differ from, or conflict with, our interests and the interests of our stockholders.

The managing general partner of the Partnership, Fertilizer GP, will be responsible for the management (subject to our specified management rights) of the Partnership. Although Fertilizer GP will have a fiduciary duty to manage the Partnership in a manner beneficial to the Partnership and holders of interests in the Partnership (including us, in our capacity as holder of special units), the fiduciary duty is specifically limited by the express terms of the partnership agreement and the directors and officers of Fertilizer GP also will have a fiduciary duty to manage Fertilizer GP in a manner beneficial to the owners of Fertilizer GP. The interests of the owners of Fertilizer GP may differ from, or conflict with, our interests and the interests of our stockholders. In resolving these conflicts, Fertilizer GP may favor its own interests and/or the interests of its owners over our interests

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and the interests of our stockholders (and the interests of the Partnership). In addition, while our directors and officers will have a fiduciary duty to make decisions in our interests and the interests of our stockholders, one of our wholly-owned subsidiaries is also a general partner of the Partnership and, therefore, in such capacity, will have a fiduciary duty to exercise rights as general partner in a manner beneficial to the Partnership and its unit holders, subject to the limitations contained in the partnership agreement. As a result of these conflicts, our directors and officers may feel obligated to take actions that benefit the Partnership as opposed to us and our stockholders.

The potential conflicts of interest include, among others, the following:

Fertilizer GP, as managing general partner of the Partnership, will hold all of the incentive distribution rights in the Partnership. Incentive distribution rights will give Fertilizer GP a right to increasing percentages of the Partnership s quarterly distributions after the Partnership has distributed all aggregate adjusted operating surplus generated by the Partnership during the period from its formation through December 31, 2009, assuming the Partnership and its subsidiaries are released from their guaranty of our credit facilities. Fertilizer GP may have an incentive to manage the Partnership in a manner which increases these future cash flows rather than in a manner which increases current cash flows.

The initial directors and executive officers of Fertilizer GP will also serve as directors and executive officers of CVR Energy. The executive officers who work for both us and Fertilizer GP, including our chief executive officer, chief operating officer, chief financial officer and general counsel, will divide their time between our business and the business of the Partnership. These executive officers will face conflicts of interests from time to time in making decisions which may benefit either our company or the Partnership. However, when making decisions on behalf of the Partnership, they will be acting in their capacity as directors and officers of the managing general partner and not us.

The owners of Fertilizer GP, who are also our controlling stockholders and senior management, will be permitted to compete with us or the Partnership or to own businesses that compete with us or the Partnership. In addition, the owners of Fertilizer GP will not be required to share business opportunities with us, and our owners will not be required to share business opportunities with the Partnership or Fertilizer GP.

Neither the partnership agreement nor any other agreement will require the owners of Fertilizer GP to pursue a business strategy that favors us or the Partnership. The owners of Fertilizer GP will have fiduciary duties to make decisions in their own best interests, which may be contrary to our interests and the interests of the Partnership. In addition, Fertilizer GP will be allowed to take into account the interests of parties other than us, such as its owners, in resolving conflicts of interest, which will have the effect of limiting its fiduciary duty to us.

The partnership agreement will limit the liability and reduce the fiduciary duties of Fertilizer GP, while also restricting the remedies available to the unit holders of the Partnership, including us, for actions that, without these limitations, might constitute breaches of fiduciary duty. Delaware partnership law permits such contractual reductions of fiduciary duty. As a result of our ownership interest in the Partnership, we may consent to some actions that might otherwise constitute a breach of fiduciary or other duties applicable under state law.

Fertilizer GP will determine the amount and timing of asset purchases and sales, capital expenditures, borrowings, repayment of indebtedness, issuances of additional partnership units and cash reserves maintained by the Partnership (subject to our specified joint management rights as holder of special GP rights), each of which can affect the amount of cash that is available for distribution to us in our capacity as a holder of special units and the amount of cash paid to Fertilizer GP in respect of its IDRs.

In some instances Fertilizer GP may cause the Partnership to borrow funds in order to permit the payment of cash distributions, where the purpose or effect of the borrowing is to make incentive distributions which benefit Fertilizer GP. Fertilizer GP will also be able to determine

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the amount and timing of any capital expenditures and whether a capital expenditure is for maintenance, which reduces operating surplus, or improvement, which does not. Such determinations can affect the amount of cash that is available for distribution and the manner in which the cash is distributed.

Fertilizer GP may exercise its rights to call and purchase all of the Partnership s equity securities of any class if at any time it and its affiliates (excluding us) own more than 80% of the outstanding securities of such class.

Fertilizer GP will control the enforcement of obligations owed to the Partnership by it and its affiliates. In addition, Fertilizer GP will decide whether to retain separate counsel or others to perform services for the Partnership.

The partnership agreement limits the fiduciary duties of the managing general partner and restricts the remedies available to us for actions taken by the managing general partner that might otherwise constitute breaches of fiduciary duty.

The partnership agreement contains provisions that reduce the standards to which Fertilizer GP, as the managing general partner, would otherwise be held by state fiduciary duty law. For example:

The partnership agreement permits Fertilizer GP to make a number of decisions in its individual capacity, as opposed to its capacity as a general partner. This entitles Fertilizer GP to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us or our affiliates.

The partnership agreement provides that Fertilizer GP will not have any liability to the Partnership or to us for decisions made in its capacity as managing general partner so long as it acted in good faith, meaning it believed that the decisions were in the best interests of the Partnership.

The partnership agreement provides that Fertilizer GP and its officers and directors will not be liable for monetary damages to the Partnership for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that Fertilizer GP or those persons acted in bad faith or engaged in fraud or willful misconduct.

The partnership agreement generally provides that affiliate transactions and resolutions of conflicts of interest not approved by the conflicts committee of the board of directors of Fertilizer GP and not involving a vote of unit holders must be on terms no less favorable to the Partnership than those generally provided to or available from unrelated third parties or be fair and reasonable to the Partnership and that, in determining whether a transaction or resolution is fair and reasonable, Fertilizer GP may consider the totality of the relationship between the parties involved, including other transactions that may be particularly advantageous or beneficial to the Partnership.

The Partnership will have a preferential right to pursue corporate opportunities before we can pursue them.

We will enter into an agreement with the Partnership in order to clarify and structure the division of corporate opportunities between us and the Partnership. Under this agreement, we have agreed not to engage in the production, transportation or distribution, on a wholesale basis, of fertilizers in the contiguous United States, subject to limited exceptions (fertilizer restricted business). In addition, the Partnership has agreed not to engage in the ownership or operation within the United States of any refinery with processing capacity greater than 20,000 barrels per day whose primary business is producing transportation fuels or the ownership or operation outside the United States of any refinery (refinery restricted business).

With respect to any business opportunity other than those covered by a fertilizer restricted business or a refinery restricted business, we have agreed that the Partnership will have a preferential right to pursue such opportunities before we may pursue them. If the managing general partner of the Partnership elects not to pursue the business opportunity, then we will be free to pursue such opportunity. This provision will continue so long as we continue to own 50% of the outstanding units of the Partnership. See The Nitrogen Fertilizer Limited Partnership Other Intercompany Agreements Omnibus Agreement.

If the Partnership completes a public offering or private placement of limited partner interests, our voting power in the Partnership would be reduced and our rights to distributions from the Partnership could be materially adversely affected.

Fertilizer GP may, in its sole discretion, elect to pursue one or more public or private offerings of limited partner interests in the Partnership. Fertilizer GP will have the sole authority to determine the timing, size (subject to our joint management rights for any initial offering in excess of $200 million, exclusive of the underwriters option to purchase additional limited partner interests, if any), and underwriters or initial purchasers, if any, for such offerings, if any. Any public or private offering of limited partner interests could materially adversely affect us in several ways. For example, if such an offering occurs, our percentage interest in the Partnership would be diluted. Some of our voting rights in the Partnership could thus become less valuable, since we would not be able to take specified actions without support of other unit holders. For example, since the vote of 80% of unit holders is required to remove the managing general partner in specified circumstances, if the managing general partner sells more than 20% of the units to a third party we would not have the right, unilaterally, to remove the general partner under the specified circumstances.

In addition, if the Partnership completes an offering of limited partner interests, the distributions that we receive from the Partnership would decrease because the Partnership s distributions will have to be shared with the new limited partners, and the new limited partners right to distributions will be superior to ours because at least 40% (and potentially all) of our units will become subordinated units. Pursuant to the terms of the partnership agreement, the new limited partners and Fertilizer GP will have superior priority to distributions in some circumstances. Subordinated units will not be entitled to receive distributions unless and until all common units have received the minimum quarterly distribution, plus any accrued and unpaid arrearages in the MQD from prior quarters. In addition, upon a liquidation of the partnership, common unit holders will have a preference over subordinated unit holders in certain circumstances.

If the Partnership does not consummate an initial offering within two years after the consummation of this offering, Fertilizer GP can require us to purchase its managing general partner interest in the Partnership. We may not have requisite funds to do so.

If the Partnership does not consummate an initial private or public offering within two years after the consummation of this offering, Fertilizer GP can require us to purchase the managing general partner interest. This put right expires on the earlier of (1) the fifth anniversary of the consummation of this offering and (2) the closing of the Partnership s initial offering. The purchase price will be the fair market value of the managing general partner interest, as determined by an independent investment banking firm selected by us and Fertilizer GP. Fertilizer GP will determine in its discretion whether the Partnership will consummate an initial offering.

If Fertilizer GP elects to require us to purchase the managing general partner interest, we may not have available cash resources to pay the purchase price. In addition, any purchase of the managing general partner interest would divert our capital resources from other intended uses, including capital expenditures and growth capital. In addition, the instruments governing our indebtedness may limit our ability to acquire, or prohibit us from acquiring, the managing general partner interest.

Fertilizer GP can require us to be a selling unit holder in the Partnership s initial offering at an undesirable time or price.

Under the contribution, conveyance and assumption agreement, if Fertilizer GP elects to cause the Partnership to undertake an initial private or public offering, we have agreed that Fertilizer GP may structure the initial offering to include (1) a secondary offering of interests by us or (2) a primary offering of interests by the Partnership, possibly together with an incurrence of indebtedness by the

Partnership, where a use of proceeds is to redeem units from us (with a per-unit redemption price equal to the price at which a unit is purchased from the Partnership, net of sales commissions or underwriting discounts) (a special GP offering), provided that in either case the number of units associated with the special GP offering is reasonably expected by Fertilizer GP to generate no more than $100 million in net proceeds to us. If Fertilizer GP elects to cause the Partnership to undertake an initial private or public offering, it may require us to sell (including by redemption) a portion, which could be a substantial portion, of our special units in the Partnership at a time or price we would not otherwise have chosen. A sale of special units would result in our receiving cash proceeds for the value of such units, net of sales commissions and underwriting discounts. Any such sale or redemption would likely result in taxable gain to us. See Use of the limited partnership structure involves tax risks. For example, if the Partnership is treated as a corporation for U.S. income tax purposes, this would substantially reduce the cash it has available to make distributions. In return for the receipt of the net cash proceeds, we would no longer receive quarterly distributions on the units that were sold which could negatively impact our financial position. Moreover, because we would own a smaller percentage of the total units of the Partnership after such sale or redemption, the percentage of distributions that we would receive from the Partnership would decrease. See If the Partnership completes a public offering or private placement of limited partner interests, our voting power in the Partnership would be reduced and our rights to distributions from the Partnership could be materially adversely affected.

Our rights to remove Fertilizer GP as managing general partner of the Partnership are extremely limited.

For the first five years after the consummation of this offering, Fertilizer GP may only be removed as managing general partner if at least 80% of the outstanding units of the Partnership vote for removal and there is a final, non-appealable judicial determination that Fertilizer GP, as an entity, has materially breached a material provision of the partnership agreement or is liable for actual fraud or willful misconduct in its capacity as a general partner of the Partnership. Consequently, we will be unable to remove Fertilizer GP unless a court has made a final, non-appealable judicial determination in those limited circumstances as described above. Additionally, if there are other holders of partnership interests in the Partnership, these holders may have to vote for removal of Fertilizer GP as well if we desire to remove Fertilizer GP but do not hold at least 80% of the outstanding units of the Partnership at that time.

After five years from the consummation of this offering, Fertilizer GP may be removed with or without cause by a vote of the holders of at least 80% of the outstanding units of the Partnership, including any units owned by Fertilizer GP and its affiliates, voting together as a single class. Therefore, we may need to gain the support of other unit holders in the Partnership if we desire to remove Fertilizer GP as managing general partner, if we do not hold at least 80% of the outstanding units of the Partnership.

In addition to removal, we will have a right to purchase Fertilizer GP s general partner interest in the Partnership, and therefore remove the Fertilizer GP as managing general partner, if the Partnership has not made an initial private offering or an initial public offering of limited partner interests by the fifth anniversary of the consummation of this offering.

If the managing general partner is removed without cause, it will have the right to convert its managing general partner interest, including the IDRs, into units or to receive cash based on the fair market value of the interest at the time. If the managing general partner is removed for cause, a successor managing general partner will have the option to purchase the managing general partner interest, including the IDRs, of the departing managing general partner for a cash payment equal to the fair market value of the managing general partner interest. Under all other circumstances, the departing managing general partner will have the option to require the successor managing general partner to purchase the managing general partner interest of the departing managing general partner for its fair market value. See The Nitrogen Fertilizer Limited Partnership Other Provisions of the Partnership Agreement Removal of the Managing General Partner.

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The Partnership may not have sufficient available cash to enable it to make quarterly distributions to us following establishment of cash reserves and payment of fees and expenses.

The Partnership may not have sufficient available cash each quarter to make distributions to us and other unit holders, if any. In particular:

- The Partnership s managing general partner has broad discretion to establish reserves for the prudent conduct of the Partnership s business. The establishment of those reserves could result in a reduction of the Partnership s distributions.

- The amount of distributions made by the Partnership and the decision to make any distribution is determined by the Partnership s managing general partner, which we do not control.

- Under Section 17-607 of the Delaware Limited Partnership Act, the Partnership may not make a distribution to its unit holders if the distribution would cause its liabilities to exceed the fair value of its assets.

- Although the partnership agreement requires the Partnership to distribute its available cash, the partnership agreement may be amended.

- If the Partnership enters into its own credit facility in the future, the credit facility may limit the distributions which the Partnership can make. In addition, the credit facility will likely contain financial tests and covenants that the Partnership must satisfy; any failure to comply with these tests and covenants could result in the lenders prohibiting distributions by the Partnership.

- The actual amount of cash available for distribution will depend on factors such as the level of capital expenditures made by the Partnership, the cost of acquisitions, if any, fluctuations in the Partnership s working capital needs, the amount of fees and expenses incurred by the Partnership, and the Partnership s ability to make working capital and other borrowings to make distributions to unit holders.

- If the Partnership consummates one or more public or private offerings, because at least 40% (and potentially all) of our interest may be subordinated to common units we would be harmed if the MQD could not be paid on all units.

We have included in this prospectus unaudited pro forma information for 2006 which indicates the amount of cash which the Partnership would have had available for distribution during 2006. This pro forma information is based on numerous estimates and assumptions which we believe to be reasonable, but the Partnership s financial performance had it been in existence during 2006 could have been different from the pro forma results, perhaps materially. In particular, the pro forma data assumes a specific amount of debt and interest expense for the Partnership during 2006, but the Partnership may not be able to enter into a credit facility on terms acceptable to it or at all. Similarly, the pro forma data assumes a specific amount of selling, general and administrative expense for the Partnership, but it is difficult to estimate the actual costs that the Partnership would have incurred as a stand-alone business. Accordingly, investors should review the unaudited pro forma information, including the footnotes, together with the other information included in this prospectus, including Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations. The actual results of the Partnership may differ, possibly materially, from those presented in the pro forma information.

If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions would make it impractical for us to continue our business as contemplated and could have a material adverse effect

on our business. We may in the future be required to sell some or all of our Partnership interests in order to avoid being deemed an investment company, and such sales could result in gains taxable to the company.

In order not to be regulated as an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act, unless we can qualify for an exemption, we must ensure that we are engaged primarily in a business other than investing, reinvesting, owning, holding or trading in securities (as defined in the 1940 Act) and that we do not own or acquire investment securities having

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a value exceeding 40% of the value of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We believe that we are not currently an investment company because our general partner interests in the Partnership should not be considered to be securities under the 1940 Act and, in any event, both our refinery business and the fertilizer business are operated through majority-owned subsidiaries. In addition, even if our general partner interests in the Partnership were considered securities or investment securities, they do not currently have a value exceeding 40% of the fair market value of our total assets on an unconsolidated basis.

However, there is a risk that we could be deemed an investment company if the SEC or a court determines that our general partner interests in the Partnership are securities or investment securities under the 1940 Act and if our Partnership interests constituted more than 40% of the value of our total assets. Currently, our interests in the Partnership constitute less than 40% of our total assets on an unconsolidated basis, but they could constitute a higher percentage of the fair market value of our total assets in the future if the value of our Partnership interests increases, the value of our other assets decreases, or some combination thereof occurs.

We intend to conduct our operations so that we will not be deemed an investment company. However, if we were deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business and the price of our common stock. In order to avoid registration as an investment company under the 1940 Act, we may have to sell some or all of our interests in the Partnership at a time or price we would not otherwise have chosen. The gain on such sale would be taxable to us. We may also choose to seek to acquire additional assets that may not be deemed investment securities, although such assets may not be available at favorable prices. Under the 1940 Act, we may have only up to one year to take any such actions.

Use of the limited partnership structure involves tax risks. For example, if the Partnership is treated as a corporation for U.S. income tax purposes, this would substantially reduce the cash it has available to make distributions.

The anticipated benefit of the limited partnership structure depends largely on its treatment as a partnership for federal income tax purposes following its initial public offering. In the taxable year of an initial public offering of the Partnership, if any, and in each taxable year thereafter, current law would require the Partnership to derive at least 90% of its annual gross income from specific activities to continue to be treated as a partnership for federal income tax purposes. The Partnership may not find it possible to meet this income requirement, or may inadvertently fail to meet this income requirement. In addition, a change in current law could cause the Partnership to be treated as a corporation for federal income tax purposes without regard to its sources of income or otherwise subject it to entity-level taxation. The Partnership has not requested, and does not plan to request, a ruling from the Internal Revenue Service on this or any other matter affecting the Partnership. However, in order for the Partnership to consummate an initial public offering, the Partnership will be required to obtain an opinion of legal counsel that, based upon, among other things, customary representations by the Partnership, the Partnership will continue to be treated as a partnership for federal income tax purposes following such initial public offering. The ability of the Partnership to obtain such an opinion will depend upon a number of factors, including the state of the law at the time the Partnership seeks such an opinion and the specific facts and circumstances of the Partnership at such time. If the Partnership is unable to obtain such an opinion, the Partnership will not consummate an initial public offering and will not be able to realize the anticipated benefits of being a master limited partnership.

If the Partnership were to be treated as a corporation for federal income tax purposes, it would pay federal income tax on its income at the corporate tax rate, which is currently a maximum of 35%, and would pay state income taxes at varying rates. Because such a tax would be imposed upon the Partnership as a corporation, the cash available for distribution by the Partnership to its partners, including us, would be substantially reduced. In addition, distributions by the Partnership to us would also be taxable to us (subject to the 70% or 80% dividends received deduction, as applicable, depending on the degree of ownership we have in the Partnership) and we would not be able to use our share of any tax losses of the Partnership to reduce taxes otherwise payable by us. Thus, treatment of the Partnership as a corporation could result in a material reduction in our anticipated cash flow and the after-tax return to us.

In addition, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. For example, beginning in 2008, the Partnership will be required to pay Texas franchise tax at a maximum effective rate of 0.7% of the Partnership s gross income apportioned to Texas in the prior year. Imposition of such a tax on the Partnership by Texas and, if applicable, by any other state will reduce the cash available for distribution by the Partnership.

In addition, the sale of the managing general partner interest of the Partnership to a newly formed entity controlled by the Goldman Sachs Funds and the Kelso Funds will be made at the fair market value of the general partner interest as of the date of transfer, as determined by our board of directors after consultation with management. Any gain on this sale by us will be subject to tax. If the Internal Revenue Service or another taxing authority successfully asserted that the fair market value at the time of sale of the managing general partner interest exceeded the sale price, we would have additional deemed taxable income, which could reduce our cash flow and adversely affect our financial results. For example, if the value of the managing general partner interest increases over time, possibly significantly because the Partnership performs well, then in hindsight the sale price might be challenged or viewed as insufficient by the Internal Revenue Service or another taxing authority.

If the Partnership consummates an initial public offering or private offering and we sell units, or our units are redeemed, in a special GP offering, or the Partnership makes a distribution to us of proceeds of the offering or debt financing, such sale, redemption or distribution would likely result in taxable gain to us. We will also recognize taxable gain to the extent that otherwise nontaxable distributions exceed our tax basis in the Partnership. The tax associated with any such taxable gain could be significant.

Additionally, when the Partnership issues units or engages in certain other transactions, the Partnership will determine the fair market value of its assets and allocate any unrealized gain or loss attributable to those assets to the capital accounts of the existing partners. As a result of this revaluation and the Partnership s adoption of the remedial allocation method under Section 704(c) of the Internal Revenue Code (i) new unitholders will be allocated deductions as if the tax basis of the Partnership s property were equal to the fair market value thereof at the time of the offering, and (ii) we will be allocated reverse Section 704(c) allocations of income or loss over time consistent with our allocation of unrealized gain or loss.

The tax allocations provided by the Partnership s partnership agreement and other tax positions the Partnership may take are complex and under certain circumstances uncertain under relevant tax laws. Furthermore, the allocations depend on valuations which may be subject to challenge by the IRS. The IRS may adopt positions with respect to tax allocations or otherwise that differ from the positions the Partnership takes. It may be necessary to resort to administrative or court proceedings to sustain the positions the Partnership takes and a court may disagree with some or all of those positions.

Control of Fertilizer GP may be transferred to an unrelated third party without our consent. The new owners of Fertilizer GP may have no interest in CVR Energy and may take actions that are not in our interest.

Fertilizer GP is currently controlled by the Goldman Sachs Funds and the Kelso Funds. Following this offering, the Goldman Sachs Funds and the Kelso Funds will also collectively own 74.2% of our common stock. However, there is no restriction in the partnership agreement on the ability of the owners of Fertilizer GP to transfer their equity interest in Fertilizer GP to an unrelated third party without our consent. If such a transfer occurred, the new equity owners of

Fertilizer GP would then be in a position to replace the board of directors of Fertilizer GP (other than the two

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directors appointed by us) and the officers of Fertilizer GP with their own choices and to influence the decisions taken by the board of directors and executive officers of Fertilizer GP. These new equity owners, directors and executive officers may take actions, subject to the specified joint management rights we have as holder of special GP rights, which are not in our interests or the interests of our stockholders. In particular, the new owners may have no economic interest in us (unlike the current owners of Fertilizer GP), which may make it more likely that they would take actions to benefit Fertilizer GP and its managing general partner interest over us and our interests in the Partnership.

The Partnership may never seek to or be able to consummate an initial public offering or one or more private placements. This could negatively impact the value and liquidity of our investment in the Partnership, which could impact the value of our common stock.

The Partnership may never seek to or be able to consummate an initial public offering or an initial private offering. Any public or private offering of interests by the Partnership would be made at the discretion of the managing general partner of the Partnership and would be subject to market conditions and to achievement of a valuation which the Partnership found acceptable. An initial public offering would be subject to SEC review of a registration statement, compliance with applicable securities laws and the Partnership s ability to list Partnership units on a national securities exchange. Similarly, any private placement to a third party would depend on the Partnership s ability to reach agreement on price and enter into satisfactory documentation with a third party. Any such transaction would also require third party approvals, including consent of our lenders under our credit facilities and the swap counterparty under our Cash Flow Swap. The Partnership may never consummate any of such transactions on terms favorable to us, or at all. If no offering by the Partnership is ever made, it could impact the value, and certainly the liquidity, of our investment in the Partnership.

If the Partnership does not consummate an initial public offering, the value of our investment in the Partnership could be negatively impacted because the Partnership would not be able to access public equity markets to fund capital projects and would not have a liquid currency with which to make acquisitions or consummate other potentially beneficial transactions. In addition, we would not have a liquid market in which to sell portions of our interest in the Partnership but rather would need to monetize our interest in a privately negotiated sale if we ever wished to create liquidity through a divestiture of our nitrogen fertilizer business.

In addition, if the Partnership does not consummate an initial public offering, we believe that the value of CVR Energy s common stock could also be affected. Because we have observed that entities structured as master limited partnerships have over recent history demonstrated significantly greater relative market valuation levels compared to corporations in the refining and marketing sector when measured as a ratio of enterprise value to EBITDA, we believe that the value of CVR Energy s common stock may be enhanced to the extent that the Partnership consummates an initial public offering, because then the public market valuation of CVR Energy s common stock would reflect the higher potential valuation of the Partnership realized in its offering. If the Partnership does not consummate an initial public offering, we believe CVR Energy s common stock may not reflect the higher potential valuation of a master limited partnership.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words believe, expect, anticipate, intend, estimate and oth expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include statements about our business strategy, our industry, our future profitability, our expected capital expenditures and the impact of such expenditures on our performance, the costs of operating as a public company, our capital programs and environmental expenditures. These statements involve known and unknown risks, uncertainties and other factors, including the factors described under Risk Factors, that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Such risks and uncertainties include, among other things:

- volatile margins in the refining industry;
- exposure to the risks associated with volatile crude prices;
- disruption of our ability to obtain an adequate supply of crude oil;
- decreases in the light/heavy and/or the sweet/sour crude oil price spreads;
- refinery operating hazards and interruptions, including unscheduled maintenance or downtime, and the availability of adequate insurance coverage;
- losses, damages and lawsuits related to the flood and crude oil discharge;
- uncertainty regarding our ability to recover costs and losses resulting from the flood and crude oil discharge;
- the failure of our new and redesigned equipment in our facilities to perform according to expectations;
- interruption of the pipelines supplying feedstock and in the distribution of our products;
- the seasonal nature of our petroleum business;
- competition in the petroleum and nitrogen fertilizer businesses;
- capital expenditures required by environmental laws and regulations;
- changes in our credit profile;
- the availability of adequate cash and other sources of liquidity for our capital needs;
- a decline in the price of natural gas;
- the cyclical nature of the nitrogen fertilizer business;
- adverse weather conditions;

the supply and price levels of essential raw materials;

the volatile nature of ammonia, potential liability for accidents involving ammonia that cause severe damage to property and/or injury to the environment and human health and potential increased costs relating to transport of ammonia;

the dependence of the nitrogen fertilizer operations on a few third-party suppliers;

liabilities arising from current or future environmental contamination, including from the flood and crude oil discharge;

our limited operating history as a stand-alone company;

our commodity derivative activities;

our dependence on significant customers;

our potential inability to successfully implement our business strategies, including the completion of significant capital programs;

the success of our acquisition strategies;

our significant indebtedness;

the dependence on our subsidiaries for cash to meet our debt obligations;

whether we will be able to amend our credit facilities on acceptable terms if the Partnership seeks to consummate a public or private offering;

the potential loss of key personnel;

labor disputes and adverse employee relations;

potential increases in costs and distraction of management resulting from the requirements of being a public company;

risks relating to evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act;

the operation of our company as a controlled company ;

new regulations concerning the transportation of hazardous chemicals, risks of terrorism and the security of chemical manufacturing facilities;

successfully defending against third-party claims of intellectual property infringement;

our ability to continue to license the technology used in our operations;

the Partnership s ability to make distributions equal to the minimum quarterly distribution or any distributions at all;

the possibility that Partnership distributions to us will decrease if the Partnership issues additional equity interests and that our rights to receive distributions will be subordinated to the rights of third party investors;

the possibility that we will be required to deconsolidate the Partnership from our financial statements in the future;

the Partnership s preferential right to pursue certain business opportunities before we pursue them;

reduction of our voting power in the Partnership if the Partnership completes a public offering or private placement;

whether we will be required to purchase the managing general partner interest in the Partnership, and whether we will have the requisite funds to do so;

the possibility that we will be required to sell a portion of our interests in the Partnership in the Partnership s initial offering at an undesirable time or price;

the ability of the Partnership to manage the nitrogen fertilizer business in a manner adverse to our interests;

the conflicts of interest faced by our senior management, which operates both our company and the Partnership, and our controlling stockholders, who control our company and the managing general partner of the Partnership;

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- limitations on the fiduciary duties owed by the managing general partner which are included in the partnership agreement;

- whether we are ever deemed to be an investment company under the 1940 Act or will need to take actions to sell interests in the Partnership or buy assets to refrain from being deemed an investment company;

- changes in the treatment of the Partnership as a partnership for U.S. income tax purposes;

- transfer of control of the managing general partner of the Partnership to a third party that may have no economic interest in us; and

- the risk that the Partnership will not consummate a public offering or private placement.

You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise.

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USE OF PROCEEDS

We expect to receive approximately $345.20 million of net proceeds from the sale of shares by us in this offering, after deducting underwriting discounts and commissions and the estimated expenses of the offering. We expect to use the net proceeds of this offering to repay $280 million of the term loans under our Credit Facility, and to repay all indebtedness under our $25 million unsecured facility and our $25 million secured facility. We will use the remaining net proceeds to repay indebtedness outstanding under the revolving loan facility under our Credit Facility. If the underwriters exercise their option to purchase 3,000,000 additional shares from us in full, the additional net proceeds to us would be approximately $53.28 million (and the total net proceeds to us would be approximately $398.48 million) and we intend to use such additional net proceeds in the manner described above. Any remaining net proceeds would be used for general corporate purposes.

Our subsidiary, Coffeyville Resources, LLC, entered into the Credit Facility on December 28, 2006. The term loans under the Credit Facility mature on December 28, 2013 and the revolving loans under the Credit Facility mature on December 28, 2012. The term loans under the Credit Facility bear interest at either (a) the greater of the prime rate and the federal funds effective rate plus 0.5%, plus 2.25%, or, at the borrower s election, (b) LIBOR plus 3.25%, subject, in either case, to adjustment upon achievement of certain ratings conditions. Borrowings under the revolving loans facility (including revolving letters of credit) bear interest at either (a) the greater of the prime rate and the federal funds effective rate plus 0.5%, plus 2.25%, or, at the borrower s election, (b) LIBOR plus 3.25%, subject, in either case, to adjustment upon achievement of certain ratings conditions. At June 30, 2007, the interest rate on the term loans under the Credit Facility was 8.35%. At June 30, 2007, $773.1 million and $40.0 million (or $20.0 million as of September 30, 2007) was outstanding under the term loans and the revolving loans, respectively, under the Credit Facility. The $775 million in net proceeds from the term loans under the Credit Facility received in December 2006 were used to repay the term loans and revolving loans under our then existing first lien credit facility, repay all amounts outstanding under our then existing second lien credit facility, pay related fees and expenses, and pay a dividend to existing members of Coffeyville Acquisition LLC in the amount of $250 million. The Credit Facility entered into in December 2006 amended and restated the then existing first lien credit facility and second lien credit facility which were originally entered into in June 2005 and which were utilized at that time in conjunction with the Subsequent Acquisition. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Debt.

Our subsidiary, Coffeyville Resources, LLC, entered into the $25 million unsecured facility and the $25 million secured facility on August 23, 2007 in order to provide us with enhanced liquidity following the flood and crude oil discharge. On the $25 million unsecured facility, interest is payable in cash, at our option, at the base rate plus 1.00% or at the reserve adjusted eurodollar rate plus 2.00%. As of September 30, 2007, $25 million was outstanding under this facility. On the $25 million secured facility, interest is payable in cash, at our option, at the base rate plus 1.00% or at the reserve adjusted eurodollar rate plus 2.00%. As of September 30, 2007, $25 million was outstanding under this facility. The maturity of each of these facilities is January 31, 2008, provided that if there has been an initial public offering on or prior to January 31, 2008, the maturity will be automatically extended to August 23, 2008.

Under the terms of our Credit Facility, this offering will be deemed a Qualified IPO. Because this offering is a Qualified IPO, the interest margin on LIBOR loans may in the future decrease from 3.25% to 2.75% (if we have credit ratings of B2/B) or 2.50% (if we have credit ratings of B1/B+). Interest on base rate loans will similarly be adjusted. In addition, because the offering is a Qualified IPO, and assuming our other credit facilities are either terminated or amended to allow the following, (1) we will be allowed to borrow an additional $225 million under the Credit Facility after June 30, 2008 to finance capital enhancement projects if we are in pro forma compliance with the financial covenants in the Credit Facility and the rating agencies confirm our ratings, (2) we will be allowed to pay an additional $35 million of dividends each year, if our corporate family ratings are at least B2

from Moody s and B from S&P, (3) we will not be subject to any capital expenditures limitations commencing with fiscal 2009 if our total leverage ratio is less than or equal to 1.25:1 for any quarter commencing with the quarter ended December 31, 2008, and (4) at any time after March 31, 2008 we will be allowed to reduce the Cash Flow Swap to not less than 35,000 barrels a day for fiscal 2008 and terminate the Cash Flow Swap for any year commencing with fiscal 2009, so long as our total leverage ratio is less than or equal to 1.25:1 and we have a corporate family rating of at least B2 from Moody s and B from S&P.

An affiliate of Goldman, Sachs & Co. is the sole lender under the term loan facility and, accordingly, will receive all of the net proceeds of this offering that we use to repay term loans under the Credit Facility. An affiliate of Goldman, Sachs & Co. is the sole lead arranger and sole bookrunner under our $25 million unsecured facility and $25 million secured facility and, accordingly, will receive all of the net proceeds used to repay our $25 million unsecured facility and $25 million secured facility. Affiliates of Goldman, Sachs & Co., Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC and Citibank Capital Markets Inc. are lenders under the revolving loan facility and, accordingly, will receive substantially all of the net proceeds of this offering (or net proceeds received if the underwriters exercise their option to purchase additional shares from us) used to repay such revolving loans. See Description of Our Indebtedness and the Cash Flow Swap and Underwriting.

DIVIDEND POLICY

Following the completion of this offering, we do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings from our refinery business, if any, together with any cash distributions we receive from the Partnership, to finance operations and the expansion of our business. Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements and other factors that the board deems relevant. In addition, the covenants contained in our subsidiaries credit facilities limit the ability of our subsidiaries to pay dividends to us, which limits our ability to pay dividends to our stockholders, including any amounts received from the Partnership in the form of quarterly distributions. Our ability to pay dividends also may be limited by covenants contained in the instruments governing future indebtedness that we or our subsidiaries may incur in the future. See Description of Our Indebtedness and the Cash Flow Swap.

In addition, the partnership agreement which will govern the Partnership will include restrictions on the Partnership s ability to make distributions to us. If the Partnership issues limited partner interests to third party investors, these investors will have rights to receive distributions which, in some cases, will be senior to our rights to receive distributions. In addition, the managing general partner of the Partnership will have incentive distribution rights which, over time, will give it rights to receive distributions. These provisions will limit the amount of distributions which the Partnership can make to us which will, in turn, limit our ability to make distributions to our stockholders. In addition, since the Partnership will make its distributions to Coffeyville Resources, LLC, a subsidiary of ours, our credit facilities will limit the ability of Coffeyville Resources to distribute these distributions to us. In addition, the Partnership may also enter into its own credit facility or other contracts that limit its ability to make distributions to us.

On December 28, 2006, the directors of Coffeyville Acquisition LLC approved a special dividend of $250 million to its members, including $244.7 million to companies related to the Goldman Sachs Funds and the Kelso Funds and $3.4 million to certain members of our management and a director who had previously made capital contributions to Coffeyville Acquisition LLC. See Certain Relationships and Related Party Transactions Investments in Coffeyville Acquisition LLC.

In connection with this offering, the directors of Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC, respectively, will approve a special dividend of $10.6 million to their members, including approximately $5.2 million to the Goldman Sachs Funds, approximately $5.1 million to the Kelso Funds and approximately $0.3 million to certain members of our management, a director and an unrelated member. The common unit holders receiving this special dividend will contribute $10.6 million collectively to Coffeyville Acquisition III LLC, which will use such amounts to purchase the managing general partner.

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CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of June 30, 2007:

on an actual basis for Coffeyville Acquisition LLC; and

as adjusted to give effect to the three new credit facilities we entered into in August 2007, the sale by us of 20,000,000 shares in this offering at the initial public offering price of $19.00 per share, the use of proceeds from this offering, the Transactions, the transfer of the nitrogen fertilizer business to the Partnership, the sale of the managing general partner interest in the Partnership to a new entity owned by our controlling stockholders and senior management, the termination fee payable in connection with the termination of the management agreements in conjunction with this offering, the issuance of shares of our common stock to our chief executive officer in exchange for shares in two of our subsidiaries and the payment of a dividend to Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC.

You should read this table in conjunction with Use of Proceeds, Unaudited Pro Forma Consolidated Financial Statements, Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and related notes included elsewhere in this prospectus.

	As of June 30, 2007		
	Actual	As Adjusted before Underwriters Option	As Adjusted after Underwriters Option
		(in thousands)	
Cash and cash equivalents	$ 23,077	$ 61,108	$ 95,070
Debt (including current portion):			
Revolving Credit Facility(1)	40,000	19,318	
Term loan facility	773,063	493,063	493,063
$25 million secured facility			
$25 million unsecured facility			
$75 million unsecured facility			
Total debt	813,063	512,381	493,063
Minority interest in subsidiaries(2)	4,904	10,600	10,600
Management voting common units subject to redemption, 201,063 units(3)	7,795		
Members equity(3):			
Members voting common equity, 22,614,937 units	17,637		
Operating override units, 992,122 units	2,524		
Value override units, 1,984,231 units	1,532		
Total members equity	21,693		

Stockholders equity(3):			
Common stock, $0.01 par value per share, 350,000,000 shares authorized; 83,141,291 shares issued and outstanding as adjusted before underwriters option; 86,141,291 shares issued and outstanding as adjusted after underwriters option(4)		831	861
Preferred stock, $0.01 par value per share, 50,000,000 shares authorized; no shares issued and outstanding as adjusted			
Additional paid-in capital(3)		364,566	417,816
Retained earnings		(10,788)	(10,788)
Total stockholders equity		354,609	407,889
Total capitalization	$ 847,455	$ 877,590	$ 911,552

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(1) As of June 30, 2007, we had availability of $76.2 million under the revolving credit facility. As of September 30, 2007, we had outstanding $20.0 million of revolver borrowings and aggregate availability of $168.1 million under both the revolving credit facility and the $75 million unsecured facility.

(2) The as adjusted column gives effect to (i) the exchange of our chief executive officer s shares in two of our subsidiaries for shares of our common stock and (ii) the sale of the managing general partner interest in the Partnership.

(3) On an actual basis, the Members equity reflects the unit ownership at Coffeyville Acquisition LLC which is structured as a partnership for tax purposes. Upon completion of this offering, the reporting entity will be CVR Energy, Inc., a corporation. The ownership at Coffeyville Acquisition LLC and, after the consummation of the Transactions, Coffeyville Acquisition II LLC will not be reported, and as such, the components of Members equity do not appear in the As Adjusted column. Upon completion of this offering, common stock in CVR Energy, Inc. will be issued and reflected in Common stock in the As Adjusted column. Members equity and Management s voting common units subject to redemption will be eliminated and replaced with Stockholders equity to reflect the new corporate structure. Any difference in the total value of equity upon completion of this offering and the par value of the common stock issued will be reflected in Additional paid-in capital.

(4) The number of shares of common stock to be outstanding after the offering:

gives effect to a 628,667.20 for 1 split of our common stock;

gives effect to the issuance of 247,471 shares of our common stock to our chief executive officer in exchange for his shares in two of our subsidiaries;

gives effect to the issuance of 20,000,000 shares of our common stock in this offering;

excludes 10,300 shares of common stock issuable upon the exercise of stock options to be granted to two directors pursuant to our long-term incentive plan on the date of this prospectus;

excludes 17,500 shares of non-vested restricted stock to be awarded to two directors pursuant to our long-term incentive plan on the date of this prospectus;

includes 27,100 shares of common stock to be awarded to our employees in connection with this offering; and

assumes no exercise by the underwriters of their option to purchase up to 3,000,000 shares of common stock from us.

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DILUTION

Purchasers of common stock offered by this prospectus will suffer immediate and substantial dilution in net tangible book value per share. Our pro forma net tangible book value as of June 30, 2007, excluding the net proceeds of this offering, was approximately $(74.9) million, or approximately $(1.19) per share of common stock. Pro forma net tangible book value per share represents the amount of tangible assets less total liabilities (excluding the net proceeds of this offering), divided by the pro forma number of shares of common stock outstanding (excluding the 20,000,000 shares of common stock issued in this offering).

Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of our common stock in this offering and the pro forma net tangible book value per share of our common stock immediately after this offering. After giving effect to the sale of 20,000,000 shares of common stock in this offering at the initial public offering price of $19.00 per share, and after deduction of the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of June 30, 2007 would have been approximately $270.3 million, or $3.25 per share. This represents an immediate increase in net tangible book value of $4.44 per share of common stock to our existing stockholders and an immediate pro forma dilution of $15.75 per share to purchasers of common stock in this offering. The following table illustrates this dilution on a per share basis.

Assumed initial public offering price per share		$ 19.00
Pro forma net tangible book value per share as of June 30, 2007, excluding the net proceeds of this offering	$ (1.19)	
Pro forma increase per share attributable to new investors	$ 4.44	
Net tangible book value per share after the offering		$ 3.25
Dilution per share to new investors		$ 15.75

The following table sets forth as of June 30, 2007 the number of shares of common stock purchased or to be purchased from us, total consideration paid or to be paid and the average price per share paid by our existing stockholders and by new investors, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us at the initial public offering price of $19.00 per share.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders(1)	63,141,291	76%	$ (2,440,000)	(1)%	$ (0.04)
New investors	20,000,000	24	380,000,000	101	19.00
Total	83,141,291	100%	$ 377,560,000	100%	$ 4.54

(1) Total consideration and average price per share paid by the existing stockholders give effect to the $250.0 million distribution made to certain of the existing stockholders in December 2006 using proceeds from the Credit Facility and the $10.6 million dividend we intend to distribute to existing stockholders in connection with the

Transactions. If the table were adjusted to not give effect to these payments, existing stockholders total consideration for their shares would be $258,160,000 with an average share price of $4.09.

If the underwriters exercise their option to purchase 3,000,000 shares from us in full, then the pro forma increase per share attributable to new investors would be $4.95, the net tangible book value per share after the offering would be $3.76 and the dilution per share to new investors would be $15.24. In addition, new investors would purchase 23,000,000 shares, or approximately 27% of shares outstanding, and the total consideration paid by new investors would increase to $437,000,000, or 101% of the total consideration paid.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

CVR Energy, Inc. was incorporated in Delaware in September 2006. CVR Energy has assumed that concurrent with this offering, a newly formed direct subsidiary of CVR Energy will merge with Coffeyville Refining & Marketing Holdings, Inc. (which owns Coffeyville Refining & Marketing, Inc.) and a separate newly formed direct subsidiary of CVR Energy will merge with Coffeyville Nitrogen Fertilizers, Inc. which will make Coffeyville Refining & Marketing and Coffeyville Nitrogen Fertilizers wholly owned subsidiaries of CVR Energy. CVR Energy currently has no assets, liabilities, revenues, or financial activity of its own. It was organized in connection with and in order to consummate this offering. The pre-IPO reorganization transactions will have no financial impact on our results of operations.

In addition, prior to the consummation of this offering, we intend to transfer our nitrogen fertilizer business to a newly created limited partnership in exchange for a managing general partner interest and a special general partner interest. We intend to sell the managing general partner interest to an entity owned by our controlling stockholders and senior management at fair market value prior to the consummation of this offering.

In conjunction with our ownership of the special general partner interest, we will initially own all of the interests in the Partnership (other than the managing general partner interest and associated IDRs) and will initially be entitled to all cash that is distributed by the Partnership. The managing general partner will not be entitled to participate in Partnership distributions except in respect of associated IDRs, which entitle the managing general partner to receive increasing percentages of the Partnership s quarterly distributions if the Partnership increases its distributions above an amount specified in the partnership agreement. The Partnership will not make any distributions with respect to the IDRs until the aggregate adjusted operating surplus, as defined in the partnership agreement, generated by the Partnership during the period from its formation through December 31, 2009 has been distributed in respect of the special general partner interests, which we will hold, and/or the Partnership s common and subordinated interests (none of which are yet outstanding, but which would be issued if the Partnership issues equity in the future). In addition, there will be no distributions paid on the managing general partner s IDRs for so long as the Partnership or its subsidiaries are guarantors under our credit facilities.

The Partnership will be operated by our senior management pursuant to a services agreement to be entered into among us, the managing general partner, and the Partnership. The Partnership will be managed by the managing general partner and, to the extent described below, us, as special general partner. As special general partner of the Partnership, we will have joint management rights regarding the appointment, termination, and compensation of the chief executive officer and chief financial officer of the managing general partner, will designate two members of the board of directors of the managing general partner and will have joint management rights regarding specified major business decisions relating to the Partnership.

On December 28, 2006, our subsidiary Coffeyville Resources, LLC entered into a Credit Facility which provides financing of up to $1.075 billion. The Credit Facility consists of $775 million of tranche D term loans, a $150 million revolving credit facility, and a funded letter of credit facility of $150 million issued in support of the Cash Flow Swap. The Credit Facility refinanced the first lien and second lien credit facilities which had been amended and restated on June 29, 2006.

The unaudited pro forma condensed consolidated statements of operations of CVR Energy, Inc. for the year ended December 31, 2006 and for the six months ended June 30, 2007 have been derived from the audited consolidated statement of operations for the year ended December 31, 2006 and from the unaudited consolidated statement of operations for the six months ended June 30, 2007, respectively. The unaudited pro forma consolidated balance sheet at June 30, 2007 has been derived from the unaudited consolidated balance sheet at June 30, 2007.

The statements of operations for the year ended December 31, 2006 and for the six months ended June 30, 2007 are adjusted to give pro forma effect for the refinancing of the Credit Facility which

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occurred on December 28, 2006, the borrowings under the $25 million secured facility and the $25 million unsecured facility which occurred in August 2007, this offering, the use of proceeds from this offering and the Transactions, as if these transactions occurred on January 1, 2006. The unaudited consolidated balance sheet as of June 30, 2007 has been adjusted to give effect to the transfer of our nitrogen fertilizer business to the Partnership, the payment of a dividend to Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC and the sale of the managing general partner interest in the Partnership to the newly formed entity owned by our controlling stockholders and senior management and the related income tax liability due to the recognition of the gain on such sale for income tax purposes, the borrowings under the $25 million secured facility and the $25 million unsecured facility which occurred in August 2007, this offering, the use of proceeds from this offering, the Transactions, the termination fee payable in connection with the termination of the management agreements with Goldman, Sachs & Co. and Kelso & Company, L.P. in conjunction with this offering and the issuance of shares of our common stock to our chief executive officer in exchange for shares in two of our subsidiaries as if these transactions had occurred on June 30, 2007.

The unaudited pro forma consolidated financial statements are provided for informational purposes only and do not purport to represent or be indicative of the results that actually would have been obtained had the transactions described above occurred on January 1, 2006 and June 30, 2007, respectively and are not intended to project our consolidated financial condition or results of operations for any future period or at any future date.

The pro forma adjustments are based on available information and certain assumptions that we believe are reasonable. The pro forma adjustments and certain assumptions are described in the accompanying notes. Other information included under this heading has been presented to provide additional analysis.

The unaudited pro forma consolidated financial statements set forth below should be read in conjunction with the historical financial statements, the related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

CVR Energy, Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2006

	Successor Year Ended December 31, 2006	Pro Forma Adjustments to Give Effect to the Refinancing and New Credit Facilities	Pro Forma Adjustment to Give Effect to Proceeds from the Offering	Pro Forma Year Ended December 31, 2006
Net Sales	$ 3,037,567,362	$	$	$ 3,037,567,362
Operating costs and expenses:				
Cost of product sold (exclusive of depreciation and amortization)	2,443,374,743			2,443,374,743
Direct operating expenses (exclusive of depreciation and amortization)	198,979,983			198,979,983
	62,600,121	941,667(a)		63,541,788

Selling, general and administrative expenses (exclusive of depreciation and amortization)				
Depreciation and amortization	51,004,582			51,004,582
Total operating costs and expenses	2,755,959,429	941,667		2,756,901,096
Operating income (loss)	281,607,933	(941,667)		280,666,266
Other income (expense):				
Interest expense	(43,879,644)	(18,442,213)(b)	28,256,021(d)	(34,065,836)
Gain on derivatives	94,493,141			94,493,141
Loss on extinguishment of debt	(23,360,306)			(23,360,306)
Other income	2,550,359			2,550,359
Income (loss) before income taxes	311,411,483	(19,383,880)	28,256,021	320,283,624
Income tax expense (benefit)	119,840,160	(7,729,322)(c)	11,267,088(e)	123,377,926
Net income (loss)	191,571,323	(11,654,558)	16,988,933	196,905,698
Pro forma earnings per share, basic(f)	$ 2.22			$ 2.28
Pro forma earnings per share, diluted(f)	$ 2.22			$ 2.28
Pro forma weighted average shares, basic(f)	86,216,485			86,493,623
Pro forma weighted average shares, diluted(f)	86,233,985			86,511,123

(a) To reflect the additional increase in fees related to the refinancing transaction and the related funded letter of credit in support of the Cash Flow Swap, which are required under the terms of the senior secured credit facility refinanced on December 28, 2006.

(b) To increase the interest expense for (1) additional interest resulting from the refinancing of the Credit Facility on December 28, 2006 as if it had occurred on January 1, 2006 (an assumed average interest rate of 8.36% based on the interest rate in effect on the term loans as of December 28, 2006 was used to calculate interest expense on an average annual balance of $772 million of term debt); (2) amortization of the related deferred financing costs of $11.1 million amortized over the life of the related debt instrument; (3) additional interest resulting from the borrowings under the $25 million secured facility and the $25 million unsecured facility which occurred in August 2007, as if they had occurred on January 1, 2006 (an assumed average interest rate of 9.25% based on base rate interest in effect on August 23, 2007 was used to calculate interest expense on an average annual balance of $50 million of term debt); and (4) amortization of the related deferred financing costs of $2.0 million amortized over the life of the related debt instrument. Actual interest expense may be higher or lower depending upon fluctuations in interest rates. A 1/8% change in interest rates would have resulted in a $1,040,833 change in interest expense for the twelve month period.

(c) To reflect the income tax effect of the pro forma pre-tax loss adjustments of $(19,383,880) for the year ended December 31, 2006 using a combined federal and state statutory rate of approximately 39.875%.

(d) To reflect the reduction in interest expense related to (1) the repayment of long-term debt of $280 million from the offering proceeds as if it had occurred on January 1, 2006 (an assumed average interest rate of 8.36% based on the interest rate in effect on the term loans as of December 28, 2006 was used to calculate the adjustment to interest expense) and (2) the repayment of the $25 million unsecured facility and the $25 million secured facility from proceeds of this offering as if it had occurred on January 1, 2006. Actual interest expense may be higher or lower depending upon fluctuations in interest rates. A 1/8% change in interest rates would have resulted in a $624,980 change in interest expense for the twelve month period.

(e) To reflect the income tax effect of the pro forma pre-tax income adjustments of $28,256,021 for the year ended December 31, 2006, using a combined federal and state statutory rate of approximately 39.875%.

(f) To calculate earnings per share on a pro forma basis, based on an assumed number of shares outstanding at the time of the initial public offering. All information in this prospectus assumes that prior to the initial public offering, two newly formed direct wholly owned subsidiaries of ours will merge with Coffeyville Refinery and Marketing Holdings, Inc. (which owns Coffeyville Refining & Marketing, Inc.) and Coffeyville Nitrogen Fertilizers, Inc., we will effect a 628,667.20 for 1 stock split, 247,471 shares of our common stock will be issued to our chief executive officer in exchange for his shares in two of our subsidiaries, 27,100 shares of our common stock will be issued to our employees, 17,500 non-vested restricted shares of our common stock will be issued to two of our directors, and we will issue 20,000,000 shares of common stock in this offering. No effect has been given to any shares that might be issued in this offering by us pursuant to the exercise by the underwriters of their option to purchase additional shares in the offering. The weighted average shares outstanding also gives effect to the increase in the number of shares which, when multiplied by the initial public offering price, would be sufficient to replace the capital in excess of earnings withdrawn, as a result of our paying dividends in the year ended December 31, 2006 in excess of earnings for such period, or 3,075,194 shares. The weighted average number of shares outstanding for the pro forma column also accounts for the additional $10.6 million dividend that will be paid to Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC. This excess number of shares for the pro forma column is 3,352,332 shares. The 17,500 non-vested restricted shares to be issued to two of our directors at the time of the offering are not included in the pro forma weighted average shares, basic, but are included in the pro forma weighted average shares, diluted.

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CVR Energy, Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Six Months Ended June 30, 2007

	Successor Six Months Ended June 30, 2007	Pro Forma Adjustments to Give Effect to New Credit Facilities	Pro Forma Adjustments to Give Effect to Proceeds from the Offering	Pro Forma Six Months Ended June 30, 2007
Net sales	$ 1,233,895,912	$	$	$ 1,233,895,912
Operating costs and expenses:				
Cost of product sold (exclusive of depreciation and amortization)	873,293,323			873,293,323
Direct operating expenses (exclusive of depreciation and amortization)	174,366,084			174,366,084
Selling, general and administrative expenses (exclusive of depreciation and amortization)	28,087,293			28,087,293
Costs associated with flood	2,138,942			2,138,942
Depreciation and amortization	32,192,458			32,192,458
Total operating costs and expenses	1,110,078,100			1,110,078,100
Operating income	123,817,812			123,817,812
Other income (expense):				
Interest expense	(27,619,423)	(2,293,493)(a)	14,054,320(d)	(15,858,596)
Loss on derivatives	(292,444,434)			(292,444,434)
Other income	715,550			715,550
Income (loss) before income taxes and minority interest in subsidiaries	(195,530,495)	(2,293,493)	14,054,320	(183,769,668)
Income tax expense (benefit)	(140,966,282)	(914,530)(b)	5,604,160(e)	(136,276,652)
Minority interest in (income) loss of subsidiaries	256,748	5,909(c)	(36,210)(f)	226,447
Net income (loss)	(54,307,465)	(1,373,054)	8,413,950	(47,266,569)

Pro forma loss per share, basic(g)	$	(0.65)	$	(0.57)
Pro forma loss per share, diluted(g)	$	(0.65)	$	(0.57)
Pro forma weighted average shares, basic(g)		83,141,291		83,141,291
Pro forma weighted average shares, diluted(g)		83,141,291		83,141,291

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(a) To increase the interest expense for additional interest resulting from the borrowings under the $25 million secured facility and the $25 million unsecured facility which occurred in August 2007, as if they had occurred on January 1, 2007. An assumed average interest rate of 9.25% based on base rate interest in effect on August 23, 2007 was used to calculate interest expense on an average annual balance of $50 million of term debt. Actual interest expense may be higher or lower depending upon fluctuations in interest rates. A 1/8% change in interest rates would have resulted in a $30,993 change in interest expense for the six month period.

(b) To reflect the income tax effect of the pro forma pre-tax loss adjustments of $(2,293,493) for the six months ended June 30, 2007 using a combined federal and state statutory rate of approximately 39.875%.

(c) To reflect the adjustment to minority loss in subsidiaries for the net impact of the pro forma pre-tax loss adjustments of $(2,293,493) and the related income tax effect of the adjustment.

(d) To reflect the reduction in interest expense related to (1) the repayment of long-term debt of $280 million from the offering proceeds as if it had occurred on January 1, 2007 (an assumed average interest rate of 8.35% based on the average interest rate in effect on the term loans as of June 30, 2007 was used to calculate the adjustment to interest expense) and (2) the repayment of the $25 million unsecured facility and the $25 million secured facility from proceeds of this offering as if it had occurred on January 1, 2007. Actual interest expense may be higher or lower depending upon fluctuations in interest rates. A 1/8% change in interest rates would have resulted in a $310,703 change in interest expense for the six month period.

(e) To reflect the income tax effect of the pro forma pre-tax income adjustments of $14,054,320 for the six months ended June 30, 2007 using a combined federal and state statutory rate of approximately 39.875%.

(f) To reflect the adjustment to minority loss in subsidiaries for the net impact of the pro forma pre-tax income adjustments of $14,054,320 and the related income tax effect of the adjustment.

(g) To calculate earnings per share on a pro forma basis, based on an assumed number of shares outstanding at the time of the initial public offering. All information in this prospectus assumes that prior to the initial public offering, two newly formed direct wholly owned subsidiaries of CVR Energy will merge with Coffeyville Refining & Marketing Holdings, Inc. (which owns Coffeyville Refining & Marketing, Inc.) and Coffeyville Nitrogen Fertilizer, Inc., we will effect a 628,667.20 for 1 stock split, 247,471 shares of our common stock will be issued to our chief executive officer in exchange for his shares in two of our subsidiaries, 27,100 shares of our common stock will be issued to our employees, 17,500 non-vested restricted shares of our common stock will be issued to two of our directors, and we will issue 20,000,000 shares of common stock in this offering. No effect has been given to any shares that might be issued in this offering by us pursuant to the exercise by the underwriters of their option to purchase additional shares in the offering. The 17,500 non-vested restricted shares of our common stock to be issued to two of our directors have been excluded from the calculation of pro forma diluted earnings per share because the inclusion of such shares in the number of weighted shares outstanding would be antidilutive.

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CVR Energy, Inc.
Unaudited Pro Forma Consolidated Balance Sheet at June 30, 2007

	Six Months Ended June 30, 2007	Pro Forma Adjustments	Pro Forma Six Months Ended June 30, 2007	Adjustments for Underwriters Option	Pro Forma Adjusted for Underwriters Option Six Months Ended June 30, 2007
ASSETS					
Current assets:					
Cash and cash equivalents	$ 23,077,422	$ (10,600,000)(a) 10,600,000 (b) 380,000,000 (c) (29,317,844)(d) (280,000,000)(e) (70,682,156)(f) 48,030,540 (g) (10,000,000)(h)	$ 61,107,962	$ 57,000,000 (k) (3,720,000)(l) (19,317,844)(m)	$ 95,070,118
Accounts receivable, net of allowance for doubtful accounts of $384,598	76,022,457		76,022,457		76,022,457
Inventories	179,243,439		179,243,439		179,243,439
Prepaid expenses and other current assets	23,255,906	(7,435,453)(d)	15,820,453		15,820,453
Income tax receivable	133,467,799	(4,226,750)(i)	129,241,049		129,241,049
Deferred income taxes	133,008,581		133,008,581		133,008,581
Total current assets	568,075,604	26,368,337	594,443,941	33,962,156	628,406,097
Property, plant, and equipment, net of accumulated depreciation	1,157,972,453	632,509 (j)	1,158,604,962		1,158,604,962
Intangible assets, net	535,525		535,525		535,525
Goodwill	83,774,885		83,774,885		83,774,885
Deferred financing costs, net	8,571,677	1,969,460 (g) (787,784)(f)	9,753,353		9,753,353
Other long-term assets	7,305,374		7,305,374		7,305,374
Total assets	$ 1,826,235,518	$ 28,182,522	$ 1,854,418,040	$ 33,962,156	$ 1,888,380,196

LIABILITIES AND EQUITY									
Current liabilities:									
Current portion of long-term debt	$	7,701,683	$	(2,782,543)(e) 50,000,000 (g) (50,000,000)(f)	$	4,919,140	$		$ 4,919,140
Revolving debt		40,000,000		(20,682,156) (f)		19,317,844		(19,317,844)(m)	
Accounts payable		138,394,089		(1,953,297)(d)		136,440,792			136,440,792
Personnel accruals		25,452,206				25,452,206			25,452,206
Accrued taxes other than income taxes		11,506,841				11,506,841			11,506,841
Payable to swap counterparty		267,118,025				267,118,025			267,118,025
Deferred revenue		1,383,699				1,383,699			1,383,699
Other current liabilities		23,024,739				23,024,739			23,024,739
Total current liabilities		514,581,282		(25,417,996)		489,163,286		(19,317,844)	469,845,442
Long-term liabilities:									
Long-term debt, less current portion		765,360,817		(277,217,457)(e)		488,143,360			488,143,360
Accrued environmental liabilities		5,612,516				5,612,516			5,612,516
Deferred income taxes		387,155,256				387,155,256			387,155,256
Payable to swap counterparty		119,133,755				119,133,755			119,133,755
Total long-term liabilities		1,277,262,344		(277,217,457)		1,000,044,887			1,000,044,887
Minority interest in subsidiaries		4,904,421		10,600,000 (b) (4,904,421)(j)		10,600,000			10,600,000
Management voting common units subject to redemption, 201,063 units issued and outstanding in 2007		7,795,213		(92,577)(a) (7,702,636)(c)					
Members equity:									
Voting common units, 22,614,937 units issued and outstanding in 2007		17,636,575		(10,412,886)(a)					

		(7,223,689)(c)			
Management nonvoting override units, 2,976,353 units issued and outstanding in 2007	4,055,683	(94,537)(a)			
		(3,961,146)(c)			
Total members equity	$ 21,692,258	$ (21,692,258)	$	$	$
PRO FORMA STOCKHOLDERS EQUITY					
Stockholders equity:					
Common stock, $0.01 par value per share, 350,000,000 shares authorized: 83,141,291 shares issued and outstanding as adjusted before underwriters option; 86,141,291 shares issued and outstanding as adjusted after underwriters option		831,413 (c)	831,413	30,000 (k)	861,413
Additional paid-in capital		(4,226,750)(i)	364,566,238	56,970,000 (k)	417,816,238
		5,536,930 (j)		(3,720,000)(l)	
		398,056,058 (c)			
		(34,800,000)(d)			
Retained earnings		(787,784)(f)	(10,787,784)		(10,787,784)
		(10,000,000)(h)			
Total pro forma stockholders equity		354,609,867	354,609,867	53,280,000	407,889,867
Commitments and contingencies					
Total liabilities and equity	$ 1,826,235,518	$ 28,182,522	$ 1,854,418,040	$ 33,962,156	$ 1,888,380,196

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(a) Reflects estimated payment of a $10.6 million dividend to Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC.

(b) Reflects gross proceeds of $10.6 million received for the sale of the managing general partner interest in the Partnership, through sale of the managing general partner, to Coffeyville Acquisition III LLC at estimated fair market value as determined by our board of directors after consultation with management.

(c) To reflect the public offering of 20,000,000 shares of common stock at the initial public offering price of $19.00 per share resulting in aggregate gross proceeds of $380.0 million, and in conjunction with the offering, to reflect the conversion from a partnership structure to a corporate structure of members equity and management voting common units subject to redemption.

(d) To reflect the payment of underwriters discounts and commissions and estimated offering expenses totaling $34.8 million of which $5.5 million had been prepaid as of June 30, 2007 and $2.0 million has been accrued as of June 30, 2007.

(e) To reflect the repayment of term debt of $280 million with the net proceeds of this offering.

(f) To reflect the repayment of the $25 million unsecured facility, the repayment of the $25 million secured facility, and the repayment of $20.7 million of the revolving credit facility with the remaining net proceeds of this offering and to reflect the write-off of the related deferred financing fees.

(g) To reflect the funded new credit facilities entered into in August 2007 along with deferred financing fees associated with the facilities.

(h) Reflects payment of a $10 million termination fee in connection with the termination of the management agreements payable to Goldman, Sachs & Co. and Kelso & Company, L.P. in conjunction with the offering.

(i) Reflects the tax liability determined at a combined federal and state statutory rate of approximately 39.875% associated with the estimated tax gain recognized on the sale of the managing general partner interest at estimated fair market value.

(j) Reflects the exchange of our chief executive officer s shares in two of our subsidiaries for shares of our common stock at fair market value, resulting in an estimated step-up in basis in our property, plant and equipment of approximately $0.6 million.

(k) To reflect the underwriters option to purchase 3,000,000 shares of common stock at the initial public offering price of $19.00 per share resulting in aggregate gross proceeds of $57.0 million.

(l) To reflect the payment of underwriters discounts and commissions totaling $3.7 million in connection with the underwriters option to purchase 3,000,000 shares of common stock.

(m) To reflect the repayment of revolving debt of $19.3 million from a portion of the remaining net proceeds of the sale of 3,000,000 shares of common stock to the underwriters.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

You should read the selected historical consolidated financial data presented below in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

The selected consolidated financial information presented below under the caption Statement of Operations Data for the 62-day period ended March 2, 2004, for the 304 days ended December 31, 2004, for the 174-day period ended June 23, 2005, for the 233-day period ended December 31, 2005 and for the year ended December 31, 2006 and the selected consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2005 and 2006 has been derived from our audited consolidated financial statements included elsewhere in this prospectus, which financial statements have been audited by KPMG LLP, independent registered public accounting firm. The consolidated financial information presented below under the caption Statement of Operations Data for the years ended December 31, 2002 and 2003, and the consolidated financial information presented below under the caption Balance Sheet Data at December 31, 2002, 2003 and 2004, are derived from our audited consolidated financial statements that are not included in this prospectus. The selected unaudited interim consolidated financial information presented below under the caption Statement of Operations Data presented below for the six month period ended June 30, 2006 and the six month period ended June 30, 2007, and the selected unaudited interim consolidated financial information presented below under the caption Balance Sheet Data as of June 30, 2007, have been derived from our unaudited interim consolidated financial statements, which are included elsewhere in this prospectus and have been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, the interim data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of results for these periods. Operating results for the six month period ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ended December 31, 2007.

Prior to March 3, 2004, our assets were operated as a component of Farmland. Farmland filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on May 31, 2002. On March 3, 2004, Coffeyville Resources, LLC completed the purchase of these assets from Farmland in a sales process under Chapter 11 of the U.S. Bankruptcy Code. See note 1 to our consolidated financial statements included elsewhere in this prospectus. As a result of certain adjustments made in connection with this acquisition, a new basis of accounting was established on the date of the acquisition and the results of operations for the 304 days ended December 31, 2004 are not comparable to prior periods.

During Original Predecessor periods, Farmland allocated certain general corporate expenses and interest expense to Original Predecessor. The allocation of these costs is not necessarily indicative of the costs that would have been incurred if Original Predecessor had operated as a stand-alone entity. Further, the historical results are not necessarily indicative of the results to be expected in future periods.

We calculate earnings per share for Successor on a pro forma basis, based on an assumed number of shares outstanding at the time of the initial public offering. All information in this prospectus assumes that in conjunction with the initial public offering, Coffeyville Refining & Marketing Holdings, Inc. (which owns Coffeyville Refining & Marketing, Inc.) and Coffeyville Nitrogen Fertilizers, Inc. will merge with two of our direct wholly owned subsidiaries, we will effect a 628,667.20 for 1 stock split, 247,471 shares of our common stock will be issued to our chief executive officer in exchange for his shares in two of our subsidiaries, 27,100 shares of our common stock will be issued to our employees, 17,500 non-vested restricted shares of our common stock will be issued to two of our directors, and we will issue 20,000,000 shares of common stock in this offering. No effect has been given to any shares that might be issued in this offering by us pursuant to the exercise by the underwriters of their option. The weighted average shares outstanding also gives effect to the increase in number of shares which, when multiplied by the initial public offering price, would be

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sufficient to replace the capital in excess of earnings withdrawn, as a result of our paying dividends in the year ended December 31, 2006 in excess of earnings for such period, or 3,075,194 shares.

We have omitted earnings per share data for Immediate Predecessor because we operated under a different capital structure than what we will operate under at the time of this offering and, therefore, the information is not meaningful.

We have omitted per share data for Original Predecessor because, under Farmland s cooperative structure, earnings of Original Predecessor were distributed as patronage dividends to members and associate members based on the level of business conducted with Original Predecessor as opposed to a common stockholder s proportionate share of underlying equity in Original Predecessor.

Original Predecessor was not a separate legal entity, and its operating results were included with the operating results of Farmland and its subsidiaries in filing consolidated federal and state income tax returns. As a cooperative, Farmland was subject to income taxes on all income not distributed to patrons as qualifying patronage refunds and Farmland did not allocate income taxes to its divisions. As a result, Original Predecessor periods do not reflect any provision for income taxes.

On June 24, 2005, pursuant to a stock purchase agreement dated May 15, 2005, Coffeyville Acquisition LLC acquired all of the subsidiaries of Coffeyville Group Holdings, LLC. See note 1 to our consolidated financial statements included elsewhere in this prospectus. As a result of certain adjustments made in connection with this acquisition, a new basis of accounting was established on the date of the acquisition. Since the assets and liabilities of Successor and Immediate Predecessor were each presented on a new basis of accounting, the financial information for Successor, Immediate Predecessor and Original Predecessor is not comparable.

Financial data for the 2005 fiscal year is presented as the 174 days ended June 23, 2005 and the 233 days ended December 31, 2005. Successor had no financial statement activity during the period from May 13, 2005 to June 24, 2005, with the exception of certain crude oil, heating oil, and gasoline option agreements entered into with a related party as of May 16, 2005.

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	Successor			
	Six Months Ended June 30, 2006 (unaudited)		Six Months Ended June 30, 2007 (unaudited)	
	(in millions, except as otherwise indicated)			
Statement of Operations Data:				
Net sales	$	1,550.6	$	1,233.9
Cost of product sold (exclusive of depreciation and amortization)		1,203.4		873.3
Direct operating expenses (exclusive of depreciation and amortization)		87.8		174.4
Selling, general and administrative expenses (exclusive of depreciation and amortization)		20.5		28.1
Costs associated with flood(1)				2.1
Depreciation and amortization		24.0		32.2
Operating income	$	214.9	$	123.8
Other income		1.4		0.7
Interest (expense)		(22.3)		(27.6)
Loss on derivatives		(126.5)		(292.4)
Income (loss) before income taxes and minority interest in subsidiaries	$	67.5	$	(195.5)
Income tax (expense) benefit		(25.7)		141.0
Minority interest in (income) loss of subsidiaries				0.2
Net income (loss)(2)	$	41.8	$	(54.3)
Pro forma earnings (loss) per share, basic		0.50		(0.65)
Pro forma earnings (loss) per share, diluted		0.50		(0.65)
Pro forma weighted average shares, basic		83,141,291		83,141,291
Pro forma weighted average shares, diluted		83,158,791		83,141,291
Balance Sheet Data:				
Cash and cash equivalents		127.9		23.1
Working capital		139.7		53.5
Total assets		1,406.1		1,826.2
Total debt, including current portion		508.3		813.1
Minority interest in subsidiaries(3)				4.9
Management units subject to redemption		12.2		7.8
Divisional/members equity		170.1		21.7
Other Financial Data:				
Depreciation and amortization	$	24.0	$	32.2
Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap(4)		101.0		59.0
Cash flows provided by operating activities		120.3		157.6
Cash flows (used in) investing activities		(86.2)		(214.1)
Cash flows provided by financing activities		29.0		37.6
Capital expenditures for property, plant and equipment		86.2		214.1
Key Operating Statistics:				
Petroleum Business				

Production (barrels per day)(5)	106,915	78,098
Crude oil throughput (barrels per day)(5)	94,083	71,098
Nitrogen Fertilizer Business		
Production Volume:		
Ammonia (tons in thousands)	205.6	169.0
UAN (tons in thousands)	328.3	304.6

	Original Predecessor			Immediate Predecessor		Successor	
	Year Ended December 31,		62 Days Ended March 2,	304 Days Ended December 31,	174 Days Ended June 23,	233 Days Ended December 31,	Year Ended December 31,
	2002	2003	2004	2004	2005	2005	2006
	(in millions, except as otherwise indicated)						
Statement of Operations Data:							
Net sales	$ 887.5	$ 1,262.2	$ 261.1	$ 1,479.9	$ 980.7	$ 1,454.3	$ 3,037.6
Cost of product sold (exclusive of depreciation and amortization)	765.8	1,061.9	221.4	1,244.2	768.0	1,168.1	2,443.4
Direct operating expenses (exclusive of depreciation and amortization)	149.4	133.1	23.4	117.0	80.9	85.3	199.0
Selling, general and administrative expenses (exclusive of depreciation and amortization)	16.3	23.6	4.7	16.3	18.4	18.4	62.6
Depreciation and amortization	30.8	3.3	0.4	2.4	1.1	24.0	51.0
Impairment, earnings (losses) in joint ventures, and other charges(6)	(375.1)	(10.9)					
Operating income (loss)	$ (449.9)	$ 29.4	$ 11.2	$ 100.0	$ 112.3	$ 158.5	$ 281.6
Other income (expense)(7)	0.1	(0.5)		(6.9)	(8.4)	0.4	(20.8)
Interest (expense)	(11.7)	(1.3)		(10.1)	(7.8)	(25.0)	(43.9)
Gain (loss) on derivatives	(4.2)	0.3		0.5	(7.6)	(316.1)	94.5
Income (loss) before income taxes	$ (465.7)	$ 27.9	$ 11.2	$ 83.5	$ 88.5	$ (182.2)	$ 311.4
Income tax (expense) benefit				(33.8)	(36.1)	63.0	(119.8)
Net income (loss)(2)	$ (465.7)	$ 27.9	$ 11.2	$ 49.7	$ 52.4	$ (119.2)	$ 191.6
Pro forma earnings per share, basic							$ 2.22
Pro forma earnings per share, diluted							2.22
Pro forma weighted average shares, basic							86,216,485
Pro forma weighted average shares, diluted							86,233,985
Historical dividends:							
Preferred per unit(8)				$ 1.50	$ 0.70		
Common per unit(8)				$ 0.48	$ 0.70		

Management common units subject to redemption							$ 3.1
Common units							$ 246.9
Balance Sheet Data:							
Cash and cash equivalents	$ 0.0	$ 0.0		$ 52.7		$ 64.7	$ 41.9
Working capital(9)	122.2	150.5		106.6		108.0	112.3
Total assets	172.3	199.0		229.2		1,221.5	1,449.5
Liabilities subject to compromise(10)	105.2	105.2					
Total debt, including current portion				148.9		499.4	775.0
Minority Interest in subsidiaries(3)							4.3
Management units subject to redemption						3.7	7.0
Divisional/members equity	49.8	58.2		14.1		115.8	76.4
Other Financial Data:							
Depreciation and amortization	$ 30.8	$ 3.3	$ 0.4	$ 2.4	$ 1.1	$ 24.0	$ 51.0
Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap(4)	(465.7)	27.9	11.2	49.7	52.4	23.6	115.4
Cash flows provided by (used in) operating activities	(1.7)	20.3	53.2	89.8	12.7	82.5	186.6
Cash flows (used in) investing activities	(272.4)	(0.8)		(130.8)	(12.3)	(730.3)	(240.2)
Cash flows provided by (used in) financing activities	274.1	(19.5)	(53.2)	93.6	(52.4)	712.5	30.8

	Original Predecessor			Immediate Predecessor		Successor	
	Year Ended December 31,		62 Days Ended March 2,	304 Days Ended December 31,	174 Days Ended June 23,	233 Days Ended December 31,	Year Ended December 31,
	2002	2003	2004	2004	2005	2005	2006
	(in millions, except as otherwise indicated)						
Capital expenditures for property, plant and equipment	272.4	0.8		14.2	12.3	45.2	240.2
Key Operating Statistics:							
Petroleum Business							
Production (barrels per day)(5)(11)	84,343	95,701	106,645	102,046	99,171	107,177	108,031
Crude oil throughput (barrels per day)(5)(11)	74,446	85,501	92,596	90,418	88,012	93,908	94,524
Nitrogen Fertilizer Business							
Production Volume:							
Ammonia (tons in thousands)(5)	265.1	335.7	56.4	252.8	193.2	220.0	369.3
UAN (tons in thousands)(5)	434.6	510.6	93.4	439.2	309.9	353.4	633.1

(1) Represents the write-off of approximately $2.1 million of property, inventories and catalyst that were destroyed by the flood that occurred on June 30, 2007. See Flood and Crude Oil Discharge.

(2) The following are certain charges and costs incurred in each of the relevant periods that are meaningful to understanding our net income and in evaluating our performance due to their unusual or infrequent nature:

	Original Predecessor			Immediate Predecessor		Successor			
	Year Ended December 31,		62 Days Ended March 2,	304 Days Ended December 31,	174 Days Ended June 23,	233 Days Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	
	2002	2003	2004	2004	2005	2005	2006	2006	2007
	(in millions)								
Impairment of property, plant and equipment(a)	$ 375.1	$ 9.6	$	$	$	$	$	$	$
Fertilizer lease payments(b)	0.3								
Loss on extinguishment of				7.2	8.1		23.4		

debt(c)						
Inventory fair market value adjustment(d)		3.0	16.6			
Funded letter of credit expense and interest rate swap not included in interest expense(e)			2.3		0.6	0.2
Major scheduled turnaround expense(f)	17.0	1.8		6.6	0.3	76.8
Loss on termination of swap(g)			25.0			
Unrealized (gain) loss from Cash Flow Swap			235.9	(126.8)	98.2	188.5

(a) During the year ended December 31, 2002, we recorded a $375.1 million asset impairment related to the write-down of our refinery and nitrogen fertilizer plant to estimated fair value. During the year ended December 31, 2003, we recorded an additional charge of $9.6 million related to the asset impairment of our refinery and nitrogen fertilizer plant based on the expected sales price of the assets in the Initial Acquisition.

(b) Reflects the impact of an operating lease structure utilized by Farmland to finance the nitrogen fertilizer plant which operating lease structure is not currently in use. The cost of this plant under the operating lease was $263.0 million and the rental payment was $0.3 million for the period ended December 31, 2002. In February 2002, Farmland refinanced the operating lease into a secured loan structure, which effectively terminated the lease and all of Farmland s obligations under the lease.

(c) Represents the write-off of $7.2 million of deferred financing costs in connection with the refinancing of our senior secured credit facility on May 10, 2004, the write-off of $8.1 million of deferred financing costs in connection with the refinancing of our senior secured credit facility on June 23, 2005 and the write-off of $23.4 million in connection with the refinancing of our senior secured credit facility on December 28, 2006.

(d) Consists of the additional cost of product sold expense due to the step up to estimated fair value of certain inventories on hand at March 3, 2004 and June 24, 2005, as a result of the allocation of the purchase price of the Initial Acquisition and the Subsequent Acquisition to inventory.

(e) Consists of fees which are expensed to Selling, general and administrative expenses in connection with the funded letter of credit facility of $150.0 million issued in support of the Cash Flow Swap. We consider these fees to be equivalent to interest expense and the fees are treated as such in the calculation of EBITDA in the Credit Facility.

(f) Represents expense associated with a major scheduled turnaround.

(g) Represents the expense associated with the expiration of the crude oil, heating oil and gasoline option agreements entered into by Coffeyville Acquisition LLC in May 2005.

(3) Minority interest reflects common stock in two of our subsidiaries owned by John J. Lipinski (which will be exchanged for shares of our common stock with an equivalent value prior to the consummation of this offering).

(4) Net income adjusted for unrealized gain or loss from Cash Flow Swap results from adjusting for the derivative transaction that was executed in conjunction with the Subsequent Acquisition. On June 16, 2005, Coffeyville Acquisition LLC entered into the Cash Flow Swap with J. Aron, a subsidiary of The Goldman Sachs Group, Inc., and a related party of ours. The Cash Flow Swap was subsequently assigned by Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005. The derivative took the form of three NYMEX swap agreements whereby if crack spreads fall below the fixed level, J. Aron agreed to pay the difference to us, and if crack spreads rise above the fixed level, we agreed to pay the difference to J. Aron. With crude oil capacity expected to reach 115,000 bpd by the end of 2007, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods January 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of the Credit Facility and upon meeting specific requirements related to an initial public offering, our leverage ratio and our credit ratings, and assuming our other credit facilities are terminated or amended to allow such actions, we may reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010. See Description of Our Indebtedness and the Cash Flow Swap.

We have determined that the Cash Flow Swap does not qualify as a hedge for hedge accounting purposes under current GAAP. As a result, our periodic statements of operations reflect material amounts of unrealized gains and losses based on the increases or decreases in market value of the unsettled position under the swap agreements, which is accounted for as a liability on our balance sheet. As the crack spreads increase we are required to record an increase in this liability account with a corresponding expense entry to be made to our statement of operations. Conversely, as crack spreads decline we are required to record a decrease in the swap related liability and post a corresponding income entry to our statement of operations. Because of this inverse relationship between the economic outlook for our underlying business (as represented by crack spread levels) and the income impact of the unrecognized gains and losses, and given the significant periodic fluctuations in the amounts of unrealized gains and losses, management utilizes Net income adjusted for gain or loss from Cash Flow Swap as a key indicator of our business performance. In managing our business and assessing its growth and profitability from a strategic and financial planning perspective, management and our Board of Directors considers our U.S. GAAP net income results as well as Net income adjusted for unrealized gain or loss from Cash Flow Swap. We believe that Net income adjusted for unrealized gain or loss from Cash Flow Swap enhances the understanding of our results of operations by highlighting income attributable to our ongoing operating performance exclusive of charges and income resulting from mark to market adjustments that are not necessarily indicative of the performance of our underlying business and our industry. The adjustment has been made for the unrealized loss from Cash Flow Swap net of its related tax benefit.

Net income adjusted for gain or loss from Cash Flow Swap is not a recognized term under GAAP and should not be substituted for net income as a measure of our performance but instead should be utilized as a supplemental measure of financial performance or liquidity in evaluating our business. Because Net income adjusted for unrealized gain or loss from Cash Flow Swap excludes mark to market adjustments, the measure does not reflect the fair market value of our Cash Flow Swap in our net income. As a result, the measure does not include potential cash payments that may be required to be made on the Cash Flow Swap in the future. Also, our presentation of this non-GAAP measure may not be comparable to similarly titled measures of other companies.

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The following is a reconciliation of Net income adjusted for unrealized gain or loss from Cash Flow Swap to Net income:

	Original Predecessor			Immediate Predecessor		Successor			
	Year Ended December 31, 2002	Year Ended December 31, 2003	62 Days Ended March 2, 2004	304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30, 2006	Six Months Ended June 30, 2007
	(in millions)								
Net income (loss) adjusted for unrealized gain (loss) from Cash Flow Swap	$ (465.7)	$ 27.9	$ 11.2	$ 49.7	$ 52.4	$ 23.6	$ 115.4	101.0	59.0
Plus: Unrealized gain (loss) from Cash Flow Swap, net of tax benefit						(142.8)	76.2	(59.2)	(113.3)
Net income (loss)	$ (465.7)	$ 27.9	$ 11.2	$ 49.7	$ 52.4	$ (119.2)	$ 191.6	$ 41.8	$ (54.3)

(5) Barrels per day is calculated by dividing the volume in the period by the number of calendar days in the period. Barrels per day as shown here is impacted by plant down-time and other plant disruptions and does not represent the capacity of the facility s continuous operations.

(6) Includes the following:

During the year ended December 31, 2002, we recorded a $375.1 million asset impairment related to the write-down of the refinery and nitrogen fertilizer plant to estimated fair value.

During the year ended December 31, 2003, we recorded an additional charge of $9.6 million related to the asset impairment of the refinery and fertilizer plant based on the expected sales price of the assets in the Initial Acquisition. In addition, we recorded a charge of $1.3 million for the rejection of existing contracts while operating under Chapter 11 of the U.S. Bankruptcy Code.

(7) During the 304 days ended December 31, 2004, the 174 days ended June 23, 2005 and the year ended December 31, 2006, we recognized a loss of $7.2 million, $8.1 million and $23.4 million, respectively, on early extinguishment of debt.

(8) Historical dividends per unit for the 304-day period ended December 31, 2004 and the 174-day period ended June 23, 2005 are calculated based on the ownership structure of Immediate Predecessor.

(9) Excludes liabilities subject to compromise due to Original Predecessor s bankruptcy of $105.2 million as of December 31, 2002 and 2003 in calculating Original Predecessor s working capital.

(10) While operating under Chapter 11 of the U.S. Bankruptcy Code, Original Predecessor s financial statements were prepared in accordance with SOP 90-7 Financial Reporting by Entities in Reorganization under Bankruptcy Code. SOP 90-7 requires that pre-petition liabilities be segregated in the Balance Sheet.

(11) Operational information reflected for the 233-day Successor period ended December 31, 2005 includes only 191 days of operational activity. Successor was formed on May 13, 2005 but had no financial statement activity during the 42-day period from May 13, 2005 to June 24, 2005, with the exception of certain crude oil, heating oil and gasoline option agreements entered into with J. Aron as of May 16, 2005 which expired unexercised on June 16, 2005.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our financial statements and related notes included elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including, but not limited to, those set forth under Risk Factors, Cautionary Note Regarding Forward-Looking Statements and elsewhere in this prospectus.

Overview and Executive Summary

We are an independent refiner and marketer of high value transportation fuels and, through a limited partnership in which we will initially own all of the interests (other than the managing general partner interest and associated IDRs), a producer of ammonia and UAN fertilizers. We are one of only seven petroleum refiners and marketers in the Coffeyville supply area (Kansas, Oklahoma, Missouri, Nebraska and Iowa) and, at current natural gas prices, the nitrogen fertilizer business is the lowest cost producer and marketer of ammonia and UAN in North America.

We have two business segments: petroleum and nitrogen fertilizer. For the fiscal years ended December 31, 2004, 2005 and 2006, we generated combined net sales of $1.7 billion, $2.4 billion and $3.0 billion, respectively. Our petroleum business generated $1.6 billion, $2.3 billion and $2.9 billion of our combined net sales, respectively, over these periods, with the nitrogen fertilizer business generating substantially all of the remainder. In addition, during these periods, our petroleum business contributed 76%, 74% and 87% of our combined operating income, respectively, with the nitrogen fertilizer business contributing substantially all of the remainder.

Our petroleum business includes a 113,500 bpd complex full coking sour crude refinery in Coffeyville, Kansas (with capacity expected to reach approximately 115,000 bpd by the end of 2007). In addition, supporting businesses include (1) a crude oil gathering system serving central Kansas, northern Oklahoma and southwest Nebraska, (2) storage and terminal facilities for asphalt and refined fuels in Phillipsburg, Kansas, and (3) a rack marketing division supplying product through tanker trucks directly to customers located in close geographic proximity to Coffeyville and Phillipsburg and at throughput terminals on Magellan s refined products distribution systems. In addition to rack sales (sales which are made at terminals into third party tanker trucks), we make bulk sales (sales through third party pipelines) into the mid-continent markets via Magellan and into Colorado and other destinations utilizing the product pipeline networks owned by Magellan, Enterprise and NuStar. Our refinery is situated approximately 100 miles from Cushing, Oklahoma, one of the largest crude oil trading and storage hubs in the United States, served by numerous pipelines from locations including the U.S. Gulf Coast and Canada, providing us with access to virtually any crude variety in the world capable of being transported by pipeline.

Throughput (the volume processed at a facility) at the refinery has markedly increased since July 2005. Management s focus on crude slate optimization (the process of determining the most economic crude oils to be refined), reliability, technical support and operational excellence coupled with prudent expenditures on equipment has significantly improved the operating metrics of the refinery. Historically, the Coffeyville refinery operated at an average crude throughput rate of less than 90,000 bpd. In the second quarter of 2006, the plant averaged over 102,000 bpd of crude throughput and over 94,500 bpd for 2006 with peak daily rates in excess of 113,500 bpd in June 2007. Not only were rates increased but yields were simultaneously improved. Since June 2005 the refinery has eclipsed monthly record (30 day) processing rates on approximately two thirds of the individual units on site.

Crude is supplied to our refinery through our owned and leased gathering system and by a Plains pipeline from Cushing, Oklahoma. We maintain capacity on the Spearhead Pipeline from

Canada and receive foreign and deepwater domestic crudes via the Seaway Pipeline system. We have also committed to additional pipeline capacity on the proposed Keystone pipeline project currently under development. We also maintain leased storage in Cushing to facilitate optimal crude purchasing and blending. We have significantly expanded the variety of crude grades processed in any given month from a limited few to over a dozen, including onshore and offshore domestic grades, various Canadian sours, heavy sours and sweet synthetics, and a variety of South American and West African imported grades. As a result of the crude slate optimization, we have improved the crude purchase cost discount to WTI from $3.33 per barrel in 2005 to $4.75 per barrel in 2006. The crude purchase cost discount to WTI was $5.16 per barrel in the six months ended June 30, 2006 and $4.58 per barrel in the six months ended June 30, 2007.

Prior to July 2005, we did not maintain shipper status on the Magellan pipeline system. Instead, rack marketing was limited to our owned terminals. While we still rack market at our own terminals, our growing rack marketing network sells approximately 23% of produced transportation fuels at enhanced margins. For 2006, we improved net income on rack sales compared to alternative pipeline bulk sales that occurred in 2005.

The nitrogen fertilizer business in Coffeyville, Kansas includes a unique pet coke gasification facility that produces high purity hydrogen which in turn is converted to ammonia at a related ammonia synthesis plant. Ammonia is further upgraded into UAN solution in a related UAN plant. Pet coke is a low value by-product of the refinery coking process. On average more than 80% of the pet coke consumed by the fertilizer plant is produced by our refinery.

The nitrogen fertilizer business is the lowest cost producer of ammonia and UAN in North America, assuming natural gas prices remain at current levels. The fertilizer plant is the only commercial facility in North America utilizing a coke gasification process to produce nitrogen fertilizers. Its redundant train gasifier provides exceptional on-stream reliability and the use of low cost by-product pet coke feed (rather than natural gas) to produce hydrogen provides the facility with a significant competitive advantage due to high and volatile natural gas prices. The plant s competition utilizes natural gas to produce ammonia. Continual operational improvements resulted in producing nearly 750,000 tons of product in 2006, despite it being a turnaround year. Recently, the first phase of a planned expansion successfully resulted in further output. The Partnership is also considering a $50 million fertilizer plant expansion, which we estimate could increase the plant s capacity to upgrade ammonia into premium priced UAN by 50% to approximately 1,000,000 tons per year. This project is also expected to improve the cost structure of the nitrogen fertilizer business by eliminating the need for rail shipments of ammonia, thereby reducing the risks associated with such rail shipments and avoiding anticipated cost increases in such transport.

Management has identified and developed several significant capital projects since June 2005 with a total cost of approximately $522 million (including $172 million in expenditures and $3.7 million in capitalized interest for our refinery expansion project), the majority of which has already been spent. We have completed most of these capital projects and expect to complete substantially all of the capital projects by the end of 2007. Major projects include construction of a new diesel hydrotreater, a new continuous catalytic reformer, a new sulfur recovery unit, a new plant-wide flare system, a technology upgrade to the fluid catalytic cracking unit and a refinery-wide capacity expansion. The spare gasifier at the fertilizer plant was expanded and it is expected that ammonia production will increase by at least 6,500 tons per year. Once completed, these projects are intended to significantly enhance the profitability of the refinery in environments of high crack spreads and allow the refinery to operate more profitably at lower crack spreads than is currently possible.

Factors Affecting Comparability

Our results over the past three years have been and our future results will be influenced by the following factors, which are fundamental to understanding comparisons of our period-to-period financial performance.

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Acquisitions

On March 3, 2004, Coffeyville Resources, LLC completed the acquisition of the former Farmland petroleum division and one facility within Farmland s eight-plant nitrogen fertilizer manufacturing and marketing division. As a result, financial information as of and for the periods prior to March 3, 2004 discussed below and included elsewhere in this prospectus was derived from the financial statements and reporting systems of Farmland. Prior to March 3, 2004, Farmland s petroleum division was primarily comprised of our current petroleum business. The nitrogen fertilizer plant, however, was the only coke gasification facility within Farmland s eight-plant nitrogen fertilizer manufacturing and marketing division.

A new basis of accounting was established on the date of the Initial Acquisition and, therefore, the financial position and operating results after March 3, 2004 are not consistent with the operating results before the Initial Acquisition date. However, management believes the most meaningful way to comment on the statement of operations data due to the short period from January 1, 2004 to March 2, 2004 is to compare the sum of the operating results for both periods in 2004 with the sum of the operating results for both periods in 2005. Management believes it is not practical to comment on the cash flows from operating activities in the same manner because the Initial Acquisition resulted in some comparisons not being meaningful. For instance, we did not assume the accounts receivable or the accounts payable of Farmland. Farmland collected and made payments on these accounts after March 3, 2004, and these transactions are not included in our consolidated statements of cash flows.

On June 24, 2005, pursuant to a stock purchase agreement dated May 15, 2005, Coffeyville Acquisition LLC acquired all of the subsidiaries of Coffeyville Group Holdings, LLC. As a result of certain adjustments made in connection with this acquisition, a new basis of accounting was established on the date of the acquisition and the results of operations for the 233 days ended December 31, 2005 are not comparable to prior periods. In connection with the acquisition, Coffeyville Resources, LLC entered into a series of commodity derivative contracts, the Cash Flow Swap, in the form of three long-term swap agreements. With crude oil capacity expected to reach 115,000 bpd by the end of 2007, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods January 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of the Credit Facility and upon meeting specific requirements related to an initial public offering, our leverage ratio and our credit ratings, and assuming our other credit facilities are terminated or amended to allow such actions, we may reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010. We have determined that the Cash Flow Swap does not qualify as a hedge for hedge accounting purposes under Statement of Financial Accounting Standards, or SFAS, No. 133, *Accounting for Derivative Instruments and Activities.* Therefore, in the financial statements for all periods after July 1, 2005, the statement of operations reflects all the realized and unrealized gains and losses from this swap. For the 233 day period ending December 31, 2005, we recorded realized and unrealized losses of $59.3 million and $235.9 million, respectively. For the year ending December 31, 2006, we recorded net realized losses of $46.8 million and net unrealized gains of $126.8 million. For the six months ended June 30, 2007, we recorded net realized losses of $97.2 million and net unrealized losses of $188.5 million.

Original Predecessor Corporate Allocations

Our financial statements prior to March 3, 2004 reflect an allocation of certain general corporate expenses of Farmland, including general and corporate insurance, property insurance, corporate retirement and benefits, human resource and payroll department salaries, facility costs, information services, and information systems support. For the year ended December 31, 2003 and for the 62-day period ended March 2, 2004, these costs allocated to our businesses were approximately $12.7 million and $3.9 million, respectively. Our financial statements prior to March 3, 2004 also reflect an allocation of interest expense from Farmland. These allocations were made by Farmland on a basis deemed meaningful for their internal management needs and may not be representative of the

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actual expense levels required to operate the businesses at that time or as they have been operated after March 3, 2004. With the exception of insurance, the net impact to our financial statements as a result of these allocations is higher selling, general and administrative expense for the period from January 1, 2003 to March 2, 2004. Our insurance costs are greater now as compared to the period prior to March 3, 2004, as we have elected to obtain additional insurance coverage that had not been carried by Farmland. Examples of this additional insurance coverage are business interruption insurance and a remediation cost cap policy related to assumed RCRA corrective orders related to contamination at or that originated from our refinery and the Phillipsburg terminal. The preceding examples and other coverage changes resulted in additional insurance costs for us.

Asset Impairments

In December 2002, Farmland implemented SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, resulting in a reorganization expense from the impairment of long-lived assets. Under this Statement, recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to the estimated undiscounted future net cash flows expected to be generated by the asset. It was determined that the carrying amount of the petroleum assets and the carrying amount of the nitrogen fertilizer plant in Coffeyville exceeded their estimated future undiscounted net cash flow. Impairment charges of $144.3 million and $230.8 million were recognized for each of the refinery and fertilizer assets, based on Farmland s best assumptions regarding the use and eventual disposition of those assets, primarily from indications of value received from potential bidders through the bankruptcy sale process. In 2003, as a result of receiving a bid from Coffeyville Resources, LLC in the bankruptcy court s sales process, Farmland revised its estimate for the amount to be generated from the disposition of these assets, and an additional impairment charge was taken. The charge to earnings in 2003 was $3.9 million and $5.7 million, respectively, for the refinery and fertilizer assets.

Original Predecessor Agreements with CHS, Inc. and Agriliance, LLC

In December 2001, Farmland entered into an agreement to sell to CHS, Inc. all of Farmland s refined products produced at the Coffeyville refinery through November 2003. The selling price for this production was set by reference to daily market prices within a defined geographic region. Subsequent to the expiration of the CHS agreement, the petroleum business began marketing its refined products in the open market to multiple customers.

The revenue received by the petroleum business under the CHS agreement was limited due to the pricing formula and product mix. From December 2001 through November 2003, under the CHS agreement, both sales of bulk pipeline shipments and truckload quantities at the Coffeyville truck rack were priced at Group III Platts Low. Currently, all sales at the Coffeyville truck rack are sold at the Platts mean price or higher. Our term contracted bulk product sales are priced between the Platts low and Platts mean prices. All other bulk sales are sold at spot market prices. In addition, we are selling several value added products that were not produced under the CHS agreement.

For the period ending December 31, 2003 and the first 62 days of 2004, Farmland s sales of nitrogen fertilizer products were subject to a marketing agreement with Agriliance, LLC. Under the agreement, Agriliance, LLC was responsible for marketing substantially all of the nitrogen made by Farmland on a basis deemed meaningful to their internal management. Following the Initial Acquisition, we began marketing nitrogen fertilizer products directly to distributors and dealers. As a result, we have been able to generate higher average netbacks on sales of fertilizer products as a percentage of market average prices. For example, in 2004 we generated average netbacks as a percentage of market averages of 90.1% and 80.2% for ammonia and UAN, respectively, compared to average netbacks as a percentage of market averages of 86.6% and 75.9% for ammonia and UAN, respectively, in 2003. The definition of the term netback is contained in the section of this prospectus entitled Glossary of Selected Terms.

Refinancing and Prior Indebtedness

At March 3, 2004, Immediate Predecessor entered into an agreement with a financial institution for a term loan of $21.9 million with an interest rate based on the greater of the Index Rate (the greater of prime or the federal funds rate plus 50 basis points per year) plus 4.5% or 9% and a $100 million revolving credit facility with interest at the borrower s election of either the Index Rate plus 3% or LIBOR plus 3.5%. Amounts totaling $21.9 million of the term loan borrowings and $38.8 million of the revolving credit facility were used to finance the Initial Acquisition on March 3, 2004 as described above. Outstanding borrowings on May 10, 2004 were repaid in connection with the refinancing described below.

Effective May 10, 2004, Immediate Predecessor entered into a term loan of $150 million and a $75 million revolving loan facility with a syndicate of banks, financial institutions, and institutional lenders. Both loans were secured by substantially all of Immediate Predecessor s real and personal property, including receivables, contract rights, general intangibles, inventories, equipment, and financial assets. The covenants contained under the new term loan contained restrictions which limited the ability to pay dividends at the complete discretion of the Board of Directors. The Immediate Predecessor had no other restrictions on its ability to make dividend payments. Once any debt requirements were met, any dividends were at the discretion of the Board of Directors. There were outstanding borrowings of $148.9 million under the term loan and less than $0.1 million under the revolving loan facility at December 31, 2004. Outstanding borrowings on June 23, 2005 were repaid in connection with the Subsequent Acquisition as described above.

Effective June 24, 2005, Coffeyville Resources, LLC entered into a first lien credit facility and a second lien credit facility. The first lien credit facility was in an aggregate amount not to exceed $525 million, consisting of $225 million tranche B term loans; $50 million of delayed draw term loans available for the first 18 months of the agreement and subject to accelerated payment terms; a $100 million revolving loan facility; and a funded letter of credit facility (funded facility) of $150 million for the benefit of the Cash Flow Swap provider. The first lien credit facility was secured by substantially all of Coffeyville Resources, LLC s assets. In June 2006 the first lien credit facility was amended and restated and the $225 million of tranche B term loans were refinanced with $225 million of tranche C term loans. At September 30, 2006, $222.8 million of tranche C term loans was outstanding, $30 million of delayed draw term loans was outstanding and there was $93.6 million available under the revolving loan facility. At September 30, 2006, Coffeyville Resources, LLC had $150 million in a funded letter of credit outstanding to secure payment obligations under derivative financial instruments. The second lien credit facility was a $275 million term loan facility secured by substantially all of Coffeyville Resources, LLC s assets on a second priority basis.

On December 28, 2006, Coffeyville Resources, LLC entered into a new credit facility and used the proceeds thereof to repay its then existing first lien credit facility and second lien credit facility, and to pay a dividend to the members of Coffeyville Acquisition LLC. The credit facility provides financing of up to $1.075 billion, consisting of $775 million of tranche D term loans, a $150 million revolving credit facility, and a funded letter of credit facility of $150 million issued in support of the Cash Flow Swap. The credit facility is secured by substantially all of Coffeyville Resources, LLC s assets. See Description of Our Indebtedness and the Cash Flow Swap.

In August 2007, our subsidiaries entered into a $25 million secured facility, a $25 million unsecured facility and a $75 million unsecured facility. For a discussion of these credit facilities, see Liquidity and Capital Resources Debt.

Public Company Expenses

We expect that our general and administrative expenses will increase due to the costs of operating as a public company, such as increases in legal, accounting and compliance, insurance premiums, and investor relations. We estimate that the increase in these costs will total approximately $2.5 million to $3.0 million on an annual basis excluding the costs associated with this offering and the costs of the

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initial implementation of our Sarbanes-Oxley Section 404 internal controls review and testing. Our financial statements following this offering will reflect the impact of these expenses and will affect the comparability with our financial statements of periods prior to the completion of this offering.

Changes in Legal Structure

Original Predecessor was not a separate legal entity, and its operating results were included within the operating results of Farmland and its subsidiaries in filing consolidated federal and state income tax returns. As a cooperative, Farmland was subject to income taxes on all income not distributed to patrons as qualified patronage refunds, and Farmland did not allocate income taxes to its divisions. As a result, the accompanying Original Predecessor financial statements do not reflect any provision for income taxes.

2007 Turnaround

In April 2007, we completed a turnaround of our refining plant at a total cost of approximately $81 million. The refinery processed crude until February 11, 2007 at which time a staged shutdown of the refinery began. The refinery recommenced operations on March 22, 2007 and continually increased crude oil charge rates until all of the key units were restarted by April 23, 2007. Additional capital expenditures of approximately $20 million will be required to finish the expansion projects currently scheduled for completion in 2008, which include, among others, construction of our new continuous catalytic reformer. Management expects that completion of these projects will increase the refinery processing capacity to approximately 115,000 bpd of crude oil by the end of 2007. The turnaround had a significant adverse impact on our first quarter financial results and had a significant but smaller adverse impact on our second quarter financial results.

2007 Flood and Crude Oil Discharge

During the weekend of June 30, 2007, torrential rains in southeast Kansas caused the Verdigris River to overflow its banks and flood the town of Coffeyville. Our refinery and the nitrogen fertilizer plant, which are located in close proximity to the Verdigris River, were severely flooded, sustained major damage and required extensive repairs. The total third party cost to repair the refinery is currently estimated at approximately $86 million, and the total third party cost to repair the nitrogen fertilizer facility is currently estimated at approximately $4 million.

As a result of the flooding, our refinery and nitrogen fertilizer facilities stopped operating on June 30, 2007. The refinery started operating its reformer on August 6, 2007 and began to charge crude oil to the facility on August 9, 2007. Substantially all of the refinery s units were in operation by August 20, 2007. The nitrogen fertilizer facility, situated on slightly higher ground, sustained less damage than the refinery. The nitrogen fertilizer facility initiated startup at its production facility on July 13, 2007.

In addition, despite our efforts to secure the refinery prior to its evacuation as a result of the flood, we estimate that 1,919 barrels (80,600 gallons) of crude oil and 226 barrels of crude oil fractions were discharged from our refinery into the Verdigris River flood waters beginning on or about July 1, 2007. We are currently remediating the contamination caused by the crude oil discharge. We estimate that the total costs of oil remediation through completion will be approximately $7 million to $10 million, and that the total cost to resolve third party property damage claims will be approximately $25 million to $30 million. As a result, the total cost associated with remediation and property damage claims resolution is estimated to be approximately $32 million to $40 million. This estimate does not include potential fines or penalties which may be imposed by regulatory authorities or costs arising from potential natural resource damages claims (for which we are unable to estimate a range of possible costs at this time) or possible additional damages arising from class action lawsuits related to the flood.

Our results for the six months ended June 30, 2007 include pretax costs of $2.1 million associated with the flood, including primarily write-offs of property and inventories that are uninsured due to our insurance deductibles. Additional costs will be recorded in future periods as they are incurred primarily related to the repair and clean up efforts. We will evaluate the extent to which future write-offs can be recovered under our insurance policies.

The flood and crude oil discharge will have a significant adverse impact on our third quarter financial results. We expect that we will report reduced revenue due to the closure of our facilities for a portion of the third quarter, as well as significant costs related to the flood as a result of the necessary repairs to our facilities and environmental remediation. See Prospectus Summary Our Business Flood and Crude Oil Discharge.

Nitrogen Fertilizer Limited Partnership

Prior to the consummation of this offering, we will transfer our nitrogen fertilizer business to the Partnership and will sell the managing general partner interest in the Partnership to a new entity owned by our controlling stockholders and senior management. We will initially own all of the interests in the Partnership (other than the managing general partner interest and associated IDRs), and will initially be entitled to all cash that is distributed by the Partnership. The Partnership will be operated by our senior management pursuant to a services agreement to be entered into among us, the managing general partner and the Partnership. The Partnership will be managed by the managing general partner and, to the extent described below, us, as special general partner. As special general partner of the Partnership, we will have joint management rights regarding the appointment, termination and compensation of the chief executive officer and chief financial officer of the managing general partner, will designate two members to the board of directors of the managing general partner and will have joint management rights regarding specified major business decisions relating to the Partnership.

We intend to consolidate the Partnership for financial reporting purposes. We have determined that upon the sale of the managing general partner interest to an entity owned by our controlling stockholders and senior management, the Partnership will be a variable interest entity, or VIE, under the provisions of FASB Interpretation No. 46R *Consolidation of Variable Interest Entities*, or FIN No. 46R.

Using criteria in FIN 46R, management has determined that we are the primary beneficiary of the Partnership, although 100% of the managing general partner interest will be owned by a new entity owned by our controlling stockholders and senior management outside our reporting structure. Since we are the primary beneficiary, the financial statements of the Partnership will remain consolidated in our financial statements. The managing general partner s interest will be reflected as a minority interest on our balance sheet.

The conclusion that we are the primary beneficiary of the Partnership and required to consolidate the Partnership as a variable interest entity is based upon the fact that substantially all of the expected losses will be absorbed by the special general partner. Additionally, substantially all of the equity investment at risk is being contributed on behalf of the special general partner, with nominal amounts being contributed by the managing general partner. The special general partner is also expected to receive the majority, if not substantially all, of the expected returns of the Partnership through the Partnership s cash distribution provisions.

We will need to reassess from time to time whether we remain the primary beneficiary of the Partnership in order to determine if consolidation of the Partnership remains appropriate on a going forward basis. Should we determine that we are no longer the primary beneficiary of the Partnership, we will be required to deconsolidate the Partnership in our financial statements for accounting purposes on a going forward basis. In that event, we would be required to account for our investment in the Partnership under the equity method of accounting, which would affect our reported amounts of consolidated revenues, expenses and other income statement items.

The principal events that would require the reassessment of our accounting treatment related to our interest in the Partnership include:

a sale of some or all of our partnership interests to an unrelated party;

a sale of the managing general partner interest to a third party;

the issuance by the Partnership of partnership interests to parties other than us or our related parties; and

the acquisition by us of additional partnership interests (either new interests issued by the Partnership or interests acquired from unrelated interest holders).

In addition, we would need to reassess our consolidation of the Partnership if the Partnership s governing documents or contractual arrangements are changed in a manner that reallocates between us and other unrelated parties either (1) the obligation to absorb the expected losses of the Partnership or (2) the right to receive the expected residual returns of the Partnership.

Industry Factors

Petroleum Business

Earnings for our petroleum business depend largely on refining industry margins, which have been and continue to be volatile. Crude oil and refined product prices depend on factors beyond our control. While it is impossible to predict refining margins due to the uncertainties associated with global crude oil supply and global and domestic demand for refined products, we believe that refining margins for U.S. refineries will generally remain above those experienced in the period from and including 1998 through 2003 as growth in demand for refining products in the United States, particularly transportation fuels, continues to exceed the ability of domestic refiners to increase capacity. In addition, changes in global supply and demand and other factors have constricted the extent to which product importation to the United States can relieve domestic supply deficits. This phenomenon is more pronounced in our marketing region, where demand for refined products exceeded refining production by approximately 22% in 2006.

During 2004, the market price of distillates (primarily No. 1 diesel fuel and kerosene) relative to crude oil was above average due to low industry inventories and strong consumer demand brought about by the relatively cold winter weather in the Midwest and high natural gas prices. In addition, gasoline margins were above average, and substantially so during the spring and summer driving seasons, primarily because of very low pre-driving season inventories exacerbated by high demand growth. The increased demand for refined products due to the relatively cold winter and the decreased supply due to high turnaround activity led to increasing refining margins during the early part of 2004. The key event of 2005 to our industry was the hurricane season which produced a record number of named storms. The location and intensity of these storms caused significant disruption to both crude and natural gas production as well as extensive disruption to many U.S. Gulf Coast refinery operations. These events caused both price spikes in the commodity markets as well as substantial increases in crack spreads. The U.S. Gulf Coast refining market was most affected, which then led to very strong margins in the Group 3 market as the U.S. Gulf Coast refined products were not being shipped north. In addition, several environmental mandates took effect in 2005 and 2006, such as the banning of Methyl Tertiary Butyl Ether, or MTBE (an ether produced from the reaction of isobutylene and methanol specifically for use as a gasoline blendstock), in the gasoline pool and initial implementation of the reduced sulfur requirements on diesel fuels, which caused price fluctuations due to logistical and supply/demand implications. 2006 showed marked increases in crack spreads over 2005 despite a minor hurricane season. Ultra Low Sulfur Diesel, or ULSD, premiums further boosted distillate product margins and thus crack spreads in 2006. Transportation fuels product demand continued to exceed production in the Coffeyville Marketing Area. This favorable supply/demand relationship resulted in strong product commodity prices in the petroleum industry during 2006.

Average discounts for sour and heavy sour crude oil compared to sweet crude increased in 2005 and 2006 from already favorable 2004 levels due to increasing worldwide production of sour and heavy sour crude oil relative to the worldwide production of light sweet crude oil coupled with the continuing demand for light sweet crude oil. In 2004, the average discount for West Texas Sour, or WTS, compared to WTI widened to $3.96 per barrel and again in 2005 to $4.73. With the newly discovered deepwater Gulf of Mexico production combined with the introduction of Canadian sours to the mid-continent this sweet/sour spread continues to exceed average historic levels, as evidenced by the average discount of $5.36 per barrel for 2006 and $4.42 per barrel for the six months ended June 30, 2007. WTI also continues to trade at a premium to WTS due to continued high demand for sweet crude oil resulting from the more stringent fuel specifications implemented both in the United States and globally. We continue to recognize significant benefits from our ability to meet current fuel specifications using predominantly heavy and medium sour crude oil feedstocks to the extent the discount for heavy and medium sour crude oil compared to WTI continues at its current level.

Nitrogen Fertilizer Business

Earnings for the nitrogen fertilizer business depend largely on the prices of nitrogen fertilizer products, the floor price of which is directly influenced by natural gas prices. Natural gas prices have been and continue to be volatile.

Currently, the nitrogen fertilizer market is driven by an almost unprecedented increase in demand. According to the United States Department of Agriculture, U.S. farmers planted 92.9 million acres of corn in 2007, exceeding the 2006 planted area by 19 percent. This increase in acres planted in the U.S. was driven in part by ethanol demand. In addition to the increase in U.S. nitrogen fertilizer demand, global demand has increased due to overall market growth in countries such as India, Latin America and Russia.

Total world ammonia capacity has been growing. Virtually all of the net growth has been in China and is attributable to China maintaining its self-sufficiency with regards to ammonia. Excluding China and the former Soviet Union, the trend in net ammonia capacity has been essentially flat since the late 1990s, as new plant construction has been offset by plant closures in countries with high-cost feedstocks. The high cost of capital is also limiting capacity increase. Today s strong market growth appears to be readily absorbing the latest capacity additions.

Factors Affecting Results

Petroleum Business

In our petroleum business, earnings and cash flow from operations are primarily affected by the relationship between refined product prices and the prices for crude oil and other feedstocks. Feedstocks are petroleum products, such as crude oil and natural gas liquids, that are processed and blended into refined products. The cost to acquire feedstocks and the price for which refined products are ultimately sold depend on factors beyond our control, including the supply of, and demand for, crude oil, as well as gasoline and other refined products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and the extent of government regulation. While our net sales fluctuate significantly with movements in crude oil prices, these prices do not generally have a direct long-term relationship to net income. Because we apply first-in, first-out, or FIFO, accounting to value our inventory, crude oil price movements may impact net income in the short term because of instantaneous changes in the value of the minimally required, unhedged on hand inventory. The effect of changes in crude oil prices on our results of operations is influenced by the rate at which the prices of refined products adjust to reflect these changes.

Feedstock and refined product prices are also affected by other factors, such as product pipeline capacity, local market conditions and the operating levels of competing refineries. Crude oil costs and the prices of refined products have historically been subject to wide fluctuations. An expansion or upgrade of our competitors facilities, price volatility, international political and economic developments and other factors beyond our control are likely to continue to play an important role in refining industry economics. These factors can impact, among other things, the level of inventories in the market, resulting in price volatility and a reduction in product margins. Moreover, the refining industry typically experiences seasonal fluctuations in demand for refined products, such as increases in the demand for gasoline during the summer driving season and for home heating oil during the winter, primarily in the Northeast. For further details on the economics of refining, see Industry Overview Oil Refining Industry.

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In order to assess our operating performance, we compare our net sales, less cost of product sold (refining margin), against an industry refining margin benchmark. The industry refining margin is calculated by assuming that two barrels of benchmark light sweet crude oil is converted, or cracked, into one barrel of conventional gasoline and one barrel of distillate. This benchmark is referred to as the 2-1-1 crack spread. Because we calculate the benchmark margin using the market value of NYMEX gasoline and heating oil against the market value of NYMEX WTI (WTI) crude oil (West Texas Intermediate crude oil, which is used as a benchmark for other crude oils), we refer to the benchmark as the NYMEX 2-1-1 crack spread, or simply, the 2-1-1 crack spread. The 2-1-1 crack spread is expressed in dollars per barrel and is a proxy for the per barrel margin that a sweet crude refinery would earn assuming it produced and sold the benchmark production of conventional gasoline and distillate.

Although the 2-1-1 crack spread is a benchmark for our refinery margin, because our refinery has certain feedstock costs and/or logistical advantages as compared to a benchmark refinery and our product yield is less than total refinery throughput, the crack spread does not account for all the factors that affect refinery margin. Our refinery is able to process a blend of crude oil that includes quantities of heavy and medium sour crude oil that has historically cost less than WTI crude oil. We measure the cost advantage of our crude oil slate by calculating the spread between the price of our delivered crude oil to the price of WTI crude oil, a light sweet crude oil. The spread is referred to as our consumed crude differential. Our refinery margin can be impacted significantly by the consumed crude differential. Our consumed crude differential will move directionally with changes in the WTS differential to WTI and the Maya differential to WTI as both these differentials indicate the relative price of heavier, more sour slate to WTI. The correlation between our consumed crude differential and published differentials will vary depending on the volume of light medium sour crude and heavy sour crude we purchase as a percent of our total crude volume and will correlate more closely with such published differentials the heavier and more sour the crude oil slate. The WTI less Maya crude oil differential was $15.67 and $14.99 per barrel, for the years ended December 31, 2005 and 2006, respectively, compared to $15.88 and $11.20 per barrel for the six months ended June 30, 2006 and 2007, respectively. The WTI less WTS crude oil differential was $4.73 and $5.36 per barrel for the years ended December 31, 2005 and 2006, respectively, and $5.87 and $4.42 per barrel for the six months ended June 30, 2006 and 2007, respectively. The Company s consumed crude differential increased to $4.54 per barrel for the year ended December 31, 2006 from $3.28 per barrel for the comparable period in 2005 and decreased to $4.53 for the six months ended June 30, 2007 from $5.39 for the same period in 2006. The consumed crude differential for the first half of 2007 is not comparable to prior periods due to the refinery-wide turnaround we undertook in the first quarter of 2007.

We produce a high volume of high value products, such as gasoline and distillates. We benefit from the fact that our marketing region consumes more refined products than it produces so that the market prices of our products have to be high enough to cover the logistics cost for U.S. Gulf Coast refineries to ship into our region. The result of this logistical advantage and the fact the actual product specification used to determine the NYMEX is different from the actual production in the refinery, is that prices we realize are different than those used in determining the 2-1-1 crack spread. The difference between our price and the price used to calculate the 2-1-1 crack spread is referred to as gasoline PADD II, Group 3 vs. NYMEX basis, or gasoline basis, and heating oil PADD II, Group 3 vs. NYMEX basis, or heating oil basis. Both gasoline and heating oil basis are greater than zero, which represents that prices in our marketing area exceeds those used in the 2-1-1 crack spread. Since 2003, the heating oil basis has been positive in all periods presented including an increase to $7.42 per barrel for 2006 from $3.20 per barrel for 2005. The increase for 2006 was significantly impacted by the introduction of Ultra Low Sulfur Diesel, which provides significant tax benefits. Gasoline basis for 2006 was $1.52 per barrel compared to ($0.53) per barrel for 2005. Beginning January 1, 2007, the benchmark used for gasoline will change from Reformulated Gasoline (RFG) to Reformulated Blend for Oxygenate Blend (RBOB). Given that RBOB has limited historical information the change to RBOB from RFG may have an unfavorable impact on our gasoline basis compared to the historical numbers presented.

Our direct operating expense structure is also important to our profitability. Major direct operating expenses include energy, employee labor, maintenance, contract labor, and environmental compliance. Our predominant variable cost is energy and the most important benchmark for energy costs is the value of natural gas. Our predominant variable of direct operating expense is largely energy related and therefore sensitive to the movements of natural gas prices.

Consistent, safe, and reliable operations at our refinery is key to our financial performance and results of operations. Unplanned downtime of our refinery may result in lost margin opportunity, increased maintenance expense and a temporary increase in working capital investment and related inventory position. We seek to mitigate the financial impact of planned downtime, such as major turnaround maintenance, through a diligent planning process that takes into account the margin environment, the availability of resources to perform the needed maintenance, feedstock logistics and other factors.

We purchase most of our crude oil using a credit intermediation agreement. Our credit intermediation agreement is structured such that we take title, and the price of the crude oil is set, when it is metered and delivered at Broome Station, which is connected to, and located approximately 22 miles from, our refinery. Once delivered at Broome Station, the crude oil is delivered to our refinery through two of our wholly owned pipelines which begin at Broome Station and end at our refinery. The crude oil is delivered at Broome Station because Broome Station is located near our facility and is connected via pipeline to our facility. The terms of the credit intermediation agreement provide that we will obtain all of the crude oil for our refinery, other than the crude we obtain through our own gathering system, through J. Aron. Once we identify cargos of crude oil and pricing terms that meet our requirements, we notify J. Aron and J. Aron then provides credit, transportation and other logistical services to us for a fee. This agreement significantly reduces the investment that we are required to maintain in petroleum inventories relative to our competitors and reduces the time we are exposed to market fluctuations before the inventory is priced to a customer.

Because petroleum feedstocks and products are essentially commodities, we have no control over the changing market. Therefore, the lower target inventory we are able to maintain significantly reduces the impact of commodity price volatility on our petroleum product inventory position relative to other refiners. This target inventory position is generally not hedged. To the extent our inventory position deviates from the target level, we consider risk mitigation activities usually through the purchase or sale of futures contracts on the New York Mercantile Exchange, or NYMEX. Our hedging activities carry customary time, location and product grade basis risks generally associated with hedging activities. Because most of our titled inventory is valued under the FIFO costing method, price fluctuations on our target level of titled inventory have a major effect on our financial results unless the market value of our target inventory is increased above cost.

Nitrogen Fertilizer Business

In the nitrogen fertilizer business, earnings and cash flow from operations are primarily affected by the relationship between nitrogen fertilizer product prices and direct operating expenses. Unlike its competitors, the nitrogen fertilizer business uses minimal natural gas as feedstock and, as a result, is not directly impacted in terms of cost, by high or volatile swings in natural gas prices. Instead, our adjacent oil refinery supplies the majority of the coke feedstock needed by the nitrogen fertilizer business. The price at which nitrogen fertilizer products are ultimately sold depends on numerous factors, including the supply of, and the demand for, nitrogen fertilizer products which, in turn, depends on, among other factors, the price of natural gas, the cost and availability of fertilizer transportation infrastructure, changes in the world population, weather conditions, grain production levels, the availability of imports, and the extent of government intervention in agriculture markets. While net sales of the nitrogen fertilizer business could fluctuate significantly with movements in natural gas prices during periods when fertilizer markets are weak and sell at the floor price, high natural gas prices do not force the nitrogen fertilizer business to shut down its operations because it employs pet coke as a feedstock to produce ammonia and UAN.

Nitrogen fertilizer prices are also affected by other factors, such as local market conditions and the operating levels of competing facilities. Natural gas costs and the price of nitrogen fertilizer products have historically been subject to wide fluctuations. An expansion or upgrade of competitors facilities, price volatility, international political and economic developments and other factors are likely to continue to play an important role in nitrogen fertilizer industry economics. These factors can impact, among other things, the level of inventories in the market resulting in price volatility and a reduction in product margins. Moreover, the industry typically experiences seasonal fluctuations in demand for nitrogen fertilizer products. The demand for fertilizers is affected by the aggregate crop planting decisions and fertilizer application rate decisions of individual farmers. Individual farmers make planting decisions based largely on the prospective profitability of a harvest, while the specific varieties and amounts of fertilizer they apply depend on factors like crop prices, their current liquidity, soil conditions, weather patterns and the types of crops planted. For further details on the economics of fertilizer, see Industry Overview Nitrogen Fertilizer Industry.

Natural gas is the most significant raw material required in the production of most nitrogen fertilizers. North American natural gas prices have increased substantially and, since 1999, have become significantly more volatile. In 2005, North American natural gas prices reached unprecedented levels due to the impact hurricanes Katrina and Rita had on an already tight natural gas market. Recently, natural gas prices have moderated, returning to pre-hurricane levels or lower.

In order to assess the operating performance of the nitrogen fertilizer business, we calculate netbacks, also referred to as plant gate price, to determine our operating margin. Netbacks refer to the unit price of fertilizer, in dollars per ton, offered on a delivered basis, excluding shipment costs. Given the use of low cost pet coke, the nitrogen fertilizer business is not presently subjected to the high raw materials costs of competitors that use natural gas, the cost of which has been high in recent periods. Instead of experiencing high variability in the cost of raw materials, the nitrogen fertilizer business utilizes less than 1% of the natural gas relative to other natural gas-based fertilizer producers and we estimate that the nitrogen fertilizer business would continue to have a production cost advantage in comparison to U.S. Gulf Coast ammonia producers at natural gas prices as low as $2.50 per million Btu. The spot price for natural gas at Henry Hub on June 29, 2007 was $6.77 per million Btu.

Because the fertilizer plant has certain logistical advantages relative to end users of ammonia and UAN and so long as demand relative to production remains high, the nitrogen fertilizer business can afford to target end users in the U.S. farm belt where it incurs lower freight costs as compared to competitors. The farm belt refers to the states of Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Wisconsin. The nitrogen fertilizer business does not incur any intermediate transfer, storage, barge freight or pipeline freight charges, giving us a distribution cost advantage over U.S. Gulf Coast importers, assuming freight rates and pipeline tariffs for U.S. Gulf Coast importers as recently in effect. Selling products to customers in close proximity to the fertilizer plant and keeping transportation costs low are keys to maintaining profitability.

The value of nitrogen fertilizer products is also an important consideration in understanding our results. The nitrogen fertilizer business currently upgrades approximately two-thirds of its ammonia production into UAN, a product that presently generates a greater value than ammonia. UAN production is a major contributor to our profitability.

The direct operating expense structure of the nitrogen fertilizer business is also important to its profitability. Using a pet coke gasification process, the nitrogen fertilizer business has significantly higher fixed costs than natural gas-based fertilizer plants. Major direct operating expenses include electrical energy, employee labor, maintenance, including contract labor, and outside services. These costs comprise the fixed costs associated with the fertilizer plant. Variable costs associated with the fertilizer plant have averaged approximately 1.1% of direct operating expenses over the last 24 months ending June 30, 2007. The average annual fixed costs over the last 24 months ending June 30, 2007 have approximated $62 million.

Consistent, safe, and reliable operations at the nitrogen fertilizer plant are critical to its financial performance and results of operations. Unplanned downtime of the nitrogen fertilizer plant may result in lost margin opportunity, increased maintenance expense and a temporary increase in working capital investment and related inventory position. The financial impact of planned downtime, such as major turnaround maintenance, is mitigated through a diligent planning process that takes into account margin environment, the availability of resources to perform the needed maintenance, feedstock logistics and other factors.

In connection with our transfer of the nitrogen fertilizer business to the Partnership, we will enter into a number of agreements with the Partnership that will govern the business relations between the parties. These include a coke supply agreement, under which we will sell pet coke to the nitrogen fertilizer business; a feedstock and shared services agreement, which will govern the provision of hydrogen, high-pressure steam, nitrogen, instrument air, oxygen and natural gas; a raw water and facilities sharing agreement, which will allocate raw water resources between the two businesses; a land transfer; an easement agreement; an environmental agreement; and a lease agreement pursuant to which we will lease office space and laboratory space to the Partnership.

The price paid by the nitrogen fertilizer business pursuant to the coke supply agreement will be based on the lesser of a coke price derived from the price received by the Partnership for UAN (subject to a UAN based price ceiling and floor) or a coke price index for pet coke. Historically, the cost of product sold (exclusive of depreciation and amortization) in the nitrogen business was based on a coke price of $15 per ton beginning with the Initial Acquisition. This is reflected in the segment data in our historical financial statements as a cost for the nitrogen fertilizer business and as revenue for the petroleum business. If the new terms of the coke supply agreement had been in place over the past three years, the new coke supply agreement would have resulted in an increase (or decrease) in cost of product sold (exclusive of depreciation and amortization) for the nitrogen fertilizer business (and an increase (or decrease) in revenue for the petroleum business) of $(2.9) million, $(1.5) million, $(0.7) million, $(3.5) million and $0.3 million for the 304 day period ending December 31, 2004, the 174 day period ended June 24, 2005, the 233 day period ended December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2007. There would have been no impact to the consolidated financial statements as intercompany transactions are eliminated upon consolidation.

In addition, based on management s current estimates, the services agreement will result in an annual charge of approximately $11.5 million to the nitrogen fertilizer business for its portion of expenses which have been historically reflected in selling, general and administrative expenses (exclusive of depreciation and amortization) in our consolidated statement of operations. Historical nitrogen fertilizer segment operating income would decrease $4.1 million, increase $0.8 million, decrease $0.1 million, increase $7.4 million and decrease $0.7 million for the 304-day period ended December 31, 2004, the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2007, respectively, assuming an annualized $11.5 million charge for the management services in lieu of the historical allocations of selling, general and administrative expenses. The petroleum segment s operating income would have had offsetting increases or decreases, as applicable, for these periods.

The total change to operating income for the nitrogen fertilizer segment with respect to both the coke supply agreement included in cost of product sold (exclusive of depreciation and amortization) and the services agreement included in selling, general and administrative (exclusive of depreciation and amortization) would be a decrease of $1.2 million, increase of $2.3 million, increase of $0.6 million, increase of $10.9 million and a decrease of $1.0 million for the 304-day period ended December 31, 2004, the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2007, respectively.

The feedstock and shared services agreement, the raw water and facilities sharing agreement, the cross-easement agreement and the environmental agreement are not expected to have a significant impact on the financial results of the nitrogen fertilizer business. However, the requirement to supply hydrogen contained in the feedstock and shared services agreement could result in reduced fertilizer production due to a commitment to supply hydrogen to the refinery. The feedstock and shared services agreement requires the refinery to compensate the nitrogen fertilizer business for the value of production lost due to the hydrogen supply requirement. See The Nitrogen Fertilizer Limited Partnership Other Intercompany Agreements.

Results of Operations

The period to period comparisons of our results of operations have been prepared using the historical periods included in our financial statements. As discussed in Note 1 to our consolidated financial statements, effective March 3, 2004, Immediate Predecessor acquired the net assets of Original Predecessor in a business combination accounted for as a purchase, and effective June 24, 2005, Successor acquired the net assets of Immediate Predecessor in a business combination accounted for as a purchase. As a result of these acquisitions, the consolidated financial statements for the periods after the acquisitions are presented on a different cost basis than that for the periods before the acquisitions and, therefore, are not comparable. Accordingly, in this Results of Operations section, after comparing the six months ended June 30, 2007 with the six months ended June 30, 2006, we compare the year ended December 31, 2006 with the 174-day period ended June 23, 2005 and the 233-day period ended December 31, 2005. In addition, we compare the 174-day period ended June 23, 2005 and the 233-day period ended December 31, 2005 with the 62-day period ended March 2, 2004 and the 304-day period ended December 31, 2004.

Net sales consist principally of sales of refined fuel and nitrogen fertilizer products. For the petroleum business, net sales are mainly affected by crude oil and refined product prices, changes to the input mix and volume changes caused by operations. Product mix refers to the percentage of production represented by higher value light products, such as gasoline, rather than lower value finished products, such as pet coke. In the nitrogen fertilizer business, net sales are primarily impacted by manufactured tons and nitrogen fertilizer prices.

Industry-wide petroleum results are driven and measured by the relationship, or margin, between refined products and the prices for crude oil referred to as crack spreads. See Factors Affecting Results. We discuss our results of petroleum operations in the context of per barrel consumed crack spreads and the relationship between net sales and cost of product sold.

Our consolidated results of operations include certain other unallocated corporate activities and the elimination of intercompany transactions and therefore are not a sum of only the operating results of the petroleum and nitrogen fertilizer businesses.

In order to effectively review and assess our historical financial information below, we have also included supplemental operating measures and industry measures which we believe are material to understanding our business. For the years ended December 31, 2004 and 2005 we have provided this supplemental information on a combined basis in order to provide a comparative basis for similar periods of time. As discussed above, due to the various acquisitions that occurred, there were multiple financial statement periods of less than 12 months. We believe that the most meaningful way to present this supplemental data for the various periods is to compare the sum of the combined operating results for the 2004 and 2005 calendar years with prior fiscal years, and to compare the sum of the combined operating results for the year ended December 31, 2005 with the year ended December 31, 2006.

Accordingly, for purposes of displaying supplemental operating data for the year ended December 31, 2005, we have combined the 174-day period ended June 23, 2005 and the 233-day period ended December 31, 2005 to provide a comparative year ended December 31, 2005 to the year ended December 31, 2006. Additionally, the 62-day period ended March 2, 2004 and the 304-day period ended December 31, 2004 have been combined to provide a comparative twelve month period ended December 31, 2004 to a combined twelve month period ended December 31, 2005 comprised of the 174-day period ended June 23, 2005 and the 233-day period ended December 31, 2005.

We changed our corporate selling, general and administrative allocation method to the operating segments in 2007. The effect of the change on operating income for the 304-day period ended

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December 31, 2004, the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005, the six month period ended June 30, 2006 and the year ended December 31, 2006 would have been a decrease of $0.4 million, $1.0 million, $1.4 million, $2.0 million and $6.0 million, respectively, to the petroleum segment, an increase of $0.4 million, $1.2 million, $1.4 million, $2.0 million and $6.0 million, respectively, to the nitrogen fertilizer segment and a decrease of $0.0 million, $0.2 million, $0.0 million, $0.0 million and $0.0 million, respectively, to the other segment.

	Original Predecessor		Immediate Predecessor		Successor			
onsolidated Financial Results	Year Ended December 31, 2003	62 Days Ended March 2, 2004	304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30, 2006	2007
			(in millions)				(unaudited)	
t sales	$ 1,262.2	$ 261.1	$ 1,479.9	$ 980.7	$ 1,454.3	$ 3,037.6	$ 1,550.6	$ 1,233.
st of product sold (exclusive of preciation and amortization)	1,061.9	221.4	1,244.2	768.0	1,168.1	2,443.4	1,203.4	873.
ect operating expenses clusive of depreciation and ortization)	133.1	23.4	117.0	80.9	85.3	199.0	87.8	174.
ling, general and ministrative expense (exclusive depreciation and amortization)	23.6	4.7	16.3	18.4	18.4	62.6	20.5	28.
sts associated with flood(1)								2.
preciation and amortization(2)	3.3	0.4	2.4	1.1	24.0	51.0	24.0	32.
pairment, (losses) in joint tures, and other charges(3)	(10.9)							
erating income	$ 29.4	$ 11.2	$ 100.0	$ 112.3	$ 158.5	$ 281.6	$ 214.9	$ 123.
t income (loss)(4)	27.9	11.2	49.7	52.4	(119.2)	191.6	41.8	(54.
t income (loss) adjusted for realized gain or loss from Cash w Swap(5)	27.9	11.2	49.7	52.4	23.6	115.4	101.0	59.

(1) Represents the write-off of approximately $2.1 million of property, inventories and catalyst that were destroyed by the flood that occurred on June 30, 2007. See Flood and Crude Oil Discharge.

(2) Depreciation and amortization is comprised of the following components as excluded from cost of products sold, direct operating expense and selling, general and administrative expense:

Original Predecessor		Immediate Predecessor		Successor		
Year	62 Days	304 Days	174 Days	233 Days	Year	Six Months

	Ended December 31, 2003	Ended March 2, 2004	Ended December 31, 2004	Ended June 23, 2005	Ended December 31, 2005	Ended December 31, 2006	Ended June 30, 2006	2007
			(in millions)				(unaudited)	
Depreciation and amortization included in cost of product sold			0.2	0.1	1.1	2.2	1.0	1.2
Depreciation and amortization included in direct operating expenses	3.3	0.4	2.0	0.9	22.7	47.7	22.8	30.6
Depreciation and amortization included in selling, general and administrative expense			0.2	0.1	0.2	1.1	0.2	0.4
Total depreciation and amortization	3.3	0.4	2.4	1.1	24.0	51.0	24.0	32.2