CVR ENERGY INC
Form S-1
June 19, 2008

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As filed with the Securities and Exchange Commission on June 19, 2008

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
CVR ENERGY, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**2911**	**61-1512186**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

2277 Plaza Drive, Suite 500
Sugar Land, Texas 77479
(281) 207-3200
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

John J. Lipinski
2277 Plaza Drive, Suite 500
Sugar Land, Texas 77479
(281) 207-3200
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With a copy to:

Stuart H. Gelfond **Michael A. Levitt** **Fried, Frank, Harris, Shriver & Jacobson LLP** **One New York Plaza** **New York, New York 10004** **(212) 859-8000**	**Peter J. Loughran** **Debevoise & Plimpton LLP** **919 Third Avenue** **New York, New York 10022** **(212) 909-6000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price per Note(1)**	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee**
Convertible Senior Notes due 2013	$143,750,000	100%	$143,750,000	$5,650

(1) Includes $18,750,000 principal amount of notes which the underwriters have the option to purchase solely to cover over-allotments.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion. Dated June 19, 2008.

$125,000,000

CVR Energy, Inc.
% Convertible Senior Notes due 2013

We are offering $125,000,000 aggregate principal amount of our % Convertible Senior Notes due 2013 (the notes). We will pay interest in cash semi-annually in arrears on the notes on and of each year, beginning on , . The notes will mature on , 2013.

Holders may convert their notes at their option, in whole or in part at any time, prior to the close of business on the scheduled trading day (as defined herein) immediately preceding , 2013, only under the following circumstances: (1) during the five business day period after any five consecutive trading day period (the measurement period) during which the trading price (as defined herein) per $1,000 in principal amount of the notes for each day of the measurement period was less than 98% of the product of the last reported sale price (as defined herein) of our common stock and the applicable conversion rate for the notes for such date; (2) during any calendar quarter (and only during such calendar quarter) after the calendar quarter ending September 30, 2008, if the last reported sale price of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the applicable conversion price in effect for the notes on the last trading day of the immediately preceding calendar quarter; or (3) upon the occurrence of specified corporate events. The notes will be convertible, regardless of the foregoing circumstances, on and after , 2013 but prior to the close of business on the scheduled trading day immediately preceding the maturity date of the notes.

The initial conversion rate for the notes will be shares of common stock per $1,000 in principal amount of notes (equivalent to an initial conversion price of approximately $ per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for accrued interest. In addition, we may be required in certain circumstances to increase the conversion rate for any notes converted in connection with a make-whole fundamental change (as defined herein).

Upon the occurrence of a fundamental change, holders may require us to repurchase all or a portion of their notes for cash at a price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest, if any. We may not redeem the notes prior to maturity.

Unless we have made an irrevocable net share settlement election (as defined herein), upon conversion of the notes, we will settle conversions of the notes (i) entirely in shares of our common stock, (ii) entirely in cash, or (iii) in cash for the principal amount of the notes and shares of our common stock, or cash and shares of our common stock, for the excess, if any, of the conversion value above the principal amount. In addition, at any time on or prior to the

35th scheduled trading day prior to the maturity date of the notes, we may make an irrevocable net share settlement election pursuant to which we will settle all future conversions of the notes either (i) entirely in cash or (ii) in cash for the principal amount of the notes and shares of our common stock, or cash and shares of our common stock, for the excess if any, of the conversion value above the principal amount. It is our current intent and policy to settle any conversion of the notes in the manner specified in clause (ii) of the preceding sentence. The irrevocable net share settlement election is in our sole discretion and does not require the consent of holders of the notes.

The notes will be our general unsecured obligations (except to the extent of the interest escrow described below) and will rank equal in right of payment to all of our other senior unsecured indebtedness. The notes will be structurally subordinated to (i) all existing and future claims of our subsidiaries creditors, including trade creditors, and (ii) any preferred stock which our subsidiaries may issue to the extent of its liquidation preference. The notes will be effectively subordinated to any of our secured indebtedness to the extent of the value of the collateral securing such indebtedness.

A portion of the proceeds of this offering will be invested in government securities to be deposited in an escrow account and will be used to make the first six scheduled interest payments on the notes. These payments will be secured by a pledge of the funds in the escrow account.

The notes will be subject to special United States federal income tax rules. For a discussion of the special tax regulations governing contingent payment debt instruments, see Material United States Federal Income Tax Considerations.

The notes will be evidenced by one or more global notes deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company. Except as described in this prospectus, beneficial interests in each global note will be shown on, and transfers thereof will be effected only through, records maintained by The Depository Trust Company and its direct and indirect participants.

We do not intend to apply for a listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. Shares of our common stock are traded on the New York Stock Exchange under the symbol CVI. The last reported sale price of our common stock on June 18, 2008 was $24.98 per share.

Concurrently with this offering, certain selling stockholders plan to sell 10,000,000 shares (or 11,500,000 shares if the underwriters exercise in full their option to purchase additional shares) of our common stock in a registered public offering pursuant to a separate registration statement and prospectus at a public offering price per share of $. The consummation of this offering is not conditioned upon the concurrent consummation of the offering of common stock and vice versa.

See Risk Factors beginning on page 29 to read about factors you should consider before buying the notes.

Neither the Securities and Exchange Commission nor any other regulatory body 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 Note	Total
Public offering price	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us	%	$

The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from the date of original issuance, expected to be , 2008.

To the extent the underwriters sell more than $125,000,000 in original principal amount of notes, the underwriters have the option to purchase from us up to an additional $18,750,000 in principal amount of notes solely to cover over-allotments.

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company against payment in New York, New York on , 2008.

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

Prospectus dated , 2008.

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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, CVR Energy, we, us, and our refer to CVR Energy, Inc. and its consolidated subsidiaries, unless the context otherw requires or where otherwise indicated. References in this prospectus to the nitrogen fertilizer business and the Partnership refer to CVR Partners, LP, the entity that owns and operates the nitrogen fertilizer facility. We currently own all of the interests in CVR Partners, LP (other than the managing general partner interest and associated incentive distribution rights, which are held by CVR GP, LLC, or Fertilizer GP, an entity owned by our controlling stockholders and certain members of our senior management team). See The Nitrogen Fertilizer Limited Partnership. You should also see the Glossary of Selected Terms beginning on page 321 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 (loss) 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.

CVR Energy, Inc.

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 located within the mid-continent region (Kansas, Oklahoma, Missouri, Nebraska and Iowa). The nitrogen fertilizer business is the only operation in North America that utilizes a coke gasification process, and at current natural gas and petroleum coke, or pet coke, prices, the lowest cost producer and marketer of ammonia and UAN fertilizers in North America.

Our petroleum business includes a 115,000 barrel per day, or bpd, complex full coking medium-sour crude refinery in Coffeyville, Kansas. In addition, our supporting businesses include (1) a crude oil gathering system serving central Kansas, northern Oklahoma and southwestern Nebraska, (2) storage and terminal facilities for asphalt and refined fuels in Phillipsburg, Kansas, (3) a 145,000 bpd pipeline system that transports crude oil to our refinery and associated crude oil storage tanks with a capacity of approximately 1.2 million barrels and (4) 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 L.P. 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 oil variety in the world capable of being transported by pipeline.

The nitrogen fertilizer business consists of a nitrogen fertilizer manufacturing facility comprised of (1) a 1,225 ton-per-day ammonia unit, (2) a 2,025 ton-per-day UAN unit and (3) an 84 million standard cubic foot per day gasifier complex. 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). In 2007, approximately 72% of the ammonia produced by the fertilizer plant was further upgraded to UAN fertilizer (a solution of urea, ammonium nitrate and water used as a fertilizer). By using pet coke (a coal-like substance that is produced during the refining process) instead of natural gas as a primary raw material, at current natural gas and pet coke prices the nitrogen fertilizer business is the lowest cost producer and marketer of ammonia and UAN fertilizers in

North America. Furthermore, on average during the last four years, over 75% of the pet coke utilized by the fertilizer plant was 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 natural gas is used as a primary raw material). During the second quarter of 2008, we are enjoying unprecedented fertilizer prices which have contributed favorably to our earnings.

We generated combined net sales of $2.4 billion, $3.0 billion and $3.0 billion and operating income of $270.8 million, $281.6 million and $186.6 million for the fiscal years ended December 31, 2005, 2006 and 2007, respectively. Our petroleum business generated $2.3 billion, $2.9 billion and $2.8 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 $199.7 million, $245.6 million and $144.9 million, respectively, of our combined operating income with substantially all of the remainder contributed by the nitrogen fertilizer business. For the three months ended March 31, 2008, we generated combined net sales of $1.22 billion and operating income of $87.4 million. Our petroleum business generated $1.17 billion of our combined net sales and $63.6 million of our combined operating income during this period, with substantially all of the remainder contributed by the nitrogen fertilizer business.

Key Market Trends

We have identified several key factors which we believe are influencing the 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.

- 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.

- Crack spreads are increasing in terms of absolute value with dramatically higher crude oil costs but are substantially narrower as a percentage of crude oil costs, which has reduced oil refinery profitability.

- A shift in market fundamentals for global petroleum refiners. The most profitable end products for refiners have shifted from gasoline products to distillate products.

- 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.

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

Nitrogen fertilizer prices in the United States are experiencing all-time highs. Based on industry projections, including from Blue Johnson, these high prices are forecast to continue for the next several years.

Nitrogen fertilizer prices have been decoupled from their historical correlation with natural gas prices in recent years, and increased substantially more than natural gas prices in 2007 and

2008 (based on data provided by Blue Johnson). Moreover, natural gas prices are currently higher in the United States and Canada compared to prevailing prices in the years prior to 2004. High North American natural gas prices contribute to the currently high prices for nitrogen-based fertilizers.

The Energy Independence and Security Act of 2007 requires fuel producers to use at least 36 billion gallons of biofuel (such as ethanol) by 2022, a nearly five-fold increase over current levels. The increase in grain production necessary to meet this requirement is expected to result in rising demand for nitrogen-based fertilizers.

World population and economic growth, combined with changing dietary trends in many nations, has significantly increased demand for U.S. agricultural production and exports. Increasing U.S. crop production requires higher application rates of fertilizers, primarily nitrogen-based fertilizers.

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 located in the southern portion of the PADD II Group 3 distribution area. Because refined product demand in this area exceeds production, the region has historically required U.S. Gulf Coast imports to meet demand. 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 $2.14 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 heating oil.

In addition, the nitrogen fertilizer business is geographically advantaged to supply nitrogen fertilizer 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 advantage over competitors not located in the farm belt who transport ammonia and UAN from the U.S. Gulf Coast, based on recent freight rates and pipeline tariffs for U.S. Gulf Coast importers.

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 maintain capacity on the 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 southwestern Nebraska, which allows us to acquire quality crudes at a discount to West Texas intermediate crude oil, or WTI, which is used as a benchmark for other crude oils.

High Quality, Modern Refinery 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 94% 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 March 31, 2008, we have invested approximately $725 million to modernize our oil refinery and to meet more stringent U.S. environmental, health and safety

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requirements. As a result, our refinery s complexity has increased from 10.0 to 12.1, and we have achieved significant increases in our refinery crude oil 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, over 94,500 bpd for all of 2006 and over 110,000 bpd in the fourth quarter of 2007 with maximum daily rates in excess of 120,000 bpd for the fourth quarter of 2007.

Unique Coke Gasification Fertilizer Plant. The nitrogen fertilizer plant, completed in 2000, is the newest fertilizer facility in North America and the only one of its kind in North America using a pet coke gasification process to produce ammonia. While this facility is unique to North America, gasification technology has been in use for over 50 years in various industries to produce fuel, chemicals and other products from carbon-based source materials. Because it uses significantly less natural gas in the manufacture of ammonia than other domestic nitrogen fertilizer plants, with the currently high price of natural gas the nitrogen fertilizer business feedstock cost per ton for ammonia is considerably lower than that of its natural gas-based fertilizer plant 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 MMBtu (at June 16, 2008, the price of natural gas was $12.93 per MMBtu).

Experienced Management Team. In conjunction with the acquisition of our business in June 2005 by funds affiliated with Goldman, Sachs & Co. and Kelso & Company, L.P., or the Goldman Sachs Funds and the Kelso Funds, 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 June 2005.

Mr. John J. Lipinski, our Chief Executive Officer, has over 36 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 34 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 19 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.

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 business 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. We continually evaluate opportunities to expand our existing asset base and consider capital projects that accentuate our core competitiveness in petroleum refining. We are also evaluating projects that will improve our ability to process heavy crude oil feedstocks and to increase our overall operating flexibility with respect to crude oil slates. In addition, management also continually evaluates capital projects that are intended to enhance the Partnership s competitiveness in nitrogen fertilizer manufacturing.

Increasing the Profitability of Our Existing Assets. We strive to improve our operating efficiency and to reduce our costs by controlling our cost structure. We intend to make investments to improve the efficiency of our operations and pursue cost saving initiatives. We have recently completed the greenfield construction of a new continuous catalytic reformer. This project is expected to increase the profitability of our petroleum business through increased refined product yields and the

elimination of scheduled downtime associated with the reformer that was replaced. In addition, this project reduces the dependence of our refinery on hydrogen supplied by the fertilizer facility, thereby allowing the nitrogen fertilizer business to generate higher margins by using the hydrogen to produce ammonia and UAN. The nitrogen fertilizer business expects, over time, to convert 100% of its production to higher-margin UAN.

Seeking Strategic Acquisitions. We intend to consider strategic acquisitions within the energy industry that are beneficial to our shareholders. We will seek acquisition opportunities in our existing areas of operation that have the potential for operational efficiencies. We may also examine opportunities in the energy industry outside of our existing areas of operation and in new geographic regions. In addition, working on behalf of the Partnership, management may pursue strategic and accretive acquisitions within the fertilizer industry, including opportunities in different geographic regions. We have no agreements or understandings with respect to any acquisitions at the present time.

Pursuing Opportunities to Maximize the Value of the Nitrogen Fertilizer Business. Our management, acting on behalf of the Partnership, will continually evaluate opportunities that are intended to enable the Partnership to grow its distributable cash flow. Management s strategies specifically related to the growth opportunities of the Partnership include the following:

> ***Expanding UAN Production.*** The nitrogen fertilizer business is moving forward with an approximately \$120 million nitrogen fertilizer plant expansion, of which approximately \$11 million was incurred as of March 31, 2008. This expansion is expected to permit the nitrogen fertilizer business to increase its UAN production and to result in its UAN manufacturing facility consuming substantially all of its net ammonia production. This should increase the nitrogen fertilizer plant s margins because UAN has historically been a higher margin product than ammonia. The UAN expansion is expected to be complete in July 2010 and it is estimated that it will result in an approximately 50% increase in the nitrogen fertilizer business annual UAN production. The company has also begun to acquire or lease offsite UAN storage facilities and continues to expand this program.
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> ***Executing Several Efficiency-Based and Other Projects.*** The nitrogen fertilizer business is currently engaged in several efficiency-based and other projects in order to reduce overall operating costs, incrementally increase its ammonia production and utilize byproducts to generate revenue. For example, by redesigning the system that segregates carbon dioxide, or CO_2, during the gasification process, the nitrogen fertilizer business estimates that it will be able to produce approximately 25 tons per day of incremental ammonia, worth approximately \$6 million per year at current market prices. The nitrogen fertilizer business estimates that this project will cost approximately \$7 million (of which none has yet been incurred) and will be completed in 2010. The Company has a proven track record of operating gasifiers and is well positioned to offer operating and technical services as a third-party operator to other gasifier-based projects.
>
> ***Evaluating Construction of a Third Gasifier Unit and a New Ammonia Unit and UAN Unit at the Nitrogen Fertilizer Plant.*** The nitrogen fertilizer business has engaged a major engineering firm to help it evaluate the construction and operation of an additional gasifier unit to produce a synthesis gas from pet coke. It is expected that the addition of a third gasifier unit, together with additional ammonia and UAN units, to the nitrogen fertilizer business operations could result, on a long-term basis, in an increase in UAN production of approximately 75,000 tons per month. This project is in its earliest stages of review and is still subject to numerous levels of internal analysis.

Other opportunities our management may consider on behalf of the Partnership in the event that its managing general partner proceeds with an initial offering include acquiring certain of our petroleum business ancillary assets and providing incremental pipeline transportation and storage infrastructure services to our petroleum business. There are currently no agreements or

understandings in place with respect to any such acquisitions or opportunities, and there can be no assurance that the Partnership would be able to operate any of these assets or businesses profitably.

Nitrogen Fertilizer Limited Partnership

In conjunction with the closing of our initial public offering in October 2007, the nitrogen fertilizer business was transferred to CVR Partners, LP, or the Partnership. The Partnership has two general partners: a managing general partner, which is owned by the Goldman Sachs Funds, the Kelso Funds and our senior management, and a second general partner, owned by us.

We own all of the interests in the Partnership (other than the managing general partner interest and associated IDRs described below) and are currently entitled to all cash distributed by the Partnership. The managing general partner is not entitled to participate in Partnership distributions except in respect of its incentive distribution rights, or IDRs, which entitle it 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 October 24, 2007 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 consummates an equity offering 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 are initially entitled to receive all cash that is distributed by the Partnership, the partnership agreement provides that, once the Partnership has distributed all aggregate adjusted operating surplus generated by the Partnership during the period from October 24, 2007 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, assuming we continue to own all of the Partnership s interests that we currently own) 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 is operated by our senior management pursuant to a services agreement among us, the managing general partner and the Partnership. We pay all of our senior management s compensation, and the Partnership reimburses us for the time our senior management spends working for the Partnership. The Partnership is managed by the managing general partner and us, as special general partner. As special general partner of the Partnership, we have (1) joint management rights regarding the appointment, termination and compensation of the chief executive officer and chief financial officer of the managing general partner, (2) the right to designate two members of the board of directors of the managing general partner and (3) joint management rights regarding specified major business decisions relating to the Partnership.

The Partnership filed a registration statement in February 2008 for an initial public offering of its common units. On June 13, 2008, we announced that the managing general partner of the Partnership has decided to postpone indefinitely the Partnership s initial public offering due to current market conditions for master limited partnerships.

The Partnership subsequently requested that the registration statement be withdrawn. We believe maintaining the fertilizer business within the

Company provides greater value for CVR Energy shareholders than would be the case if the Partnership became a publicly-traded partnership. The Partnership may elect to move forward with a public or private offering in the future. Any future 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.

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

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, or NYMEX, swap agreements whereby if crack spreads in absolute terms fall below the fixed level, J. Aron agreed to pay the difference to us, and if crack spreads in absolute terms 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.

Based on crude oil capacity of 115,000 bpd, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 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 our leverage ratio and our credit ratings, we are permitted to 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, so long as at the time of reduction or termination, we pay the amount of unrealized losses associated with the amount reduced or terminated.

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 intended to 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.

The current environment of high and rising crude oil prices has led to higher crack spreads in absolute terms but significantly narrower crack spreads as a percentage of crude oil prices. As a result, the Cash Flow Swap, under which payments are calculated based on crack spreads in absolute terms, has had and continues to have a material negative impact on our earnings. Due to the Cash Flow Swap, we estimate we will owe J. Aron approximately $54 million on July 8, 2008 for crude oil we settled or will settle with respect to the quarter ending June 30, 2008, based on June 16, 2008 pricing. We also owe J. Aron $123.7 million plus accrued interest ($5.8 million as of June 1, 2008) on August 31, 2008 under deferral arrangements we entered into because of the temporary cessation of our operations on June 30, 2007 due to the flood. For more information on the Cash Flow Swap, please see Certain Relationships and Related Party Transactions Transactions with the Goldman Sachs Funds and the Kelso Funds J. Aron & Company and Management s Discussion and

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Analysis of Financial Condition and Results of Operations Factors Affecting Comparability of Our Financial Results J. Aron Deferrals.

We have determined that the Cash Flow Swap does not qualify as a hedge for hedge accounting purposes under current United States generally accepted accounting principles, 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 (loss) 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.

Common Stock Offering

Concurrently with this notes offering, certain selling stockholders plan to sell 10,000,000 shares of our common stock (or 11,500,000 shares if the underwriters exercise in full their option to purchase additional shares) in a registered public offering pursuant to a separate registration statement and prospectus at a public offering price per share of $. We cannot give any assurance that the common stock offering will be completed on the terms set forth in the common stock offering registration statement and prospectus or at all. The consummation of this offering is not conditioned upon the concurrent consummation of the offering of common stock and vice versa.

Recent Developments

During the second quarter of 2008, we are enjoying unprecedented fertilizer prices which have contributed favorably to our earnings. Strong industry fundamentals have led current demand for nitrogen fertilizers to all time highs. U.S. corn inventories at the end of the 2008-2009 fertilizer year are projected to be at 673 million bushels, which is the lowest level since 1995-1996. Corn prices are at record high levels, and corn planting for 2008-2009 is projected to be higher than 2007-2008. Nitrogen fertilizer prices are at record high levels due to increased demand and increasing worldwide natural gas prices. In addition, nitrogen fertilizer prices, which historically showed a positive correlation with natural gas prices, have been decoupled from, and increased substantially more than, natural gas prices in 2007 and 2008. In addition to demand driven by biofuel fuel production, the quest for healthier lives and better diets in developing countries is a primary driving factor behind the increased global demand for fertilizers. As of June 16, 2008, our order book for UAN included 367,825 tons at an average netback price of $326.56 per ton and 34,898 tons of ammonia at an average netback price of $620.61 per ton.

At the same time, however, crude oil prices have reached record levels, and while crack spreads have increased to historically high absolute values, they are below historical levels as a percentage of crude oil prices. Because crack spreads as a percentage of crude oil prices have not kept pace with increasing crude oil prices, our earnings will be negatively impacted in the second quarter of 2008. The Cash Flow Swap will also have a material negative impact on our earnings through at least June 2009 due to the fact that losses on the Cash Flow Swap increase as crack spreads in absolute terms increase. In addition, our second quarter has been negatively impacted by unplanned downtime at the fertilizer plant and the refinery and increase in non-cash share-based compensation costs as a result of our increased stock price.

We have begun negotiations to enter into a new $25.0 million senior secured term loan, or the proposed senior secured credit facility, which we anticipate will contain covenants substantially similar to our existing credit facility. We have not entered into any agreement regarding this new credit facility, and there is no guarantee that we will be able to enter into the proposed senior secured credit facility on the terms described herein or at all.

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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.

On October 26, 2007, CVR Energy completed its initial public offering. CVR Energy was formed as a wholly-owned subsidiary of Coffeyville Acquisition LLC in September 2006 in order to complete the initial public offering of the businesses acquired by Coffeyville Acquisition LLC. In October 2007, the nitrogen fertilizer business was transferred to the Partnership and the Partnership s managing general partner was sold to a new entity owned by the Goldman Sachs Funds, the Kelso Funds and certain members of our senior management team.

Prior to our initial public 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 our initial public offering.

Risks Relating to Our Business

We face certain risks 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. The current high price of oil has led to a narrowing of crack spreads as a percentage of crude oil prices. As a result, refining margins have not kept pace with the price of oil, and have been further negatively impacted by the Cash Flow Swap. In addition, 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 in connection with the flood and crude oil discharge that occurred at our refinery on the weekend of June 30, 2007. For more detailed information about the flood and crude oil discharge, including insurance reimbursement information, see Flood and Crude Oil Discharge.

The partnership structure through which we own the nitrogen fertilizer business also involves numerous risks that could materially affect our business. The managing general partner of the Partnership is owned by our controlling stockholders and senior management and manages the operations of the Partnership (subject to our specified joint management rights). The managing general partner owns 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 are not 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 noteholder 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 has a fiduciary duty to favor the interests of its owners, and these interests may differ from our interests and the interests of our stockholders and noteholders. The members of our senior management also face conflicts of interest because they serve as executive officers of both CVR Energy and the managing general partner of the Partnership.

In May 2008, we restated our consolidated financial statements for the year ended December 31, 2007 and the related quarter ended September 30, 2007 as a result of material weaknesses in our disclosure controls and procedures and internal control over financial reporting. We are in the process of remediating these material weaknesses, but there can be no assurance that we will not in the future identify additional material weaknesses or significant deficiencies in our disclosure controls and procedures or internal control over financial reporting.

For more information about these and other risks relating to our company, see Risk Factors beginning on page 29 and Cautionary Note Regarding Forward-Looking Statements beginning on page 73. 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 and the organizational structure of the Partnership, assuming the concurrent common stock offering by certain selling stockholders is consummated and the underwriters do not exercise their option to purchase additional shares from certain of the selling stockholders in the concurrent common stock offering:

* CVR GP, LLC, which we refer to as Fertilizer GP, is the managing general partner of CVR Partners, LP. As managing general partner, Fertilizer GP holds incentive distribution rights, or IDRs, which entitle it 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 generated by the Partnership during the period from October 24, 2007 through December 31, 2009.

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The Offering

The following summary of the offering of the notes is not intended to be a complete description of the notes and does not contain all the information that may be important to you. You should read this prospectus and any free writing prospectus we have authorized to be provided to you before making an investment in the notes. For a more detailed description of the notes, see the section entitled Description of the Notes in this prospectus.

Issuer	CVR Energy, Inc.
Notes Offered	$125,000,000 in aggregate original principal amount of % Convertible Senior Notes due 2013 (the notes), which may increase to up to $143,750,000 in aggregate principal amount of the notes if the underwriters exercise in full their option to purchase additional notes solely to cover over-allotments.
Maturity Date	The notes will mature on , 2013, unless earlier converted or repurchased.
Interest	We will pay interest on the notes at a rate of % per year, payable semi-annually in arrears in cash on and of each year, beginning on , 2008.
Interest Escrow	Until , 2011, our interest payment obligations under the notes will be secured by a pledge of the escrow account described below and the assets therein pursuant to a pledge and escrow agreement. From the proceeds of this offering, the underwriters will, on our behalf, purchase and deposit with the escrow agent on the closing date of this offering government securities (as defined herein). Approximately $ million (plus an additional approximately $ million if the underwriters over-allotment option is exercised in full) of the proceeds from this offering will be used to purchase government securities to be deposited in the escrow account and pledged to the trustee as security for our obligations under the notes and the indenture. The notes will not otherwise be secured. See Description of the Notes Interest Escrow.
Ranking	The notes will be our general senior unsecured obligations (except as described above under Interest Escrow), ranking equal in right of payment to all of our senior unsecured indebtedness; senior in right of payment to indebtedness that is contractually subordinated to the notes; structurally subordinated to (i) all existing and future claims of our subsidiaries creditors, including trade creditors, and (ii) any preferred stock which our subsidiaries may issue to the extent of its liquidation preference; and effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness. The indenture for the notes will not restrict us or our subsidiaries from incurring additional debt or other liabilities, including secured debt. We are a holding company. Our subsidiaries conduct all of our operations and

own substantially all of our assets. As a result, we are dependent on the cash flow of our subsidiaries to meet our debt obligations. None of our subsidiaries will guarantee any of our obligations under, or have any obligation to pay amounts due on, the notes. At March 31, 2008, our subsidiaries had $483.1 million aggregate principal amount of long-term debt outstanding (all of which was secured) and could borrow an additional $112.6 million under our credit facility. In addition, in connection with this offering, we expect that our subsidiary Coffeyville Resources LLC will enter into a new $25.0 million senior secured credit facility which will be structurally senior to the notes. If our subsidiaries were to incur additional debt or liabilities, our ability to pay our obligations on the notes, including cash payments upon conversion or repurchase, could be adversely affected.

Conversion Rights

Holders may convert their notes, in whole or in part, at any time prior to the close of business on the scheduled trading day (as defined herein) immediately preceding , 2013, at the then applicable conversion rate, under the following circumstances:

during the five business day period after any five consecutive trading day period (the measurement period) during which the trading price (as defined herein) per $1,000 in principal amount of the notes for each day of the measurement period was less than 98% of the product of the last reported sale price (as defined herein) of our common stock and the applicable conversion rate on such date;

during any calendar quarter (and only during such calendar quarter) after the calendar quarter ending on September 30, 2008, if the last reported sale price of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the applicable conversion price in effect on the last trading day of the immediately preceding calendar quarter; or

upon the occurrence of specified corporate events described under Description of the Notes Conversion Rights Conversion upon Specified Corporate Events.

At the option of the holder, regardless of the foregoing circumstances, a holder may convert its notes at any time on or after , 2013 but prior to the close of business on the scheduled trading day immediately preceding the maturity date of the notes.

The initial conversion rate for the notes will be shares of common stock per $1,000 in principal amount of notes, which is equivalent to an initial conversion price of approximately $[ ] per share of common stock, subject to certain adjustments as described under Description of the Notes Conversion Rights Conversion Rate Adjustments.

In addition, if a holder elects to convert his notes in connection with a make-whole fundamental change (as defined herein),

we will increase the conversion rate with respect to such holder s notes by an additional number of shares of common stock as described under Description of the Notes Conversion Rights Adjustment to Shares Delivered upon Conversion in Connection with a Make-Whole Fundamental Change. No additional shares will be added to the conversion rate if the price paid per share of our common stock in connection with the make-whole fundamental change is greater than $ per share or if such price is less than $ per share (in each case, subject to adjustment). Notwithstanding the foregoing, in no event will the conversion rate of the notes exceed shares of common stock per $1,000 in principal amount of notes (subject to adjustment).

Settlement Upon Conversion

Unless we have made the irrevocable net share settlement election (as described below), upon conversion of the notes, we will settle conversions of the notes (i) entirely in shares of our common stock, (ii) entirely in cash, or (iii) in cash for the principal amount of the notes and shares of our common stock, or cash and shares of our common stock, for the excess, if any, of the conversion value above the principal amount (combination settlement).

Unless we have made an irrevocable net share settlement election (as defined herein), at any time prior to the 35th scheduled trading day prior to the maturity date of the notes, we may deliver a notice to the holders of the notes designating the settlement method for all conversions that occur on or after the 35th scheduled trading day prior to maturity (and, if we elect combination settlement for such conversions, we will specify the percentage (the cash percentage) of the daily conversion value in excess of the daily portion of the principal amount that we will satisfy in cash for all such conversions, which if not specified will be deemed to be zero). If we do not deliver such a notice, then we will settle all such conversions using combination settlement described in the second bullet below with a cash percentage of zero.

We will treat all holders of notes converting on the same trading day in the same manner. Except for all conversions that occur on or after the 35th scheduled trading day prior to maturity of the notes and unless we have made the irrevocable net share settlement election, we will not have any obligation to settle our conversion obligations arising on different trading days in the same manner. That is, we may choose on one trading day to settle in shares of our common stock only and choose on another trading day to settle in cash or a combination of cash and shares of our common stock.

At any time on or prior to the 35th scheduled trading day prior to the maturity date of the notes, we may irrevocably elect (such election, the irrevocable net share settlement election) to settle conversions of the notes using combination settlement or entirely in cash as described in the second or third bullet below, respectively. If we make the irrevocable net share

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settlement election, we will no longer be permitted under the indenture to settle conversions of the notes entirely in shares of our common stock as described in the first bullet below. Upon making the irrevocable net share settlement election, we will promptly (i) issue a press release and post such information on our website or otherwise publicly disclose this information and (ii) provide written notice to the holders of the notes in a manner contemplated by the indenture, including through the facilities of DTC. After we have made the irrevocable net share settlement election, upon conversion of any notes, we will inform the converting holders through the trustee, no later than the business day immediately following the related conversion date, of the cash percentage with respect to such conversion. If we do not specify the cash percentage, the cash percentage will be deemed to be zero.

The irrevocable net share settlement election is in our sole discretion and does not require the consent of the holders of the notes.

The settlement amount will be computed as follows:

if we elect to settle any conversion entirely in shares of our common stock, we will deliver a number of shares of our common stock to the holder of the notes on the third business day after the relevant conversion date equal to (i) (A) the aggregate principal amount of notes to be converted, divided by (B) $1,000, multiplied by (ii) the conversion rate in effect on the relevant conversion date (provided that we will deliver cash in lieu of fractional shares as described above);

if we elect (or are deemed to elect) combination settlement or if we have made the irrevocable net share settlement election (in each case, as defined herein), we will settle each $1,000 in original principal amount of notes being converted by delivering, on the third business day immediately following the last day of the related observation period (as defined herein), cash and shares of our common stock, if any, equal to the sum of the daily settlement amounts (as defined herein) for each of the 30 VWAP trading days (as defined herein) during the related observation period; and

if we elect to settle any conversion entirely in cash, we will settle each $1,000 in principal amount of notes being converted by delivering, on the third business day immediately following the last day of the related observation period, an amount of cash equal to the sum of the daily conversion values (as defined herein) for each of the 30 VWAP trading days during the related observation period.

It is our current intent and policy to settle any conversion of the notes using combination settlement as described in the second bullet point above.

Sinking Fund	None.

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Optional Redemption by Us	The notes may not be redeemed at our option prior to maturity.
Fundamental Change Repurchase Right of Holders	Subject to certain exceptions, if a fundamental change occurs at any time, you will have the right, at your option, to require us to repurchase all of your notes or a portion of the principal amount thereof that is equal to $1,000 or an integral multiple of $1,000. The fundamental change repurchase price will be 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest. Any notes repurchased by us will be paid for in cash.
Events of Default	Except as noted below, if an event of default on the notes occurs, 100% of the principal amount of the notes, plus accrued and unpaid interest thereon, if any, may be declared immediately due and payable, subject to certain conditions set forth in the indenture. If the event of default relates to the company s failure to comply with the reporting obligations in the indenture, at our option, the sole remedy for the first 180 days after the occurrence of such event of default will consist exclusively of the right to receive an extension fee on the notes in an amount equal to 0.50% of the principal amount of the notes. The notes will become due and payable immediately in the case of certain types of bankruptcy or insolvency events of default with respect to the company.
No Prior Market	The notes will be new securities for which there is currently no market. Although certain of the underwriters have informed us that they intend to make a market in the notes, they are not obligated to do so, and may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained. We do not intend to apply for a listing of the notes on any securities exchange or automated quotation system.
New York Stock Exchange symbol for Our Common Stock	Our common stock is listed on the New York Stock Exchange under the symbol CVI.
Use of Proceeds	We estimate that the net proceeds from this offering, after deducting estimated fees and expenses and the underwriters discounts and commissions, will be approximately $ million, if the underwriters over-allotment option is not exercised. We intend to use the net proceeds of this offering (including any proceeds we receive if the underwriters exercise their over-allotment option) for general corporate purposes, which may include using a portion of the proceeds to pay amounts owed to J. Aron under the Cash Flow Swap and for future capital investments.
Concurrent Transaction	Concurrently with this notes offering, certain selling stockholders plan to sell 10,000,000 shares of our common stock (or 11,500,000 shares if the underwriters exercise in full their

	option to purchase additional shares) at a public offering price per share of $.
	The consummation of this offering is not conditioned upon the concurrent consummation of the secondary offering and vice versa.
Material United States Federal Income Tax Considerations	You should consult your tax advisor with respect to the United States federal income tax consequences of owning the notes and the common stock into which the notes may be converted in light of your own particular situation and with respect to any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction. See Material United States Federal Income Tax Considerations.
Risk Factors	See Risk Factors beginning on page 29 to read about factors you should consider before buying the notes.

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 in or linked to or from our website is not a part of this prospectus.

Concurrently with this notes offering, Coffeyville Acquisition, an entity owned principally by the Kelso Funds, and Coffeyville Acquisition II, an entity owned principally by the Goldman Sachs Funds, are, along with our chairman and chief executive officer, selling 10,000,000 shares of common stock (11,500,000 shares of common stock if the underwriters exercise in full their option to purchase additional shares). Certain members of our senior management team will receive proceeds from the sale of common stock by Coffeyville Acquisition and Coffeyville Acquisition II as a result of their membership interest in these entities. Payments will also be made to certain members of our senior management team pursuant to the Coffeyville Resources, LLC Phantom Unit Appreciation Plan (Plan I) and the Coffeyville Resources, LLC Phantom Unit Appreciation Plan (Plan II) as a direct result of the sale of shares of our common stock by Coffeyville Acquisition and Coffeyville Acquisition II. For further information, see Principal Stockholders, Certain Relationships and Related Party Transactions and The Nitrogen Fertilizer Limited Partnership.

Depending on market conditions at the time of pricing of this convertible notes offering and other considerations, the company may sell a greater or lesser aggregate principal amount of notes than the principal amount set forth on the cover page of this prospectus.

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Summary Consolidated Financial Information

The summary consolidated financial information presented below under the caption Statement of Operations Data for the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005 and the years ended December 31, 2006 and 2007, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2006 and 2007, 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 balance sheet data as of December 31, 2005 is 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 three-month period ended March 31, 2007 and the three-month period ended March 31, 2008, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of March 31, 2008, 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 three-month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

We calculate earnings per share for the years ended December 31, 2006 and 2007 and the three-month period ended March 31, 2007 on a pro forma basis, assuming our post-IPO capital structure had been in place for the entire year for each of 2006 and 2007. For the year ended December 31, 2007, 17,500 non-vested common shares and 18,900 common stock options have been excluded from the calculation of pro forma diluted earnings per share because the inclusion of such common stock equivalents in the number of weighted average shares outstanding would be anti-dilutive. We have omitted earnings per share data for 2005 because we operated under a different capital structure than our current capital structure and, therefore, the information is not meaningful.

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 periods before and after June 24, 2005 is not comparable.

On April 23, 2008, the audit committee of our board of directors and management concluded that our previously issued consolidated financial statements for the year ended December 31, 2007 and the related quarter ended September 30, 2007 contained errors. See footnote 2 to our consolidated financial statements for the year ended December 31, 2007 included elsewhere in this prospectus and Management s Discussion and Analysis of Financial Condition and Results of Operations Restatement of Year Ended December 31, 2007 and Quarter Ended September 30, 2007 Financial Statements. All information presented in this prospectus reflects our restated financial results.

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. Coffeyville Acquisition, LLC 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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The historical data presented below has been derived from financial statements that have been prepared using GAAP included elsewhere in this prospectus. This data should be read in conjunction with, and is qualified in its entirety by reference to, 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	
	Three Months Ended March 31 2007	Three Months Ended March 31 2008
	(unaudited, in millions, except share and per share data)	
Statement of Operations Data:		
Net sales	$ 390.5	$ 1,223.0
Cost of product sold (exclusive of depreciation and amortization)	303.7	1,036.2
Direct operating expenses (exclusive of depreciation and amortization)	113.4	60.6
Selling, general and administrative expenses (exclusive of depreciation and amortization)	13.2	13.4
Net costs associated with flood(1)		5.8
Depreciation and amortization(2)	14.2	19.6
Operating income (loss)	(54.0)	$ 87.4
Other income, net	0.5	0.9
Interest expense and other financing costs	(11.9)	(11.3)
Loss on derivatives, net	(137.0)	(47.9)
Income (loss) before income taxes and minority interest in subsidiaries	$ (202.4)	$ 29.1
Income tax (expense) benefit	47.3	(6.9)
Minority interest in (income) loss of subsidiaries	0.7	
Net income (loss)(3)	$ (154.4)	$ 22.2
Pro forma loss per share, basic	$ (1.79)	
Pro forma loss per share, diluted	$ (1.79)	
Pro forma weighted average shares, basic	86,141,291	
Pro forma weighted average shares, diluted	86,141,291	
Earnings per share, basic		$ 0.26
Earnings per share, diluted		$ 0.26
Weighted average shares, basic		86,141,291
Weighted average shares, diluted		86,158,791
Segment Financial Data:		
Operating income (loss):		
Petroleum	(63.5)	63.6
Nitrogen Fertilizer	9.3	26.0
Other	0.2	(2.2)
Operating income (loss):	$ (54.0)	$ 87.4

Depreciation and amortization:				
Petroleum		9.8		14.9
Nitrogen Fertilizer		4.4		4.5
Other				0.2
Depreciation and amortization(2)	$	14.2	$	19.6
Other Financial Data:				
Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap(4)	$	(82.4)	$	30.6
Cash flows provided by operating activities		44.1		24.2
Cash flows used in investing activities		(107.4)		(26.2)
Cash flows provided by (used in) financing activities		29.0		(3.4)
Capital expenditures for property, plant and equipment		107.4		26.2

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	Successor	
	Three Months Ended March 31 2007	Three Months Ended March 31 2008
	(unaudited)	
Key Operating Statistics:		
Petroleum Business		
Production (barrels per day)(5)	53,689	125,614
Crude oil throughput (barrels per day)(5)	47,267	106,530
Refining margin per crude oil throughput barrel (dollars)(6)	$ 12.69	$ 13.76
NYMEX 2-1-1 crack spread (dollars)(7)	$ 12.17	$ 11.81
Direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel (dollars)(8)	$ 22.73	$ 4.16
Gross profit (loss) per crude oil throughput per barrel (dollars)(8)	$ (12.34)	$ 7.50
Nitrogen Fertilizer Business		
Production Volume:		
Ammonia (tons in thousands)	86.2	83.7
UAN (tons in thousands)	165.7	150.1
On-stream factors:		
Gasification	91.8%	91.8%
Ammonia	86.3%	90.7%
UAN	89.4%	85.9%

	Immediate Predecessor	Successor		
	174 Days Ended June 23 2005	233 Days Ended December 31 2005	Year Ended December 31 2006	Year Ended December 31 2007
	(in millions, except share and per share data)			
Statement of Operations Data:				
Net sales	$ 980.7	$ 1,454.3	$ 3,037.6	$ 2,966.9
Cost of product sold (exclusive of depreciation and amortization)	768.0	1,168.1	2,443.4	2,308.8
Direct operating expenses (exclusive of depreciation and amortization)	80.9	85.3	199.0	276.1
Selling, general and administrative expenses (exclusive of depreciation and amortization)	18.4	18.4	62.6	93.1
Net costs associated with flood(1)				41.5
Depreciation and amortization(2)	1.1	24.0	51.0	60.8
Operating income	$ 112.3	$ 158.5	$ 281.6	$ 186.6
Other income (expense)(9)	(8.4)	0.4	(20.8)	0.2
Interest expense and other financing costs	(7.8)	(25.0)	(43.9)	(61.1)
Gain (loss) on derivatives	(7.6)	(316.1)	94.5	(282.0)

Income (loss) before income taxes	$ 88.5	$ (182.2)	$ 311.4	$ (156.3)
Income tax (expense) benefit	(36.1)	63.0	(119.8)	88.5
Minority interest in (income) loss of subsidiaries				0.2
Net income (loss)(3)	$ 52.4	$ (119.2)	$ 191.6	$ (67.6)
Pro forma earnings per share, basic			$ 2.22	$ (0.78)
Pro forma earnings per share, diluted			$ 2.22	$ (0.78)
Pro forma weighted average shares, basic			86,141,291	86,141,291
Pro forma weighted average shares, diluted			86,158,791	86,141,291

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	Immediate Predecessor 174 Days Ended June 23 2005	233 Days Ended December 31 2005	Successor Year Ended December 31 2006	Year Ended December 31 2007
		(in millions)		
Segment Financial Data:				
Operating income				
Petroleum	76.7	123.0	245.6	144.9
Nitrogen Fertilizer	35.3	35.7	36.8	46.6
Other	0.3	(0.2)	(0.8)	(4.9)
Operating income	112.3	158.5	281.6	186.6
Depreciation and amortization				
Petroleum	0.8	15.6	33.0	43.0
Nitrogen Fertilizer	0.3	8.4	17.1	16.8
Other			0.9	1.0
Depreciation and amortization(2)	1.1	24.0	51.0	60.8
Other Financial Data:				
Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap(4)	52.4	23.6	115.4	(5.6)
Cash flows provided by operating activities	12.7	82.5	186.6	145.9
Cash flows (used in) investing activities	(12.3)	(730.3)	(240.2)	(268.6)
Cash flows provided by (used in) financing activities	(52.4)	712.5	30.8	111.3
Capital expenditures for property, plant and equipment	12.3	45.2	240.2	268.6

	Immediate Predecessor 174 Days Ended June 23 2005	233 Days Ended December 31 2005	Successor Year Ended December 31 2006 (unaudited)	Year Ended December 31 2007
Key Operating Statistics:				
Petroleum Business				
Production (barrels per day)(5)(10)	99,171	107,177	108,031	86,201
Crude oil throughput (barrels per day)(5)(10)	88,012	93,908	94,524	76,285
Refining margin per crude oil throughput barrel (dollars)(6)	$ 9.28	$ 11.55	$ 13.27	$ 18.17
NYMEX 2-1-1 crack spread(7)	9.60	13.47	10.84	13.95
Direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel (dollars)(8)	3.44	3.13	3.92	7.52
Gross profit (loss) per crude oil throughput per barrel (dollars)(8)	5.79	7.55	8.39	7.79
Nitrogen Fertilizer Business				

Production Volume:				
Ammonia (tons in thousands)(10)	193.2	220.0	369.3	326.7
UAN (tons in thousands)(10)	309.9	353.4	633.1	576.9
On-stream factors(11):				
Gasifier	97.4%	98.7%	92.5%	90.0%
Ammonia	95.0%	98.3%	89.3%	87.7%
UAN	93.9%	94.8%	88.9%	78.7%

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	Successor			
	December 31 2005	December 31 2006	December 31 2007	March 31 2008 (unaudited)
	(in millions)			
Balance Sheet Data:				
Cash and cash equivalents	$ 64.7	$ 41.9	$ 30.5	$ 25.2
Working capital	108.0	112.3	10.7	21.5
Total assets	1,221.5	1,449.5	1,868.4	1,923.6
Total debt, including current portion	499.4	775.0	500.8	499.2
Minority interest in subsidiaries(12)		4.3	10.6	10.6
Divisional/members /stockholders equity	115.8	76.4	432.7	455.1

(1) Represents the write-off of approximate net costs associated with flood and crude oil spill that are not probable of recovery. See Flood and Crude Oil Discharge.

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

	Immediate Predecessor	Successor				
	174 Days Ended June 23 2005	233 Days Ended December 31 2005	Year Ended December 31 2006	Year Ended December 31 2007	Three Months Ended March 31 2007 (unaudited)	Three Months Ended March 31 2008 (unaudited)
	(in millions)					
Depreciation and amortization excluded from cost of product sold	$ 0.1	$ 1.1	$ 2.2	$ 2.4	$ 0.6	$ 0.6
Depreciation and amortization excluded from direct operating expenses	0.9	22.7	47.7	57.4	13.5	18.7
Depreciation and amortization excluded from selling, general and administrative expenses	0.1	0.2	1.1	1.0	0.1	0.3
Depreciation included in net costs associated with flood				7.6		
Total depreciation and amortization	$ 1.1	$ 24.0	$ 51.0	$ 68.4	$ 14.2	$ 19.6

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(3) 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:

	Immediate Predecessor	Successor				
	174 Days Ended June 23 2005	233 Days Ended December 31 2005	Year Ended December 31 2006	Year Ended December 31 2007	Three Months Ended March 31 2007	Three Months Ended March 31 2008
			(in millions)		(unaudited)	(unaudited)
Loss on extinguishment of debt(a)	$ 8.1	$	$ 23.4	$ 1.3	$	$
Inventory fair market value adjustment(b)		16.6				
Funded letter of credit expense and interest rate swap not included in interest expense(c)		2.3		1.8		0.9
Major scheduled turnaround expense(d)			6.6	76.4	66.0	
Loss on termination of swap(e)		25.0				
Unrealized (gain) loss from Cash Flow Swap		235.9	(126.8)	103.2	119.7	13.9

(a) Represents the write-off of: (i) $8.1 million of deferred financing costs in connection with the refinancing of our senior secured credit facility on June 23, 2005, (ii) $23.4 million in connection with the refinancing of our senior secured credit facility on December 28, 2006 and (iii) $1.3 million in connection with the repayment and termination of three credit facilities on October 26, 2007.

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

(c) 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.

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

(e) 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.

(4)

Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap results from adjusting for the unrealized portion of the derivative transaction that was executed in conjunction with the acquisition of Coffeyville Group Holdings, LLC by Coffeyville Acquisition LLC on June 24, 2005. 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 absolute (i.e., in dollar terms, not as a percentage of crude oil prices) crack spreads fall below the fixed level, J. Aron agreed to pay the difference to us, and if absolute crack spreads rise above the fixed level, we agreed to pay the difference to J. Aron. Based upon expected crude oil capacity of 115,000 bpd, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 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 our leverage ratio and our credit ratings, we are permitted to 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, so long as at the time of reduction or termination, we pay the amount of unrealized losses associated with the amount reduced or terminated.

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 absolute 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 absolute 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 (loss) 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 GAAP net income results as well as Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap. We believe that Net income (loss) 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 (loss) 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 (loss) 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 (loss) adjusted for unrealized gain or loss from Cash Flow Swap to Net income (loss):

	Immediate Predecessor			**Successor**		
	174 Days Ended June 23 2005	**233 Days Ended December 31 2005**	**Year Ended December 31 2006**	**Year Ended December 31 2007**	**Three Months Ended March 31 2007**	**Three Months Ended March 31 2008**
			(in millions)		**(unaudited)**	**(unaudited)**
Net income (loss) adjusted for unrealized gain (loss) from Cash Flow Swap	$ 52.4	$ 23.6	$ 115.4	$ (5.6)	$ (82.4)	$ 30.6
Plus:						

Unrealized gain (loss) from Cash Flow Swap, net of tax benefit		(142.8)	76.2	(62.0)	(72.0)	(8.4)
Net income (loss)	$ 52.4	$ (119.2)	$ 191.6	$ (67.6)	$ (154.4)	$ 22.2

(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 per crude oil throughput barrel is a measurement calculated as the difference between net sales and cost of product sold (exclusive of depreciation and amortization) divided by the refinery s crude oil throughput volumes for the respective periods presented. Refining margin per crude oil throughput barrel is a non-GAAP measure that should not be substituted for gross profit or operating income and that we believe is important to investors in evaluating our refinery s performance as a general indication of the amount above our cost of product sold that we are able to sell refined products. Our calculation of refining margin per crude oil throughput barrel may differ from similar calculations of other companies in our industry, thereby

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limiting its usefulness as a comparative measure. We use refining margin per crude oil throughput barrel as the most direct and comparable metric to a crack spread which is an observable market indication of industry profitability.

(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 crude oil 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) per crude oil throughput barrel 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 depreciation or amortization. We use direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel as a measure of operating efficiency within the plant and as a control metric for expenditures.

Direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel is a non-GAAP measure. Our calculations of direct operating expenses (exclusive of depreciation and amortization) per crude oil 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 crude oil throughput barrel:

	Immediate Predecessor			**Successor**		
	174 Days Ended June 23, 2005	**233 Days Ended December 31, 2005**	**Year Ended December 31, 2006**	**Year Ended December 31, 2007**	**Three Months Ended March 31, 2007**	**Three Months Ended March 31, 2008**
			(in millions, except as otherwise indicated)		**(unaudited)**	**(unaudited)**
Petroleum Business:						
Net Sales	$ 903.8	$ 1,363.4	$ 2,880.4	$ 2,806.2	$ 352.5	$ 1,168.5
Cost of product sold (exclusive of depreciation and amortization)	761.7	1,156.2	2,422.7	2,300.2	298.5	1,035.1
Direct operating expenses (exclusive of depreciation and amortization)	52.6	56.2	135.3	209.5	96.7	40.3
Net costs associated with flood				36.7		5.5
Depreciation and amortization	0.8	15.6	33.0	43.0	9.8	14.9
Gross profit (loss)	$ 88.7	$ 135.4	$ 289.4	$ 216.8	$ (52.5)	$ 72.7
Plus direct operating expenses (exclusive of	52.6	56.2	135.3	209.5	96.7	40.3

depreciation and amortization)						
Plus net costs associated with flood				36.7		5.5
Plus depreciation and amortization	0.8	15.6	33.0	43.0	9.8	14.9
Refining margin	$ 142.1	$ 207.2	$ 457.7	$ 506.0	$ 54.0	$ 133.4
Refining margin per crude oil throughput barrel (dollars)	$ 9.28	$ 11.55	$ 13.27	$ 18.17	$ 12.69	$ 13.76
Gross profit (loss) per crude oil throughput barrel (dollars)	$ 5.79	$ 7.55	$ 8.39	$ 7.79	$ (12.34)	$ 7.50
Direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel (dollars)	$ 3.44	$ 3.13	$ 3.92	$ 7.52	$ 22.73	$ 4.16
Operating income (loss)	76.7	123.0	245.6	144.9	(63.5)	63.6

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(9) During the 174 days ended June 23, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, we recognized a loss of $8.1 million, $23.4 million and $1.3 million, respectively, on early extinguishment of debt.

(10) 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.

(11) On-stream factor is the total number of hours operated divided by the total number of hours in the reporting period. Excluding the impact of turnaround at the nitrogen fertilizer facility in the third quarter of 2006, the on-stream factors for the year ended December 31, 2006 would have been 97.1% for gasifier, 94.3% for ammonia and 93.6% for UAN. Excluding the impact of the flood during the weekend of June 30, 2007, the on-stream factors for the year ended December 31, 2007 would have been 94.6% for gasifier, 92.4% for ammonia and 83.9% for UAN.

(12) Minority interest at December 31, 2006 reflects common stock in two of our subsidiaries owned by John J. Lipinski (which were exchanged for shares of our common stock with an equivalent value prior to the consummation of our initial public offering). Minority interest at December 31, 2007 and March 31, 2008 reflects Coffeyville Acquisition III LLC s ownership of the managing general partner interest and IDRs of the Partnership.

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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 (1) Coffeyville Acquisition LLC and its consolidated subsidiaries from June 24, 2005 through October 15, 2007 and (2) CVR Energy, Inc. and its consolidated subsidiaries (including the Partnership) on and after October 16, 2007.

In addition, in this prospectus:

Managing general partner refers to CVR GP, LLC, the Partnership s managing general partner, which is owned by Coffeyville Acquisition III;

Special general partner refers to CVR Special GP, LLC, the Partnership s special general partner, which is indirectly owned by us;

General Partners refers to the Partnership s managing general partner and special general partner;

Coffeyville Resources refers to Coffeyville Resources, LLC, the subsidiary of CVR Energy which is the sole limited partner of the Partnership;

Coffeyville Acquisition refers to Coffeyville Acquisition LLC, an entity owned principally by the Kelso Funds, which owns 36.5% of our common stock prior to the concurrent equity offering and will own 30.7% of our common stock following the concurrent equity offering, assuming that the concurrent equity offering is consummated, all of the shares of common stock offered thereby are sold and the underwriters do not exercise their option to purchase additional shares;

Coffeyville Acquisition II refers to Coffeyville Acquisition II LLC, an entity owned principally by the Goldman Sachs Funds, which owns 36.5% of our common stock prior to the concurrent equity offering and will own 30.7% of our common stock following the concurrent equity offering, assuming that the concurrent equity offering is consummated, all of the shares of common stock offered thereby are sold and the underwriters do not exercise their option to purchase additional shares; and

Coffeyville Acquisition III refers to Coffeyville Acquisition III LLC, the owner of the Partnership s managing general partner, which in turn is owned by the Goldman Sachs Funds, the Kelso Funds and certain members of CVR Energy s senior management team.

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. Certain information contained in the Industry section is based on the Energy Information Administration s Annual Energy Outlook 2007, released in May 2007, which is the most recent comprehensive EIA publication currently available. 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 belonging to CVR Energy, Inc., including COFFEYVILLE RESOURCES®, CVR Energy™ and CVR Partners™. 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 the notes. 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 the notes or the shares of common stock issuable upon conversion of the notes 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. In 2008 we have experienced extremely high oil prices. These high prices have had an adverse effect on the profitability of oil refineries generally, including us. If oil prices remain at their current levels or move higher, our profitability will be materially adversely effected.

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, 2008 and will automatically extend for an additional one year term unless either party elects not to extend the agreement. 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.

Our internally generated cash flows and other sources of liquidity may not be adequate for our capital needs.

If we cannot generate adequate cash flow or otherwise secure sufficient liquidity to meet our working capital needs or support our short-term and long-term capital requirements, we may be unable to meet our debt obligations, including payments on the notes, pursue our business strategies or comply with certain environmental standards, which would have a material adverse effect on our business and results of operations. As of March 31, 2008 and June 16, 2008, we had cash, cash equivalents and short-term investments of $25.2 million and $71.4 million, respectively, and up to

$112.6 million available under our revolving credit facility as of both dates. In the current crude oil price environment, working capital is subject to substantial variability from week-to-week and month-to-month. We have substantial short-term and long-term capital needs. Our short-term working capital needs are primarily crude oil purchase requirements, which fluctuate with the pricing and sourcing of crude oil. In 2008 we have experienced extremely high oil prices which have substantially increased our short-term working capital needs. Our long-term capital needs include 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. We also have significant short-term and long-term needs for cash, including deferred payments of $123.7 million plus accrued interest ($5.8 million as of June 1, 2008) due on August 31, 2008 that are owed under the Cash Flow Swap with J. Aron. We estimate that due to the Cash Flow Swap we also will owe J. Aron approximately $54 million on July 8, 2008 for crude oil we settled or will settle with respect to the quarter ending June 30, 2008 based on June 16, 2008 pricing. Our liquidity and earnings are materially negatively impacted by the effects of the Cash Flow Swap through at least June 2009. See Risks Related to our Entire Business Our commodity derivative activities have historically resulted and in the future could result in losses and in period-to-period earning volatility. In addition, 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 $49 million per year over the next five years.

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

Our refinery requires approximately 85,000 to 100,000 bpd of crude oil in addition to the light sweet crude oil we gather locally in Kansas, northern Oklahoma and southwest Nebraska. We obtain a portion of our non-gathered crude oil, approximately 22% in 2007, from foreign sources such as Latin America, South America, the Middle East, West Africa, Canada and the North Sea. The actual amount of foreign crude oil we purchase is dependent on market conditions and will vary from year to year. 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.

Severe weather, including hurricanes along the U.S. Gulf Coast, could interrupt our supply of crude oil. For example, the hurricane season in 2005 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 in absolute terms. 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.

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Our profitability is partially linked to the light/heavy and sweet/sour crude oil price spreads. A decrease in either of the spreads would negatively impact our profitability.

Our profitability is partially 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. The light/heavy and sweet/sour spread has declined in recent months, which has resulted, and in the future may continue to result, in a decline in profitability.

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.

During 2007 we 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.

In the second half of 2007 we 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.

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 the notes or 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 the notes or 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.

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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.

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 spend 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 new interpretations or 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 address the alleged violations and eliminate liabilities going forward. 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 the 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 affect our ability to meet the requirements imposed by the Consent Decree and have a material adverse effect on our results of operations, financial condition and profitability.

We may agree to enter into a global settlement under EPA s National Petroleum Refining Initiative, or the NPRI. The 2004 Consent Decree addressed two of the four marquee issues under

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the NPRI. We may agree to enter into a new consent decree or amend the existing Consent Decree to incorporate the marquee issues that were not addressed in the 2004 consent decree. We do not believe that addressing the remaining marquee issues would have a material adverse effect on our results of operations, financial condition and profitability.

We will incur capital expenditures over the next several years in order to comply with regulations under the federal 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. In 2007, as a result of the flood, our refinery exceeded the average annual gasoline sulfur standard mandated by the hardship waiver. We are re-negotiating provisions of the hardship waiver and have agreed in principle to meet the final low sulfur Tier II gasoline sulfur standards by January 1, 2010 (one year earlier than required under the hardship waiver) in consideration for the EPA s agreement not to seek a penalty for the 2007 sulfur exceedance. Compliance with the Tier II gasoline standards and on-road diesel standards required us to spend approximately $133 million during 2006 and approximately $103 million during 2007, and we estimate that compliance will require us to spend approximately $68 million between 2008 and 2010. Changes in equipment or construction costs could require significantly greater expenditures.

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.

Risks Related to the Nitrogen Fertilizer Business

Natural gas prices affect the price of the nitrogen fertilizers that the nitrogen fertilizer business sells. Any decline in natural gas prices could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

Because most nitrogen fertilizer manufacturers rely on natural gas as their primary feedstock, and the cost of natural gas is a large component (approximately 90% based on historical data) of the total production cost of nitrogen fertilizers for natural gas-based nitrogen fertilizer manufacturers, the price of nitrogen fertilizers has historically generally correlated with the price of natural gas. We are currently in a period of high natural gas prices, and the price at which the nitrogen fertilizer business is able to sell its nitrogen fertilizers is near historical highs. However, natural gas prices are cyclical and volatile and may decline at any time. The nitrogen fertilizer business does not hedge against declining natural gas prices. Any decline in natural gas prices could have a material adverse impact on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

The nitrogen fertilizer plant has high fixed costs. If nitrogen fertilizer product prices fall below a certain level, which could be caused by a reduction in the price of natural gas, 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 Major Influences on Results of Operations Nitrogen Fertilizer Business. As a result, downtime or low productivity due to reduced demand, interruptions because of adverse weather conditions, equipment failures, low prices for

nitrogen fertilizer 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. We have no control over natural gas prices, which can be highly volatile. A decline in natural gas prices generally has the effect of reducing the base sale price for nitrogen fertilizer products in the market generally while the nitrogen fertilizer business fixed costs will remain substantially unchanged by the decline in natural gas prices. Any decline in the price of nitrogen fertilizer products could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

The demand for and pricing of nitrogen fertilizers have increased dramatically in recent years. The nitrogen fertilizer business is cyclical and volatile and historically, periods of high demand and pricing have been followed by periods of declining prices and declining capacity utilization. Such cycles expose us to potentially significant fluctuations in our financial condition, cash flows and results of operations, which could result in volatility in the price of our common stock and the notes, or an inability of the nitrogen fertilizer business to make quarterly distributions.

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 financial condition, cash flows and results of operations, which could result in significant volatility in the price of our common stock and the notes, or an inability of the nitrogen fertilizer business to make distributions to us. Nitrogen fertilizer products are commodities, the price of which can be volatile. 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. If seasonal demand exceeds the projections of the nitrogen fertilizer business, its customers may acquire nitrogen fertilizer from its competitors, and the profitability of the nitrogen fertilizer business will be negatively impacted. If seasonal demand is less than expected, the nitrogen fertilizer business will be left with excess inventory that will have to be stored or liquidated.

Demand for fertilizer products is dependent, in part, on demand for crop nutrients by the global agricultural industry. Nitrogen-based fertilizers are currently in high demand, driven by a growing world population, changes in dietary habits and an expanded use of corn for the production of ethanol. Supply is affected by available capacity and operating rates, raw material costs, government policies and global trade. The prices for nitrogen fertilizers are currently extremely high. Nitrogen fertilizer prices may not remain at current levels and could fall, perhaps materially. A decrease in nitrogen fertilizer prices would have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

Nitrogen 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, the Asia-Pacific region, the Caribbean, Russia and Ukraine. Nitrogen fertilizer products 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 Union each have trade regulatory measures in effect that are designed to address this type of unfair trade, but there is no guarantee that such trade regulatory measures will continue. Changes in these measures could have a material adverse impact

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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. In addition, if natural gas prices in the United States were to decline to a level that prompts those U.S. producers who have previously closed production facilities to resume fertilizer production, this would likely contribute to a global supply/demand imbalance that could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. 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 material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions, because the agricultural customers of the nitrogen fertilizer business are geographically concentrated.

Sales of nitrogen 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 including flooding could have a negative effect on fertilizer demand, which could, in turn, result in a material decline in our net sales and margins and otherwise have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. Our quarterly results may vary significantly from one year to the next due primarily to weather-related shifts in planting schedules and purchase patterns.

The nitrogen fertilizer business results of operations, financial condition and ability to make cash distributions 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 have a material adverse effect on the nitrogen fertilizer business results of operations, financial condition and ability to make cash distributions. Moreover, if pet coke prices increase the nitrogen fertilizer business may not be able to increase its prices to recover increased pet coke costs, because market prices for the nitrogen fertilizer business nitrogen fertilizer products are generally correlated with natural gas prices, the primary raw material used by competitors of the nitrogen fertilizer business, and not pet coke prices. Based on the nitrogen fertilizer business current output, the nitrogen fertilizer business obtains most (over 75% on average during the last four years) of the pet coke it needs from our adjacent oil refinery, and procures the remainder on the open market. The nitrogen fertilizer business competitors are not subject to changes in pet coke prices. The nitrogen fertilizer business is sensitive to fluctuations in the price of pet coke on the open market. Pet coke prices could significantly increase in the future. The nitrogen fertilizer business might also be unable to find alternative suppliers to make up for any reduction in the amount of pet coke it obtains from our oil refinery.

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 nitrogen 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 material adverse effects to its results of operations, financial condition and ability to make cash distributions.

The nitrogen fertilizer business relies on an air separation plant owned by The Linde Group to provide oxygen, nitrogen and compressed dry air to its gasifier. A deterioration in the financial condition of The Linde Group, or a mechanical problem with the air separation plant, could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

The nitrogen fertilizer business relies on an air separation plant owned by The Linde Group, or Linde, to provide oxygen, nitrogen and compressed dry air to its gasifier. The nitrogen fertilizer business operations could be adversely affected if there were a deterioration in Linde s financial condition such that the operation of the air separation plant were disrupted. Additionally, this air separation plant in the past has experienced numerous momentary interruptions, thereby causing interruptions in the nitrogen fertilizer business gasifier operations. The nitrogen fertilizer business requires a reliable supply of oxygen, nitrogen and compressed dry air. A disruption of its supply could prevent it from producing its products at current levels and could have a material adverse effect on our results of operations, financial condition and ability of the nitrogen fertilizer business to make cash distributions.

Ammonia can be very volatile and dangerous. Any liability for accidents involving ammonia that cause severe damage to property and/or injury to the environment and human health could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. 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 can be very volatile and dangerous. 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 lawsuits, fines, penalties and regulatory enforcement proceedings, all 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 have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. The nitrogen fertilizer business experienced an ammonia release most recently in August 2007. See Business Environmental Matters Release Reporting.

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, a railcar accident may have catastrophic results, 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, the nitrogen fertilizer business may be strictly liable. If the nitrogen fertilizer business is strictly liable, it could be held responsible even if it is not at fault and complied with the laws and regulations in effect at the time of the accident. Litigation arising from accidents involving ammonia may result in the Partnership or us being named as a defendant in lawsuits asserting claims for large amounts of damages, which could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

Given the risks inherent in transporting ammonia, the costs of transporting ammonia could increase significantly in the future. Ammonia is typically transported by railcar. A number of initiatives are underway in the railroad and chemical industries that may result in changes to railcar design in order to minimize railway accidents involving hazardous materials. If any such design changes are

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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.

The nitrogen fertilizer business operations are dependent on a limited number of third-party suppliers. Failure by key 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 and the ability of the nitrogen fertilizer business to make cash distributions.

The nitrogen fertilizer operations depend in large part on the performance of third-party suppliers, including Linde for the supply of oxygen and nitrogen and the city of Coffeyville for the supply of electricity. The contract with Linde extends through 2020 and the electricity contract extends through 2019. Should these suppliers fail to perform in accordance with the existing contractual arrangements, the nitrogen fertilizer business operations 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 even for a limited period could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

The nitrogen fertilizer business relies on third party providers of transportation services and equipment, which subjects us to risks and uncertainties beyond our control that may have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

The nitrogen fertilizer business relies on railroad and trucking companies to ship nitrogen fertilizer products to its customers. The nitrogen fertilizer business also leases rail cars from rail car owners in order to ship its products. These transportation operations, equipment, and services are subject to various hazards, including extreme weather conditions, work stoppages, delays, spills, derailments and other accidents and other operating hazards.

These transportation operations, equipment and services are also subject to environmental, safety, and regulatory oversight. Due to concerns related to terrorism or accidents, local, state and federal governments could implement new regulations affecting the transportation of the nitrogen fertilizers business products. In addition, new regulations could be implemented affecting the equipment used to ship its products.

Any delay in the nitrogen fertilizer businesses ability to ship its products as a result of these transportation companies failure to operate properly, the implementation of new and more stringent regulatory requirements affecting transportation operations or equipment, or significant increases in the cost of these services or equipment, could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

Environmental laws and regulations on fertilizer end-use and application could have a material adverse impact on fertilizer demand in the future.

Future environmental laws and regulations on the end-use and application of fertilizers could cause changes in demand for the nitrogen fertilizer business products. 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. From time to time, various state legislatures have proposed bans or other limitations on fertilizer products. Any such future laws, regulations or interpretations could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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A major factor underlying the current high level of demand for nitrogen-based fertilizer products is the expanding production of ethanol. A decrease in ethanol production, an increase in ethanol imports or a shift away from corn as a principal raw material used to produce ethanol could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

A major factor underlying the current high level of demand for nitrogen-based fertilizer products is the expanding production of ethanol in the United States and the expanded use of corn in ethanol production. Ethanol production in the United States is highly dependent upon a myriad of federal and state legislation and regulations, and is made significantly more competitive by various federal and state incentives. Such incentive programs may not be renewed, or if renewed, they may be renewed on terms significantly less favorable to ethanol producers than current incentive programs. Recent studies showing that expanded ethanol production may increase the level of greenhouse gases in the environment may reduce political support for ethanol production. The elimination or significant reduction in ethanol incentive programs could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

Imported ethanol is generally subject to a $0.54 per gallon tariff and a 2.5% ad valorem tax. This tariff is set to expire on December 31, 2008. This tariff may not be renewed, or if renewed, it may be renewed on terms significantly less favorable for domestic ethanol production than current incentive programs. We do not know the extent to which the volume of imports would increase or the effect on U.S. prices for ethanol if the tariff is not renewed beyond its current expiration. The elimination of tariffs on imported ethanol may negatively impact the demand for domestic ethanol, which could lower U.S. corn and other grain production and thereby have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

Most ethanol is currently produced from corn and other raw grains, such as milo or sorghum especially in the Midwest. The current trend in ethanol production research is to develop an efficient method of producing ethanol from cellulose-based biomass, such as agricultural waste, forest residue, municipal solid waste and energy crops (plants grown for use to make biofuels or directly exploited for the energy content). This trend is driven by the fact that cellulose-based biomass is generally cheaper than corn, and producing ethanol from cellulose-based biomass would create opportunities to produce ethanol in areas that are unable to grow corn. Although current technology is not sufficiently efficient to be competitive, new conversion technologies may be developed in the future. If an efficient method of producing ethanol from cellulose-based biomass is developed, the demand for corn may decrease, which could reduce demand for the nitrogen fertilizer business products, which could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

If global transportation costs decline, the nitrogen fertilizer business competitors may be able to sell their products at a lower price, which would have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

Many of the nitrogen fertilizer business competitors produce fertilizer outside of the U.S. farm belt region and incur costs in transporting their products to this region via ships and pipelines. There can be no assurance that competitors transportation costs will not decline or that additional pipelines will not be built, lowering the price at which the nitrogen fertilizer business competitors can sell their products, which would have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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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 the 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 effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. 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. For example, the flood that occurred during the weekend of June 30, 2007 shut down our refinery for seven weeks, shut down the nitrogen fertilizer-facility for approximately two weeks and required significant expenditures to repair damaged equipment.

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 benefit from or maintain against these risks and successfully collect. As required under our existing credit facility, 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 coverage (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 within 45 days of the start of 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 certain swap agreements we entered into in June 2005 (as amended, the Cash Flow Swap). We will be required to make payments under the Cash Flow Swap if crack spreads in absolute terms 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. 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 a 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. The nitrogen fertilizer plant, or individual units within the plant, will require scheduled or unscheduled downtime for maintenance or repairs. In general, the nitrogen fertilizer facility requires scheduled turnaround maintenance every two years and the next scheduled turnaround is currently expected to occur in the fourth quarter of 2008. Scheduled and unscheduled maintenance could reduce net income and cash flow during the period of time that any of our units is not operating.

Our commodity derivative activities have historically resulted and in the future could result in losses and 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 with J. Aron for the period from July 1, 2005 to June 30, 2010. These agreements were subsequently assigned from Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005. Based on crude oil capacity of 115,000 bpd, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 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 our leverage ratio and our credit ratings, 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 facility, management has limited discretion to change the amount of hedged volumes under the Cash Flow Swap therefore affecting our exposure to market volatility. The current environment of high and rising crude oil prices has led to higher crack spreads in absolute terms but significantly narrower crack spreads as a percentage of crude oil prices. As a result, the Cash Flow Swap, under which payments are calculated based on crack spreads in absolute terms, has had and will continue to have a material negative impact on our earnings. In addition, because this derivative is based on NYMEX prices while our revenue is based on prices in the Coffeyville supply area, the contracts do not eliminate 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. We have substantial payment obligations to J. Aron in respect of the Cash Flow Swap. See Our internally generated cash flows and other sources of liquidity may not be adequate for our capital needs.

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, $(103.2) million and $(13.9) million for the years ended December 31, 2006 and

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2007 and the three months ended March 31, 2008, respectively. The positions under the Cash Flow Swap had a significant negative impact on our earnings in 2007 and are expected to continue to do so in 2008. As of March 31, 2008, a $1.00 change in quoted prices for the absolute crack spreads utilized in the Cash Flow Swap would result in a $36.2 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.

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

We have incurred 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, Kansas. Our refinery and nitrogen fertilizer plant, which are located in close proximity to the Verdigris River, were severely flooded, sustained major damage and required extensive repairs. Total gross costs incurred and recorded as of March 31, 2008 related to the third party costs to repair the refinery and fertilizer facilities were approximately $82.5 million and $4.0 million, respectively. Additionally, other corporate overhead and miscellaneous costs incurred and recorded in connection with the flood as of March 31, 2008 were approximately $19.3 million. We currently estimate that approximately $2.1 million in third party costs related to the repair of flood damaged property will be recorded in future periods. 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 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 expect to substantially complete remediation of the contamination caused by the crude oil discharge by July 31, 2008 and anticipate minor remediation activities thereafter. Total net costs recorded as of March 31, 2008 associated with remediation efforts and third party property damage incurred by the crude oil discharge are approximately $27.3 million. This amount is net of anticipated insurance recoveries of $21.4 million.

As of March 31, 2008, we have recorded total gross costs associated with the repair of, and other matters relating to the damage to our facilities and with third party and property damage remediation incurred due to the crude oil discharge of approximately $154.5 million. Total anticipated insurance recoveries of approximately $107.2 million have been recorded as March 31, 2008 (of which $21.5 million has already been received from insurance carriers by us), resulting in a net cost of approximately $47.3 million. We have not estimated any potential fines, penalties or claims that may be imposed or brought by regulatory authorities or possible additional damages arising from 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 estimated amounts currently described in our filings with the Securities and Exchange Commission (the SEC). Such excess costs and damages could be material.

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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 2007 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 2007 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, and our coverage for business interruption losses applies only if the facilities were not operational for 45 days or more.

Environmental laws and regulations could 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 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 our operations and processes and the 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 relief requirements 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 results of operations, financial condition and profitability.

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. In addition, we 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.

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 refinery (which includes portions of the nitrogen fertilizer plant) and the Phillipsburg terminal. If significant unknown 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.

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

CO_2 and other greenhouse gas emissions may be the subject of federal or state legislation or regulated in the future by the EPA as an air pollutant, requiring us to obtain additional permits, install additional controls, or purchase credits to reduce greenhouse gas emissions which could adversely affect our financial performance.

The United States Congress has considered various proposals to reduce greenhouse gas emissions, but none have become law, and presently, there are no federal mandatory greenhouse gas emissions requirements. While it is probable that Congress will adopt some form of federal mandatory greenhouse gas emission reductions legislation in the future, the timing and specific requirements of any such legislation are uncertain at this time. In the absence of existing federal regulations, a number of states have adopted regional greenhouse gas initiatives to reduce CO_2 and other greenhouse gas emissions. In 2007, a group of Midwest states, including Kansas (where our refinery and the nitrogen fertilizer facility are located) formed the Midwestern Greenhouse Gas Accord, which calls for the development of a cap-and-trade system to control greenhouse gas emissions and for the inventory of such emissions. However, the individual states that have signed on to the accord must adopt laws or regulations implementing the trading scheme before it becomes effective, and the timing and specific requirements of any such laws or regulations in Kansas are uncertain at this time.

In 2007, the U.S. Supreme Court decided that CO_2 is an air pollutant under the federal Clean Air Act for the purposes of vehicle emissions. Similar lawsuits have been filed seeking to require the EPA to regulate CO_2 emissions from stationary sources, such as our refinery and the fertilizer plant, under the federal Clean Air Act. Our refinery and the nitrogen fertilizer plant produce significant amounts of CO_2 that are vented into the atmosphere. If the EPA regulates CO_2 emissions from facilities such as ours, we may have to apply for additional permits, install additional controls to reduce CO_2 emissions or take other as yet unknown steps to comply with these potential regulations. For example, we may have to purchase CO_2 emission reduction credits to reduce our current emissions of CO_2 or to offset increases in CO_2 emissions associated with expansions of our operations.

Compliance with any future legislation or regulation of greenhouse gas emissions, if it occurs, may have a material adverse effect on our results of operations, financial condition and profitability.

We are subject to strict laws and regulations regarding employee and process safety, and failure to comply with these laws and regulations could have a material adverse effect on our results of operations, financial condition and profitability.

We are subject to the requirements of the Occupational Safety and Health Administration, or OSHA, and comparable state statutes that regulate the protection of the health and safety of workers. In addition, OSHA requires that we maintain information about hazardous materials used or produced in our operations and that we provide this information to employees, state and local governmental authorities, and local residents. Failure to comply with OSHA requirements, including general industry standards, process safety standards and control of occupational exposure to regulated substances, could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions if we are subjected to significant fines or compliance costs.

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. We have been operating during a recent period of significant volatility in the refined products industry, and recent growth in the profitability of the nitrogen fertilizer products industry may not continue or could reverse. As a result, our results of operations may be lower than we currently expect and the price of the notes and our common stock may be volatile.

Because we have transferred our nitrogen fertilizer business to a newly formed limited partnership, we may be required in the future to share increasing portions of the cash flows of the nitrogen fertilizer business with third parties and we may in the future be required to deconsolidate the nitrogen fertilizer business from our consolidated financial statements.

In connection with our initial public offering in October 2007, we transferred our nitrogen fertilizer business to a newly formed limited partnership, whose managing general partner is a new entity owned by our controlling stockholders and senior management. Although we currently 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 in the future the Partnership elects to pursue 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 the new limited partnership structure prior to October 24, 2007 or any non-controlling interest that may be issued to the public in connection with a future initial offering of the Partnership and therefore our past financial performance may not be an accurate indicator of future performance.

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 44.4%, 36.8% and 40.2% of our petroleum sales for the years ended December 31, 2006 and 2007 and the three months ended March 31, 2008, respectively. Further, in the aggregate, the top five ammonia customers of the nitrogen fertilizer business represented 51.9%, 62.1% and 68.4% of its ammonia sales for the years ended December 31, 2006 and 2007 and the three months ended March 31, 2008, respectively, and the top five UAN customers of the nitrogen fertilizer business represented 30.0%, 38.7% and 42.4% 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, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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.

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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 few 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 next scheduled turnaround of the nitrogen fertilizer facility is currently expected to occur in the fourth quarter of 2008.

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 acquisitions and expansion projects in order to continue to grow and increase profitability. However, acquisitions and expansions involve numerous risks and unce