CVR ENERGY INC
Form 10-Q
May 01, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q
(Mark One)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission file number: 001-33492

CVR ENERGY, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	61-1512186 (I.R.S. Employer Identification No.)
2277 Plaza Drive, Suite 500 Sugar Land, Texas (Address of principal executive offices)	77479 (Zip Code)

(281) 207-3200
(Registrant's telephone number, including area code)

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

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

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

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

There were 86,831,050 shares of the registrant's common stock outstanding at April 28, 2015.

CVR ENERGY, INC. AND SUBSIDIARIES

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For The Quarter Ended March 31, 2015

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GLOSSARY OF SELECTED TERMS

The following are definitions of certain terms used in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (this "Report").

2-1-1 crack spread — The approximate gross margin resulting from processing two barrels of crude oil to produce one barrel of gasoline and one barrel of distillate. The 2-1-1 crack spread is expressed in dollars per barrel.

ammonia — Ammonia is a direct application fertilizer and is primarily used as a building block for other nitrogen products for industrial applications and finished fertilizer products.

barrel — Common unit of measure in the oil industry which equates to 42 gallons.

blendstocks — Various compounds that are combined with gasoline or diesel from the crude oil refining process to make finished gasoline and diesel fuel; these may include natural gasoline, fluid catalytic cracking unit or FCCU gasoline, ethanol, reformate or butane, among others.

bpd — Abbreviation for barrels per day.

bpcd — Abbreviation for barrels per calendar day, which refers to the total number of barrels processed in a refinery within a year, divided by 365 days, thus reflecting all operational and logistical limitations.

bulk sales — Volume sales through third-party pipelines, in contrast to tanker truck quantity rack sales.

capacity — Capacity is defined as the throughput a process unit is capable of sustaining, either on a barrel per calendar or stream day basis. The throughput may be expressed in terms of maximum sustainable, nameplate or economic capacity. The maximum sustainable or nameplate capacities may not be the most economical. The economic capacity is the throughput that generally provides the greatest economic benefit based on considerations such as crude oil and other feedstock costs, product values and downstream unit constraints.

catalyst — A substance that alters, accelerates, or instigates chemical changes, but is neither produced, consumed nor altered in the process.

corn belt — The primary corn producing region of the United States, which includes Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, Ohio and Wisconsin.

crack spread — A simplified calculation that measures the difference between the price for light products and crude oil. For example, the 2-1-1 crack spread is often referenced and represents the approximate gross margin resulting from processing two barrels of crude oil to produce one barrel of gasoline and one barrel of distillate.

distillates — Primarily diesel fuel, kerosene and jet fuel.

ethanol — A clear, colorless, flammable oxygenated hydrocarbon. Ethanol is typically produced chemically from ethylene, or biologically from fermentation of various sugars from carbohydrates found in agricultural crops and cellulosic residues from crops or wood. It is used in the United States as a gasoline octane enhancer and oxygenate.

farm belt — Refers to the states of Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Wisconsin.

feedstocks — Petroleum products, such as crude oil and natural gas liquids, that are processed and blended into refined products, such as gasoline, diesel fuel and jet fuel, during the refining process.

Group 3 — A geographic subset of the PADD II region comprising refineries in Oklahoma, Kansas, Missouri, Nebraska and Iowa. Current Group 3 refineries include the Refining Partnership's Coffeyville and Wynnewood refineries; the Valero Ardmore refinery in Ardmore, OK; HollyFrontier's Tulsa refinery in Tulsa, OK and El Dorado refinery in El Dorado, KS; Phillips 66's Ponca City refinery in Ponca City, OK; and NCRA's refinery in McPherson, KS.

heavy crude oil — A relatively inexpensive crude oil characterized by high relative density and viscosity. Heavy crude oils require greater levels of processing to produce high value products such as gasoline and diesel fuel.

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independent petroleum refiner — A refiner that does not have crude oil exploration or production operations. An independent refiner purchases the crude oil throughputs in its refinery operations from third parties.
light crude oil — A relatively expensive crude oil characterized by low relative density and viscosity. Light crude oils require lower levels of processing to produce high value products such as gasoline and diesel fuel.
Magellan — Magellan Midstream Partners L.P., a publicly traded company whose business is the transportation, storage and distribution of refined petroleum products.
MMBtu — One million British thermal units or Btu: a measure of energy. One Btu of heat is required to raise the temperature of one pound of water one degree Fahrenheit.
MSCF — One thousand standard cubic feet, a customary gas measurement unit.
natural gas liquids — Natural gas liquids, often referred to as NGLs, are both feedstocks used in the manufacture of refined fuels, as well as products of the refining process. Common NGLs used include propane, isobutane, normal butane and natural gasoline.
Nitrogen Fertilizer Partnership IPO — The initial public offering of 22,080,000 common units representing limited partner interests of CVR Partners, LP (the "Nitrogen Fertilizer Partnership"), which closed on April 13, 2011.
PADD II — Midwest Petroleum Area for Defense District which includes Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee and Wisconsin.
petroleum coke (pet coke) — A coal-like substance that is produced during the refining process.
product pricing at gate — Product pricing at gate represents net sales less freight revenue divided by product sales volume in tons. Product pricing at gate is also referred to as netback.
rack sales — Sales which are made at terminals into third-party tanker trucks.
refined products — Petroleum products, such as gasoline, diesel fuel and jet fuel, that are produced by a refinery.
Refining Partnership IPO — The initial public offering of 27,600,000 common units representing limited partner interests of CVR Refining, LP (the "Refining Partnership"), which closed on January 23, 2013 (which includes the underwriters' subsequently-exercised option to purchase additional common units).
Secondary Offering — The registered public offering of 12,000,000 common units representing limited partner interests of the Nitrogen Fertilizer Partnership, which closed on May 28, 2013.
Second Underwritten Offering — The second underwritten offering of 7,475,000 common units of the Refining Partnership, which closed on June 30, 2014 (which includes the underwriters' subsequently-exercised option to purchase additional common units).
sour crude oil — A crude oil that is relatively high in sulfur content, requiring additional processing to remove the sulfur. Sour crude oil is typically less expensive than sweet crude oil.
sweet crude oil — A crude oil that is relatively low in sulfur content, requiring less processing to remove the sulfur. Sweet crude oil is typically more expensive than sour crude oil.
throughput — The volume processed through a unit or a refinery or transported on a pipeline.
turnaround — A periodically required standard procedure to inspect, refurbish, repair and maintain the refinery or nitrogen fertilizer plant assets. This process involves the shutdown and inspection of major processing units and occurs every four to five years for the refineries and every two to three years for the nitrogen fertilizer plant.
UAN — An aqueous solution of urea and ammonium nitrate used as a fertilizer.

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Underwritten Offering — The underwritten offering of 13,209,236 common units of the Refining Partnership, which closed on May 20, 2013 (which includes the underwriters' subsequently-exercised option to purchase additional common units).
WCS — Western Canadian Select crude oil, a medium to heavy, sour crude oil, characterized by an American Petroleum Institute gravity ("API gravity") of between 20 and 22 degrees and a sulfur content of approximately 3.3 weight percent.
WTI — West Texas Intermediate crude oil, a light, sweet crude oil, characterized by an API gravity between 39 and 41 degrees and a sulfur content of approximately 0.4 weight percent that is used as a benchmark for other crude oils.
WTS — West Texas Sour crude oil, a relatively light, sour crude oil, characterized by an API gravity of between 30 and 32 degrees and a sulfur content of approximately 2.0 weight percent.
yield — The percentage of refined products that is produced from crude oil and other feedstocks.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CVR ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2015	December 31, 2014
	(unaudited)	
	(in millions, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$852.2	$753.7
Accounts receivable, net of allowance for doubtful accounts of $0.4	136.7	136.7
Inventories	311.4	329.6
Prepaid expenses and other current assets	139.8	174.7
Income tax receivable	8.4	11.1
Deferred income taxes	5.2	6.3
Due from parent	9.0	44.5
Total current assets	1,462.7	1,456.6
Property, plant, and equipment, net of accumulated depreciation	1,911.6	1,916.0
Intangible assets, net	0.2	0.2
Goodwill	41.0	41.0
Deferred financing costs, net	7.7	8.4
Other long-term assets	32.9	40.3
Total assets	$3,456.1	$3,462.5
LIABILITIES AND EQUITY		
Current liabilities:		
Note payable and capital lease obligations	$1.5	$1.4
Accounts payable	264.6	275.0
Personnel accruals	27.2	38.3
Accrued taxes other than income taxes	26.5	26.7
Deferred revenue	6.3	13.6
Other current liabilities	98.4	68.6
Total current liabilities	424.5	423.6
Long-term liabilities:		
Long-term debt and capital lease obligations, net of current portion	673.1	673.5
Accrued environmental liabilities, net of current portion	0.8	0.9
Deferred income taxes	622.1	638.3
Other long-term liabilities	51.5	50.9
Total long-term liabilities	1,347.5	1,363.6
Commitments and contingencies		
Equity:		
CVR stockholders' equity:		
Common stock $0.01 par value per share, 350,000,000 shares authorized, 86,929,660 shares issued	0.9	0.9
Additional paid-in-capital	1,174.7	1,174.7
Retained deficit	(173.5)	(184.9)

Treasury stock, 98,610 shares at cost	(2.3)	(2.3)
Accumulated other comprehensive loss, net of tax	(0.3)	(0.3)
Total CVR stockholders' equity	999.5	988.1
Noncontrolling interest	684.6	687.2
Total equity	1,684.1	1,675.3
Total liabilities and equity	$3,456.1	$3,462.5

See accompanying notes to the condensed consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2015	2014
	(unaudited)	
	(in millions, except per share data)	
Net sales	$1,388.9	$2,447.4
Operating costs and expenses:		
Cost of product sold (exclusive of depreciation and amortization)	1,073.6	2,076.9
Direct operating expenses (exclusive of depreciation and amortization)	111.4	123.4
Selling, general and administrative expenses (exclusive of depreciation and amortization)	25.3	26.3
Depreciation and amortization	42.0	37.3
Total operating costs and expenses	1,252.3	2,263.9
Operating income	136.6	183.5
Other income (expense):		
Interest expense and other financing costs	(12.7)	(10.1)
Interest income	0.2	0.2
Gain (loss) on derivatives, net	(51.4)	109.4
Other income, net	36.0	0.1
Total other income (expense)	(27.9)	99.6
Income before income taxes	108.7	283.1
Income tax expense	24.0	69.4
Net income	84.7	213.7
Less: Net income attributable to noncontrolling interest	29.8	87.0
Net income attributable to CVR Energy stockholders	$54.9	$126.7
Basic earnings per share	$0.63	$1.46
Diluted earnings per share	$0.63	$1.46
Dividends declared per share	$0.50	$0.75
Weighted-average common shares outstanding:		
Basic	86.8	86.8
Diluted	86.8	86.8

See accompanying notes to the condensed consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31,	
	2015	2014
	(unaudited)	
	(in millions)	
Net income	$84.7	$213.7
Other comprehensive income (loss):		
Unrealized gain on available-for-sale securities, net of tax of $12.6 and $0	19.2	—
Net gain reclassified into income on sale of available-for-sale securities, net of tax of $(8.0) and $0 (Note 11)	(12.1)	—
Net gain reclassified into income on reclassification of available-for-sale securities to trading securities, net of tax of $(4.6) and $0 (Note 11)	(7.1)	—
Change in fair value of interest rate swap, net of tax of $0 and $0	(0.1)	—
Net loss reclassified into income on settlement of interest rate swap, net of tax of $0.1 and $0.1 (Note 12)	0.2	0.2
Total other comprehensive income	0.1	0.2
Comprehensive income	84.8	213.9
Less: Comprehensive income attributable to noncontrolling interest	29.9	87.1
Comprehensive income attributable to CVR Energy stockholders	$54.9	$126.8

See accompanying notes to the condensed consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Common Stockholders								
	Shares Issued	$0.01 Par Value Common Stock	Additional Paid-In Capital	Retained Deficit	Treasury Stock	Accumulated Other Comprehensive Loss	Total CVR Stockholders' Equity	Noncontrolling Interest	Total Equity
	(unaudited) (in millions, except share data)								
Balance at December 31, 2014	86,929,660	$ 0.9	$ 1,174.7	$ (184.9)	$ (2.3)	$ (0.3)	$ 988.1	$ 687.2	$ 1,675.3
Dividends paid to CVR Energy stockholders	—	—	—	(43.4)	—	—	(43.4)	—	(43.4)
Distributions from CVR Partners to public unitholders	—	—	—	—	—	—	—	(14.0)	(14.0)
Distributions from CVR Refining to public unitholders	—	—	—	—	—	—	—	(18.6)	(18.6)
Share-based compensation	—	—	—	(0.1)	—	—	(0.1)	0.1	—
Net income	—	—	—	54.9	—	—	54.9	29.8	84.7
Net gain on interest rate swaps, net of tax	—	—	—	—	—	—	—	0.1	0.1
Balance at March 31, 2015	86,929,660	$ 0.9	$ 1,174.7	$ (173.5)	$ (2.3)	$ (0.3)	$ 999.5	$ 684.6	$ 1,684.1

See accompanying notes to the condensed consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2015	2014
	(unaudited)	
	(in millions)	
Cash flows from operating activities:		
Net income	$84.7	$213.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	42.0	37.3
Allowance for doubtful accounts	—	(0.2)
Amortization of deferred financing costs	0.7	0.7
Deferred income taxes	(14.1)	(22.2)
Loss on disposition of assets	0.8	0.1
Share-based compensation	4.0	4.1
Gain on sale of available-for-sale securities	(20.1)	—
(Gain) loss on derivatives, net	51.4	(109.4)
Current period settlements on derivative contracts	(6.3)	21.1
Changes in assets and liabilities:		
Accounts receivable	—	(16.5)
Inventories	18.2	(16.6)
Prepaid expenses and other current assets	(5.0)	21.6
Due from parent	35.5	82.6
Other long-term assets	—	(0.4)
Accounts payable	(3.8)	26.2
Accrued income taxes	2.6	8.0
Deferred revenue	(7.3)	9.3
Other current liabilities	(4.9)	22.1
Accrued environmental liabilities	(0.1)	(0.1)
Other long-term liabilities	(0.1)	(0.1)
Net cash provided by operating activities	178.2	281.3
Cash flows from investing activities:		
Capital expenditures	(45.5)	(61.9)
Proceeds from sale of available-for-sale securities	42.1	—
Net cash used in investing activities	(3.4)	(61.9)
Cash flows from financing activities:		
Payment of capital lease obligations	(0.3)	(0.3)
Dividends to CVR Energy's stockholders	(43.4)	(65.1)
Distributions to CVR Refining's noncontrolling interest holders	(18.6)	(19.3)
Distributions to CVR Partners' noncontrolling interest holders	(14.0)	(14.7)
Net cash used in financing activities	(76.3)	(99.4)
Net increase in cash and cash equivalents	98.5	120.0
Cash and cash equivalents, beginning of period	753.7	842.1
Cash and cash equivalents, end of period	$852.2	$962.1
Supplemental disclosures:		
Cash paid for income taxes, net of refunds	$—	$0.9
	$3.9	$1.2

Cash paid for interest net of capitalized interest of $0.4 and $2.3 in 2015 and 2014, respectively		
Non-cash investing and financing activities:		
Construction in process additions included in accounts payable	$15.0	$27.2
Change in accounts payable related to construction in process additions	$(6.6)	$(5.6)
Receivable for sale of available-for-sale securities included in prepaid expenses and other current assets	$25.9	$—
Investment in available-for-sale securities reclassified to trading securities	$37.4	$—
Investment in available-for-sale securities included in accounts payable	$—	$4.3

See accompanying notes to the condensed consolidated financial statements.

(1) Organization and History of the Company and Basis of Presentation

Organization

The "Company," "CVR Energy" or "CVR" are used in this Report to refer to CVR Energy, Inc. and, unless the context otherwise requires, its subsidiaries.

CVR is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries through its holdings in CVR Refining, LP ("CVR Refining" or the "Refining Partnership") and CVR Partners, LP ("CVR Partners" or the "Nitrogen Fertilizer Partnership"). The Refining Partnership is an independent petroleum refiner and marketer of high value transportation fuels. The Nitrogen Fertilizer Partnership produces and markets nitrogen fertilizers in the form of UAN and ammonia. The Company reports in two business segments: the petroleum segment (the operations of CVR Refining) and the nitrogen fertilizer segment (the operations of CVR Partners).

CVR's common stock is listed on the NYSE under the symbol "CVI." On May 7, 2012, an affiliate of Icahn Enterprises L.P. ("IEP") announced that they had acquired control of CVR pursuant to a tender offer for all of the Company's common stock (the "IEP Acquisition"). As of March 31, 2015, IEP and its affiliates owned approximately 82% of all outstanding shares.

CVR Partners, LP

On April 13, 2011, the Nitrogen Fertilizer Partnership completed its initial public offering (the "Nitrogen Fertilizer Partnership IPO"). The common units, which are listed on the NYSE, began trading on April 8, 2011 under the symbol "UAN." In connection with the Nitrogen Fertilizer Partnership IPO and through May 27, 2013, the Company recorded a 30% noncontrolling interest for the common units sold into the public market. On May 28, 2013, Coffeyville Resources, LLC ("CRLLC"), a wholly-owned subsidiary of the Company, completed a registered public offering whereby it sold 12,000,000 common units to the public (the "Secondary Offering").

Subsequent to the closing of the Secondary Offering and as of March 31, 2015, public security holders held approximately 47% of the total outstanding Nitrogen Fertilizer Partnership common units, and CRLLC held approximately 53% of the total Nitrogen Fertilizer Partnership common units. In addition, CRLLC owns 100% of the Nitrogen Fertilizer Partnership's general partner, CVR GP, LLC, which only holds a non-economic general partner interest. The noncontrolling interest reflected on the Condensed Consolidated Balance Sheets of CVR is impacted by the net income of, and distributions from, the Nitrogen Fertilizer Partnership.

The Nitrogen Fertilizer Partnership has adopted a policy pursuant to which the Nitrogen Fertilizer Partnership will distribute all of the available cash it generates each quarter. The available cash for each quarter will be determined by the board of directors of the Nitrogen Fertilizer Partnership's general partner following the end of such quarter. The partnership agreement does not require that the Nitrogen Fertilizer Partnership make cash distributions on a quarterly basis or at all, and the board of directors of the general partner of the Nitrogen Fertilizer Partnership can change the Nitrogen Fertilizer Partnership's distribution policy at any time.

The Nitrogen Fertilizer Partnership is operated by CVR's senior management (together with other officers of the general partner) pursuant to a services agreement among CVR, the general partner and the Nitrogen Fertilizer Partnership. The Nitrogen Fertilizer Partnership's general partner manages the operations and activities of the Nitrogen Fertilizer Partnership, subject to the terms and conditions specified in the partnership agreement. The operations of the general partner in its capacity as general partner are managed by its board of directors. Actions by the general partner that are made in its individual capacity are made by CRLLC as the sole member of the general partner and not by the board of directors of the general partner. The members of the board of directors of the general partner are not elected by the common unitholders and are not subject to re-election on a regular basis. The officers of the general partner manage the day-to-day affairs of the business of the Nitrogen Fertilizer Partnership. CVR, the Nitrogen Fertilizer Partnership, their respective subsidiaries and the general partner are parties to a number of agreements to regulate certain business relations between them. Certain of these agreements were amended in connection with the Nitrogen Fertilizer Partnership IPO.

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CVR Refining, LP

On January 23, 2013, the Refining Partnership completed the initial public offering of its common units representing limited partner interests (the "Refining Partnership IPO"). The common units, which are listed on the NYSE, began trading on January 17, 2013 under the symbol "CVRR." On May 20, 2013, the Refining Partnership completed an underwritten offering (the "Underwritten Offering") by selling additional common units to the public. In connection with the Underwritten Offering, American Entertainment Properties Corporation ("AEPC"), an affiliate of IEP, also purchased common units in a privately negotiated transaction with a subsidiary of CVR, which was completed on May 29, 2013. Following the closing of the Underwritten Offering and sale of common units to AEPC and prior to June 30, 2014, public security holders held approximately 29% of the total Refining Partnership common units (including units owned by affiliates of IEP representing 4% of the total Refining Partnership common units), and CVR Refining Holdings, LLC ("CVR Refining Holdings"), a wholly-owned subsidiary of the Company, held approximately 71% of the total Refining Partnership common units.

On June 30, 2014, the Refining Partnership completed a second underwritten offering (the "Second Underwritten Offering") by selling 6,500,000 common units to the public at a price of $26.07 per unit. The Refining Partnership utilized net proceeds of approximately $164.1 million from the Second Underwritten Offering to redeem 6,500,000 common units from CVR Refining Holdings. Subsequent to the closing of the Second Underwritten Offering and through July 23, 2014, public security holders held approximately 33% of the total Refining Partnership common units, and CVR Refining Holdings held approximately 67% of the total Refining Partnership common units.

On July 24, 2014, the Refining Partnership sold an additional 589,100 common units to the public in connection with the underwriters' exercise of their option to purchase additional common units. The Refining Partnership utilized net proceeds of approximately $14.9 million from the underwriters' exercise of their option to purchase additional common units to redeem an equal amount of common units from CVR Refining Holdings. Additionally, on July 24, 2014, CVR Refining Holdings sold 385,900 common units to the public in connection with the underwriters' exercise of their remaining option to purchase additional common units. The Refining Partnership utilized net proceeds of approximately $9.7 million from the underwriters' exercise of their option to purchase additional common units to redeem an equal amount of common units from CVR Refining Holdings.

Subsequent to the closing of the underwriters' option for the Second Underwritten Offering and as of March 31, 2015, public security holders held approximately 34% of the total Refining Partnership common units (including units owned by affiliates of IEP, representing 4% of the total Refining Partnership common units), and CVR Refining Holdings held approximately 66% of the total Refining Partnership common units. In addition, CVR Refining Holdings owns 100% of the Refining Partnership's general partner, CVR Refining GP, LLC, which holds a non-economic general partner interest. The noncontrolling interest reflected on the Condensed Consolidated Balance Sheets of CVR is impacted by the net income of, and distributions from, the Refining Partnership.

The Refining Partnership's general partner manages the Refining Partnership's activities subject to the terms and conditions specified in the Refining Partnership's partnership agreement. The Refining Partnership's general partner is owned by CVR Refining Holdings. The operations of its general partner, in its capacity as general partner, are managed by its board of directors. Actions by its general partner that are made in its individual capacity are made by CVR Refining Holdings as the sole member of the Refining Partnership's general partner and not by the board of directors of its general partner. The members of the board of directors of the Refining Partnership's general partner are not elected by the Refining Partnership's unitholders and are not subject to re-election on a regular basis. The officers

of the general partner manage the day-to-day affairs of the business of the Refining Partnership.

The Refining Partnership has adopted a policy pursuant to which it will distribute all of the available cash it generates each quarter. The available cash for each quarter will be determined by the board of directors of the Refining Partnership's general partner following the end of such quarter. The partnership agreement does not require that the Refining Partnership make cash distributions on a quarterly basis or at all, and the board of directors of the general partner of the Refining Partnership can change the distribution policy at any time.

The Refining Partnership entered into a services agreement on December 31, 2012, pursuant to which the Refining Partnership and its general partner obtain certain management and other services from CVR Energy. In addition, by virtue of the fact that the Refining Partnership is a controlled affiliate of CVR Energy, the Refining Partnership is bound by an omnibus agreement entered into by CVR Energy, CVR Partners and the general partner of CVR Partners, pursuant to which the Refining

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Partnership may not engage in, whether by acquisition or otherwise, the production, transportation or distribution, on a wholesale basis, of fertilizer in the contiguous United States, or a fertilizer restricted business, for so long as CVR Energy and certain of its affiliates continue to own at least 50% of the Nitrogen Fertilizer Partnership's outstanding units.

Basis of Presentation

The accompanying condensed consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC"). The condensed consolidated financial statements include the accounts of CVR and its majority-owned direct and indirect subsidiaries including the Nitrogen Fertilizer Partnership, the Refining Partnership and their respective subsidiaries. The ownership interests of noncontrolling investors in CVR's subsidiaries are recorded as a noncontrolling interest included as a separate component of equity for all periods presented. All intercompany account balances and transactions have been eliminated in consolidation. Certain information and footnotes required for complete financial statements under GAAP have been condensed or omitted pursuant to SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the December 31, 2014 audited consolidated financial statements and notes thereto included in CVR's Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC as of February 20, 2015 (the "2014 Form 10-K").

The Nitrogen Fertilizer Partnership and the Refining Partnership are both consolidated based upon the fact that their general partners are owned by CVR and, therefore, CVR has the ability to control their activities. The general partners of the Nitrogen Fertilizer Partnership and the Refining Partnership manage their respective operations and activities subject to the terms and conditions specified in their respective partnership agreements. The operations of each general partner in its capacity as general partner are managed by its board of directors. The limited rights of the common unitholders of the Nitrogen Fertilizer Partnership and the Refining Partnership are demonstrated by the fact that the common unitholders have no right to elect either general partner or either general partner's directors on an annual or other continuing basis. Each general partner can only be removed by a vote of the holders of at least 66 2/3% of the outstanding common units, including any common units owned by the general partner and its affiliates (including CVR) voting together as a single class. Actions by the general partner that are made in its individual capacity are made by the CVR subsidiary that serves as the sole member of the general partner and not by the board of directors of the general partner. The officers of the general partner manage the day-to-day affairs of the business. The majority of the officers of both general partners are also officers of CVR. Based upon the general partner's role and rights as afforded by the partnership agreements and the limited rights afforded to the limited partners, the condensed consolidated financial statements of CVR will include the assets, liabilities, cash flows, revenues and expenses of the Nitrogen Fertilizer Partnership and the Refining Partnership.

In the opinion of the Company's management, the accompanying condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) that are necessary to fairly present the financial position of the Company as of March 31, 2015 and December 31, 2014, the results of operations and comprehensive income for the three month periods ended March 31, 2015 and 2014, changes in equity for the three month period ended March 31, 2015 and cash flows of the Company for the three month periods ended March 31, 2015 and 2014.

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses,

and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Results of operations and cash flows for the interim periods presented are not necessarily indicative of the results that will be realized for the year ending December 31, 2015 or any other interim or annual period.

(2) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard is effective for interim and annual periods beginning after December 15, 2016 and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. On April 1, 2015, the FASB voted to propose a one-year deferral of the effective date but to permit entities to adopt the standard on the original effective date if they choose. If the deferral is approved, the standard will be effective for interim and annual periods

beginning after December 15, 2017. The Company has not yet selected a transition method and is currently evaluating the standard and the impact on its consolidated financial statements and footnote disclosures.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidations (Topic 810) - Amendments to the Consolidation Analysis" ("ASU 2015-02"). The new guidance makes amendments to the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities. Under this analysis, limited partnerships and other similar entities will be considered a variable interest entity ("VIE") unless the limited partners hold substantive kick-out rights or participating rights. The standard is effective for interim and annual periods beginning after December 15, 2015. The Company is currently evaluating the standard and the impact, if any, on its consolidated financial statements and footnote disclosures.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). The new standard requires that all costs incurred to issue debt be presented in the balance sheet as a direct deduction from the carrying value of the debt. The standard is effective for interim and annual periods beginning after December 31, 2015 and is required to be applied on a retrospective basis. Early adoption is permitted. The Company expects that the adoption of ASU 2015-03 will result in a reclassification of debt issuance costs on the Consolidated Balance Sheets.

(3) Share-Based Compensation

Long-Term Incentive Plan – CVR Energy

CVR has a Long-Term Incentive Plan ("LTIP"), which permits the grant of options, stock appreciation rights, restricted shares, restricted stock units, dividend equivalent rights, share awards and performance awards (including performance share units, performance units and performance-based restricted stock). As of March 31, 2015, only restricted stock units under the LTIP remain outstanding. Individuals who are eligible to receive awards and grants under the LTIP include the Company's employees, officers, consultants, advisors and directors. The LTIP authorized a share pool of 7,500,000 shares of the Company's common stock, 1,000,000 of which may be issued in respect of incentive stock options.

Restricted Stock Units

A summary of restricted stock units grant activity and changes during the three months ended March 31, 2015 is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at January 1, 2015	48,011	$45.89
Granted	—	—
Vested	(3,030)	27.53
Forfeited	(678)	47.68
Non-vested at March 31, 2015	44,303	$47.12

Through the LTIP, shares of restricted common stock were previously granted to employees of the Company. These restricted shares are generally graded-vesting awards, which vest over a three-year period. Compensation expense is recognized on a straight-line basis over the vesting period of the respective tranche of the award. The IEP Acquisition and related Transaction Agreement dated April 18, 2012 between CVR and an affiliate of IEP (the "Transaction Agreement") triggered a modification to outstanding awards under the LTIP. Pursuant to the Transaction Agreement, restricted shares scheduled to vest in 2013, 2014 and 2015 were converted to restricted stock units whereby the awards would be settled in cash upon vesting in an amount equal to the lesser of the offer price of $30.00 per share or the fair market value as determined at the most recent valuation date of December 31 of each year. The awards are remeasured at each subsequent reporting date until they vest. As a result of the modification of the awards, the classification changed from equity-classified awards to liability-classified awards.

In 2012 and 2013, restricted stock units and dividend equivalent rights were granted to certain employees of CVR. The awards are expected to vest over three years, with one-third of the award vesting each year. Each restricted stock unit and dividend equivalent right represents the right to receive, upon vesting, a cash payment equal to (a) the fair market value of one share of the Company's common stock, plus (b) the cash value of all dividends declared and paid by the Company per share of the Company's common stock from the grant date to and including the vesting date. The awards, which are liability-classified, are remeasured at each subsequent reporting date until they vest.

As of March 31, 2015, there was approximately $0.7 million of total unrecognized compensation cost related to non-vested restricted stock units and associated dividend equivalent rights to be recognized over a weighted-average period of approximately 0.7 years. Total compensation expense for the three months ended March 31, 2015 and 2014 was approximately $0.3 million and $0.5 million, respectively, related to the awards.

As of March 31, 2015 and December 31, 2014, the Company had a liability of $2.0 million and $1.7 million, respectively, for non-vested restricted stock unit awards and associated dividend equivalent rights, which is recorded in personnel accruals on the Condensed Consolidated Balance Sheets.

Performance Unit Awards

As of March 31, 2015, Mr. Lipinski's performance unit awards were fully vested and paid with no remaining performance unit awards outstanding. Total compensation expense for the three months ended March 31, 2014 related to the performance awards was approximately $1.8 million.

Long-Term Incentive Plan – CVR Partners

Phantom Units

CVR Partners has a long-term incentive plan ("CVR Partners LTIP") that provides for the grant of options, unit appreciation rights, distribution equivalent rights, restricted units, phantom units and other unit-based awards. The maximum number of common units issuable under the CVR Partners LTIP is 5,000,000. Individuals who are eligible to receive awards under the CVR Partners LTIP include (1) employees of the Nitrogen Fertilizer Partnership and its subsidiaries, (2) employees of its general partner, (3) members of the board of directors of its general partner and (4) employees, consultants and directors of CVR Energy.

Through the CVR Partners LTIP, phantom units have been awarded to employees of the Nitrogen Fertilizer Partnership and its general partner and to members of the board of directors of its general partner. In 2013 and 2014, awards of phantom units and distribution equivalent rights were granted to certain employees of the Nitrogen Fertilizer Partnership and its subsidiaries and its general partner. These awards are generally graded-vesting awards, which are expected to vest over three years with one-third of the award vesting each year. Compensation expense is recognized on a straight-line basis over the vesting period of the respective tranche of the award. Each phantom unit and distribution equivalent right represents the right to receive, upon vesting, a cash payment equal to (a) the average fair market value of one unit of the Nitrogen Fertilizer Partnership's common units in accordance with the award agreement, plus (b) the per unit cash value of all distributions declared and paid by the Nitrogen Fertilizer Partnership from the grant date to and including the vesting date. The awards, which are liability-classified, are remeasured at each subsequent reporting date until they vest.

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A summary of the phantom unit activity and changes under the CVR Partners LTIP during the three months ended March 31, 2015 is presented below:

	Phantom Units	Weighted Average Grant-Date Fair Value
Non-vested at January 1, 2015	243,946	$11.07
Granted	—	—
Vested	—	—
Forfeited	—	—
Non-vested at March 31, 2015	243,946	$11.07

As of March 31, 2015, there was approximately $2.5 million of total unrecognized compensation cost related to the awards under the CVR Partners LTIP to be recognized over a weighted-average period of 1.6 years. Total compensation expense recorded for the three months ended March 31, 2015 and 2014 related to the awards under the CVR Partners LTIP was approximately $0.6 million and $0.3 million, respectively.

As of March 31, 2015 and December 31, 2014, the Nitrogen Fertilizer Partnership had a liability of $0.7 million and $0.2 million, respectively, for cash settled non-vested phantom unit awards and associated distribution equivalent rights, which is recorded in personnel accruals on the Condensed Consolidated Balance Sheets.

Performance-Based Phantom Units

In May 2014, the Nitrogen Fertilizer Partnership entered into a Phantom Unit Agreement with Mark A. Pytosh, the Chief Executive Officer and President of its general partner, that included performance-based phantom units and distribution equivalent rights. Compensation cost is being recognized over the performance cycles of January 1, 2015 to December 31, 2015 and January 1, 2016 to December 31, 2016, as the services are provided. Each phantom unit and distribution equivalent right represents the right to receive, upon vesting, a cash payment equal to (a) the average closing price of the Nitrogen Fertilizer Partnership's common units in accordance with the award agreement, multiplied by a performance factor that is based upon the level of the Nitrogen Fertilizer Partnership's production of UAN, and (b) the per unit cash value of all distributions declared and paid by the Nitrogen Fertilizer Partnership from the grant date to and including the vesting date. Total compensation expense recorded for the three months ended March 31, 2015 related to the award was not material. Based on current estimates of performance thresholds for the remaining performance cycles, unrecognized compensation expense associated with the unvested phantom units at March 31, 2015 was approximately $0.2 million and is expected to be recognized over a weighted average period of 1.3 years. As of March 31, 2015 and December 31, 2014, the Company had a liability of approximately $0 and $0.1 million, respectively, for performance-based phantom units, which is recorded in personnel accruals on the Condensed Consolidated Balance Sheets.

Long-Term Incentive Plan – CVR Refining

CVR Refining has a long-term incentive plan ("CVR Refining LTIP") that provides for the grant of options, unit appreciation rights, restricted units, phantom units, unit awards, substitute awards, other-unit based awards, cash awards, performance awards, and distribution equivalent rights. The maximum number of common units issuable under the CVR Refining LTIP is 11,070,000. Individuals who are eligible to receive awards under the CVR Refining

LTIP include (1) employees of the Refining Partnership and its subsidiaries, (2) employees of the general partner, (3) members of the board of directors of the general partner and (4) certain employees, consultants and directors of CRLLC and CVR Energy who perform services for the benefit of the Refining Partnership.

In 2013 and 2014, awards of phantom units and distribution equivalent rights were granted to employees of the Refining Partnership and its subsidiaries, its general partner and certain employees of CRLLC and CVR Energy who perform services solely for the benefit of the Refining Partnership. The awards are generally graded-vesting awards, which are expected to vest over three years with one-third of the awards vesting each year. Compensation expense is recognized on a straight-line basis over the vesting period of the respective tranche of the award. Each phantom unit and distribution equivalent right represents the right to receive, upon vesting, a cash payment equal to (a) the average fair-market value of one unit of the Refining Partnership's

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common units in accordance with the award agreement, plus (b) the per unit cash value of all distributions declared and paid by the Refining Partnership from the grant date to and including the vesting date. The awards, which are liability-classified, are remeasured at each subsequent reporting date until they vest.

A summary of phantom unit activity and changes under the CVR Refining LTIP during the three months ended March 31, 2015 is presented below:

	Units	Weighted-Average Grant-Date Fair Value
Non-vested at January 1, 2015	403,947	$18.89
Granted	—	—
Vested	—	—
Forfeited	(3,502)	20.06
Non-vested at March 31, 2015	400,445	$18.88

As of March 31, 2015, there was approximately $6.4 million of total unrecognized compensation cost related to the awards under the CVR Refining LTIP to be recognized over a weighted-average period of 1.6 years. Total compensation expense recorded for the three months ended March 31, 2015 and 2014 related to the awards under the CVR Refining LTIP was approximately $1.4 million and $0.7 million, respectively.

As of March 31, 2015 and December 31, 2014, the Refining Partnership had a liability of $2.4 million and $1.0 million, respectively, for non-vested phantom unit awards and associated distribution equivalent rights, which is recorded in personnel accruals on the Condensed Consolidated Balance Sheets.

Incentive Unit Awards

In 2013, 2014 and 2015, the Company granted awards of incentive units and distribution equivalent rights to certain employees of CRLLC, CVR Energy and CVR GP, LLC. The awards are generally graded vesting awards, which are expected to vest over three years with one-third of the award vesting each year. Compensation expense is recognized on a straight-line basis over the vesting period of the respective tranche of the award. Each incentive unit and distribution equivalent right represents the right to receive, upon vesting, a cash payment equal to (a) the average fair market value of one unit of the Refining Partnership's common units in accordance with the award agreement, plus (b) the per unit cash value of all distributions declared and paid by the Refining Partnership from the grant date to and including the vesting date. The awards, which are liability-classified, are remeasured at each subsequent reporting date until they vest.

A summary of incentive unit activity and changes during the three months ended March 31, 2015 is presented below:

	Incentive Units	Weighted-Average Grant-Date Fair Value
Non-vested at January 1, 2015	435,515	$18.95
Granted	2,652	18.85
Vested	—	—
Forfeited	(3,742)	20.75
Non-vested at March 31, 2015	434,425	$18.93

As of March 31, 2015, there was approximately $7.1 million of total unrecognized compensation cost related to non-vested incentive units and associated distribution equivalent rights to be recognized over a weighted-average period of approximately 1.6 years. Total compensation expense for the three months ended March 31, 2015 and 2014 related to the awards was approximately $1.5 million and $0.8 million, respectively.

As of March 31, 2015 and December 31, 2014, the Company had a liability of $2.3 million and $0.8 million for non-vested incentive units and associated distribution equivalent rights, which is recorded in personnel accruals on the Condensed Consolidated Balance Sheets.

In December 2014, the Company granted an award of 227,927 incentive units in the form of stock appreciation rights ("SARs") to an executive of CVR Energy. Each SAR vests over three years and entitles the executive to receive a cash payment in an amount equal to the excess of the fair market value of one unit of the Refining Partnership's common units for the first ten trading days in the month prior to vesting over the grant price of the SAR. The fair value will be adjusted to include all distributions declared and paid by the Refining Partnership during the vesting period. The fair value of each SAR is estimated at the end of each reporting period using the Black-Scholes option-pricing model. Assumptions utilized to value the award have been omitted due to immateriality of the award. Total compensation expense during the three months ended March 31, 2015 and the liability as of March 31, 2015 were not material. In April 2015, the award granted was cancelled and replaced by an award of notional units by CVR Refining pursuant to the CVR Refining LTIP. The replacement award is structured on the same economic and other terms as the incentive unit award and did not result in a material impact.

(4) Inventories

Inventories consist primarily of domestic and foreign crude oil, blending stock and components, work-in-progress, fertilizer products, and refined fuels and by-products. For all periods presented, inventories are valued at the lower of the first-in, first-out ("FIFO") cost or market for fertilizer products, refined fuels and by-products. Refinery unfinished and finished products inventory values were determined using the ability-to-bear process, whereby raw materials and production costs are allocated to work-in-process and finished products based on their relative fair values. Other inventories, including other raw materials, spare parts, and supplies, are valued at the lower of moving-average cost, which approximates FIFO, or market. The cost of inventories includes inbound freight costs.

Inventories consisted of the following:

	March 31, 2015	December 31, 2014
	(in millions)	
Finished goods	$152.7	$176.2
Raw materials and precious metals	95.6	88.0
In-process inventories	17.5	20.6
Parts and supplies	45.6	44.8
	$311.4	$329.6

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(5) Property, Plant and Equipment

A summary of costs for property, plant, and equipment is as follows:

	March 31, 2015	December 31, 2014
	(in millions)	
Land and improvements	$37.7	$37.4
Buildings	51.4	50.4
Machinery and equipment	2,606.7	2,581.2
Automotive equipment	22.5	22.1
Furniture and fixtures	19.1	19.0
Leasehold improvements	3.4	3.4
Aircraft	3.7	3.7
Railcars	14.5	14.5
Construction in progress	80.6	71.5
	2,839.6	2,803.2
Accumulated depreciation	928.0	887.2
Total property, plant and equipment, net	$1,911.6	$1,916.0

Capitalized interest recognized as a reduction in interest expense for the three months ended March 31, 2015 and 2014 totaled approximately $0.4 million and $2.3 million, respectively. Land, buildings and equipment that are under a capital lease obligation had an original carrying value of approximately $24.8 million at both March 31, 2015 and December 31, 2014. Amortization of assets held under capital leases is included in depreciation expense.

(6) Cost Classifications

Cost of product sold (exclusive of depreciation and amortization) includes cost of crude oil, other feedstocks, blendstocks, purchased refined products, pet coke expense, renewable identification numbers ("RINs") expense and freight and distribution expenses. For the three months ended March 31, 2015 and 2014, cost of product sold excludes depreciation and amortization of approximately $1.8 million and $1.4 million, respectively.

Direct operating expenses (exclusive of depreciation and amortization) includes direct costs of labor, maintenance and services, energy and utility costs, property taxes, environmental compliance costs, as well as chemicals and catalysts and other direct operating expenses. For the three months ended March 31, 2015 and 2014, direct operating expenses exclude depreciation and amortization of approximately $38.5 million and $34.5 million, respectively.

Selling, general and administrative expenses (exclusive of depreciation and amortization) consist primarily of legal expenses, treasury, accounting, marketing, human resources, information technology and maintaining the corporate and administrative office in Texas and the administrative office in Kansas. For the three months ended March 31, 2015 and 2014, selling, general and administrative expense excludes depreciation and amortization of approximately $1.7 million and $1.4 million, respectively.

(7) Income Taxes

On May 19, 2012, CVR became a member of the consolidated federal tax group of AEPC, a wholly-owned subsidiary of IEP, and subsequently entered into a tax allocation agreement with AEPC (the "Tax Allocation Agreement"). The Tax Allocation Agreement provides that AEPC will pay all consolidated federal income taxes on behalf of the consolidated tax group. CVR is required to make payments to AEPC in an amount equal to the tax liability, if any, that it would have paid if it were to file as a consolidated group separate and apart from AEPC. As of March 31, 2015, the Company has recorded a receivable of $9.0 million for an overpayment of federal income taxes to AEPC under the Tax Allocation Agreement. The overpayment will be applied as a credit against the Company's estimated tax to be paid in 2015. During the three months ended March 31, 2015 and 2014, no payments were made to AEPC under the Tax Allocation Agreement.

The Company recognizes liabilities, interest and penalties for potential tax issues based on its estimate of whether, and the extent to which, additional taxes may be due as determined under ASC Topic 740 — Income Taxes. As of March 31, 2015, the Company had unrecognized tax benefits of approximately $58.7 million, of which $27.7 million, if recognized, would impact the Company’s effective tax rate. Approximately $16.7 million of unrecognized tax benefits were netted with deferred tax asset carryforwards. The remaining unrecognized tax benefits are included in other long-term liabilities in the Condensed Consolidated Balance Sheets. The Company has accrued interest of $7.4 million related to uncertain tax positions. The Company's accounting policy with respect to interest and penalties related to tax uncertainties is to classify these amounts as income taxes.

CVR and its subsidiaries file U.S. federal and various state income and franchise tax returns. At March 31, 2015, the Company's tax filings are generally open to examination in the United States for the tax years ended December 31, 2011 through December 31, 2014 and in various individual states for the tax years ended December 31, 2010 through December 31, 2014.

The Company's effective tax rate for the three months ended March 31, 2015 and 2014 was 22.1% and 24.5%, respectively, as compared to the Company's combined federal and state expected statutory tax rate of 39.6% for both periods. The Company's effective tax rate for the three months ended March 31, 2015 and 2014 is lower than the statutory rate primarily due to the reduction of income subject to tax associated with the noncontrolling ownership interests of CVR Refining's and CVR Partners' earnings, as well as benefits for domestic production activities and state income tax credits.

(8) Long-Term Debt

Long-term debt was as follows:

	March 31, 2015	December 31, 2014
	(in millions)	
6.5% Senior Notes due 2022	$500.0	$500.0
CRNF credit facility	125.0	125.0
Capital lease obligations	48.1	48.5
Long-term debt	$673.1	$673.5

2022 Senior Notes

The Refining Partnership has $500.0 million aggregate principal amount of 6.5% Senior Notes due 2022 (the "2022 Notes") outstanding, which were issued by CVR Refining, LLC ("Refining LLC") and Coffeyville Finance Inc. ("Coffeyville Finance") on October 23, 2012. The 2022 Notes were issued at par and mature on November 1, 2022, unless earlier redeemed or repurchased by the issuers. Interest is payable on the 2022 Notes semi-annually on May 1 and November 1 of each year, commencing on May 1, 2013.

The 2022 Notes contain customary covenants for a financing of this type that limit, subject to certain exceptions, the incurrence of additional indebtedness or guarantees, the creation of liens on assets, the ability to dispose of assets, the ability to make certain payments on contractually subordinated debt, the ability to merge, consolidate with or into

another entity and the ability to enter into certain affiliate transactions. The 2022 Notes provide that the Refining Partnership can make distributions to holders of its common units provided, among other things, it has a minimum fixed charge coverage ratio and there is no default or event of default under the 2022 Notes. As of March 31, 2015, the Refining Partnership was in compliance with the covenants contained in the 2022 Notes.

At March 31, 2015, the estimated fair value of the 2022 Notes was approximately $500.0 million. This estimate of fair value is Level 2 as it was determined by quotations obtained from a broker-dealer who makes a market in these and similar securities.

Amended and Restated Asset Based (ABL) Credit Facility

The Refining Partnership has a senior secured asset based revolving credit facility (the "Amended and Restated ABL Credit Facility") with a group of lenders and Wells Fargo Bank, National Association ("Wells Fargo"), as administrative agent and collateral agent. The Amended and Restated ABL Credit Facility has an aggregate principal amount of up to $400.0 million with an incremental facility, which permits an increase in borrowings of up to $200.0 million subject to receipt of additional lender commitments and certain other conditions. The proceeds of the loans may be used for capital expenditures and working capital and general corporate purposes of the Refining Partnership and its subsidiaries. The Amended and Restated ABL Credit Facility provides for loans and letters of credit in an amount up to the aggregate availability under the facility, subject to meeting certain borrowing base conditions, with sub-limits of 10% of the total facility commitment for swingline loans and 90% of the total facility commitment for letters of credit. The Amended and Restated ABL Credit Facility is scheduled to mature on December 20, 2017.

The Amended and Restated ABL Credit Facility also contains customary covenants for a financing of this type that limit the ability of the Refining Partnership and its subsidiaries to, among other things, incur liens, engage in a consolidation, merger, purchase or sale of assets, pay dividends, incur indebtedness, make advances, investments and loans, enter into affiliate transactions, issue equity interests, or create subsidiaries and unrestricted subsidiaries. The Amended and Restated ABL Credit Facility also contains a fixed charge coverage ratio financial covenant, as defined therein. The Refining Partnership was in compliance with the covenants of the Amended and Restated ABL Credit Facility as of March 31, 2015.

As of March 31, 2015, the Refining Partnership and its subsidiaries had availability under the Amended and Restated ABL Credit Facility of $339.1 million and had letters of credit outstanding of approximately $27.6 million. There were no borrowings outstanding under the Amended and Restated ABL Credit Facility as of March 31, 2015. Availability under the Amended and Restated ABL Credit Facility was limited by borrowing base conditions as of March 31, 2015.

Nitrogen Fertilizer Partnership Credit Facility

The Nitrogen Fertilizer Partnership credit facility includes a term loan facility of $125.0 million and a revolving credit facility of $25.0 million with an uncommitted incremental facility of up to $50.0 million. No amounts were outstanding under the revolving credit facility at March 31, 2015. There is no scheduled amortization of the credit facility, which matures in April 2016. The carrying value of the Nitrogen Fertilizer Partnership's debt approximates fair value.

The credit facility requires the Nitrogen Fertilizer Partnership to maintain a minimum interest coverage ratio and a maximum leverage ratio and contains customary covenants for a financing of this type that limit, subject to certain exceptions, the incurrence of additional indebtedness or guarantees, the incurrence of liens, disposal of assets, making restricted payments, making investments or acquisitions and entry into sale-leaseback transactions or affiliate transactions. The credit facility provides that the Nitrogen Fertilizer Partnership can make distributions to holders of its common units provided, among other things, it is in compliance with the leverage ratio and interest coverage ratio on a pro forma basis after giving effect to any distribution and there is no default or event of default under the credit facility. As of March 31, 2015, Coffeyville Resources Nitrogen Fertilizers, LLC ("CRNF") was in compliance with the covenants contained in the credit facility and there were no borrowings outstanding under the credit facility.

Capital Lease Obligations

The Refining Partnership maintains two leases, accounted for as a capital lease and a finance obligation, related to Magellan Pipeline Terminals, L.P. and Excel Pipeline LLC. The underlying assets and related depreciation are included in property, plant and equipment. The capital lease relates to a sales-lease back agreement with Sunoco Pipeline, L.P. for its membership interest in the Excel Pipeline. The lease has 175 months remaining through September 2029. The financing agreement relates to the Magellan Pipeline terminals, bulk terminal and loading facility. The lease has 174 months remaining and will expire in September 2029.

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(9) Earnings Per Share

Basic and diluted earnings per share are computed by dividing net income attributable to CVR stockholders by the weighted-average number of shares of common stock outstanding. The components of the basic and diluted earnings per share calculation are as follows:

	Three Months Ended March 31,	
	2015	2014
	(in millions, except per share data)	
Net income attributable to CVR Energy stockholders	$54.9	$126.7
Weighted-average shares of common stock outstanding - Basic	86.8	86.8
Weighted-average shares of common stock outstanding - Diluted	86.8	86.8
Basic earnings per share	$0.63	$1.46
Diluted earnings per share	$0.63	$1.46

There were no dilutive awards outstanding during the three months ended March 31, 2015 and 2014, as all unvested awards under the LTIP were liability-classified awards. See Note 3 ("Share-Based Compensation").

(10) Commitments and Contingencies

Leases and Unconditional Purchase Obligations

The minimum required payments for CVR’s lease agreements and unconditional purchase obligations are as follows:

	Operating Leases	Unconditional Purchase Obligations[(1)]
	(in millions)	
Nine Months Ending December 31, 2015	$6.7	$111.9
Year Ending December 31,		
2016	7.9	117.0
2017	5.4	115.3
2018	3.8	114.5
2019	2.1	113.8
Thereafter	4.0	783.5
	$29.9	$1,356.0

(1) This amount includes approximately $841.6 million payable ratably over sixteen years pursuant to petroleum transportation service agreements between Coffeyville Resources Refining & Marketing, LLC ("CRRM") and each of TransCanada Keystone Pipeline Limited Partnership and TransCanada Keystone Pipeline, LP (together, "TransCanada"). The purchase obligation reflects the exchange rate between the Canadian dollar and the U.S. dollar as of March 31, 2015, where applicable. Under the agreements, CRRM receives transportation of at least

25,000 barrels per day of crude oil with a delivery point at Cushing, Oklahoma for a term of twenty years on TransCanada's Keystone pipeline system.

CVR leases various equipment, including railcars and real properties, under long-term operating leases which expire at various dates. For each of the three months ended March 31, 2015 and 2014, lease expense totaled approximately $2.2 million.

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The lease agreements have various remaining terms. Some agreements are renewable, at CVR's option, for additional periods. It is expected, in the ordinary course of business, that leases will be renewed or replaced as they expire.

Additionally, in the normal course of business, the Company has long-term commitments to purchase oxygen, nitrogen, electricity, storage capacity and pipeline transportation services. For the three months ended March 31, 2015 and 2014, total expense of approximately $27.1 million and $35.8 million, respectively, was incurred related to long-term commitments.

Crude Oil Supply Agreement

On August 31, 2012, CRRM, and Vitol Inc. ("Vitol") entered into an Amended and Restated Crude Oil Supply Agreement (the "Vitol Agreement"), which currently extends through December 31, 2015 under a one-year renewal term. Under the Vitol Agreement, Vitol supplies the petroleum business with crude oil and intermediation logistics, which helps to reduce the Refining Partnership's inventory position and mitigate crude oil pricing risk. The Vitol Agreement will automatically renew for successive one-year terms (each such term, a "Renewal Term") unless either party provides the other with notice of nonrenewal at least 180 days prior to the expiration of any Renewal Term.

Litigation

From time to time, the Company is involved in various lawsuits arising in the normal course of business, including matters such as those described below under, "Environmental, Health, and Safety ("EHS") Matters." Liabilities related to such litigation are recognized when the related costs are probable and can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. It is possible that management's estimates of the outcomes will change due to uncertainties inherent in litigation and settlement negotiations. Except as described below, there were no new proceedings or material developments in proceedings that CVR previously reported in its 2014 Form 10-K. In the opinion of management, the ultimate resolution of any other litigation matters is not expected to have a material adverse effect on the accompanying condensed consolidated financial statements. There can be no assurance that management's beliefs or opinions with respect to liability for potential litigation matters will prove to be accurate.

Property Tax Matter

As previously disclosed in the 2014 Form 10-K, CRNF received a ten year property tax abatement from Montgomery County, Kansas (the "County") in connection with the construction of the nitrogen fertilizer plant that expired on December 31, 2007. In connection with the expiration of the abatement, the county reclassified and reassessed CRNF's nitrogen fertilizer plant for property tax purposes. CRNF protested the classification and resulting valuation. The Kansas Court of Appeals remanded the case to the Board of Tax Appeals ("BOTA"), instructing BOTA to classify each asset on an asset by asset basis instead of making a broad determination that the entire plant was real property as BOTA did originally. In March 2015, BOTA concluded that based upon an asset by asset determination, a substantial majority of the assets in dispute will be classified as personal property for the 2008 tax year. CRNF and the County next will submit evidence of valuation to BOTA with respect to the real property, following which, BOTA will issue its final decision. No amounts have been received or recognized in these condensed consolidated financial statements related to the 2008 property tax matter or BOTA's decision.

Flood, Crude Oil Discharge and Insurance

As previously disclosed in the 2014 Form 10-K, crude oil was discharged from CRRM's Coffeyville refinery on July 1, 2007, due to the short amount of time available to shut down and secure the refinery in preparation for the flood that occurred on June 30, 2007. CRRM sought insurance coverage for the crude oil release and for the ultimate costs for remediation and third-party property damage claims. On July 10, 2008, CRRM filed a lawsuit in the United States District Court for the District of Kansas against certain of its environmental insurance carriers requesting insurance coverage indemnification for the June/July 2007 flood and crude oil discharge losses. In November 2014, CRRM concluded a jury trial against the remaining insurance carriers and received a verdict and judgment of approximately $27.1 million, exclusive of potential prejudgment interest and attorneys' fees. In February 2015, the Court awarded CRRM approximately $3.3 million in prejudgment interest, resulting in a total amended judgment of approximately $30.4 million. CRRM and the defendant insurance companies have filed notice of appeal to the United States Court of Appeals for the Tenth Circuit. The Refining Partnership has a $4.0 million receivable related to this matter included in other assets on the Condensed Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014. In

accordance with accounting guidance related to gain contingencies, no additional amounts have been recognized related to the verdict and judgment in the consolidated financial statements.

Environmental, Health, and Safety ("EHS") Matters

The petroleum and nitrogen fertilizer businesses are subject to various stringent federal, state, and local EHS rules and regulations. Liabilities related to EHS matters are recognized when the related costs are probable and can be reasonably estimated. Estimates of these costs are based upon currently available facts, existing technology, site-specific costs, and currently enacted laws and regulations. In reporting EHS liabilities, no offset is made for potential recoveries.

CRRM, CRNF, Coffeyville Resources Crude Transportation, LLC ("CRCT"), Wynnewood Refining Company, LLC ("WRC") and Coffeyville Resources Terminal, LLC ("CRT") own and/or operate manufacturing and ancillary operations at various locations directly related to petroleum refining and distribution and nitrogen fertilizer manufacturing. Therefore, CRRM, CRNF, CRCT, WRC and CRT have exposure to potential EHS liabilities related to past and present EHS conditions at these locations. Under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA"), and related state laws, certain persons may be liable for the release or threatened release of hazardous substances. These persons can include the current owner or operator of property where a release or threatened release occurred, any persons who owned or operated the property when the release occurred, and any persons who disposed of, or arranged for the transportation or disposal of, hazardous substances at a contaminated property. Liability under CERCLA is strict, and under certain circumstances, joint and several, so that any responsible party may be held liable for the entire cost of investigating and remediating the release of hazardous substances. Similarly, the Oil Pollution Act generally subjects owners and operators of facilities to strict, joint and several liability for all containment and clean-up costs, natural resource damages, and potential governmental oversight costs arising from oil spills into the waters of the United States, which has been broadly interpreted to include most water bodies including intermittent streams.

CRRM, CRNF, CRCT, WRC and CRT are subject to extensive and frequently changing federal, state and local environmental and health and safety laws and regulations governing the emission and release of hazardous substances into the environment, the treatment and discharge of waste water, and the storage, handling, use and transportation of petroleum and nitrogen products, and the characteristics and composition of gasoline and diesel fuels. The ultimate impact of complying with evolving laws and regulations is not always clearly known or determinable due in part to the fact that our operations may change over time and certain implementing regulations for laws, such as the federal Clean Air Act, have not yet been finalized, are under governmental or judicial review or are being revised. These laws and regulations could result in increased capital, operating and compliance costs.
As previously reported, the petroleum and nitrogen fertilizer businesses are party to, or otherwise subject to administrative orders and consent decrees with federal, state and local environmental authorities, as applicable, addressing corrective actions under RCRA, the Clean Air Act and the Clean Water Act. The petroleum business also is subject to (i) the Mobile Source Air Toxic II ("MSAT II") rule which requires reductions of benzene in gasoline; (ii) the Renewable Fuel Standard ("RFS"), which requires refiners to either blend "renewable fuels" in with their transportation fuels or purchase renewable fuel credits, known as RINs, in lieu of blending; and (iii) "Tier 3" gasoline sulfur standards. Except as otherwise described below, there have been no new developments or material changes to the environmental accruals or expected capital expenditures related to compliance with the foregoing environmental matters from those provided in the 2014 Form 10-K. CRRM, CRNF, CRCT, WRC and CRT each believe it is in substantial compliance with existing EHS rules and regulations. There can be no assurance that the EHS matters

described or referenced herein or other EHS matters which may develop in the future will not have a material adverse effect on the Company's business, financial condition, or results of operations.
At March 31, 2015, the Company's Condensed Consolidated Balance Sheet included total environmental accruals of $0.9 million, compared with $1.1 million at December 31, 2014. Management periodically reviews and, as appropriate, revises its environmental accruals. Based on current information and regulatory requirements, management believes that the accruals established for environmental expenditures are adequate.
Environmental expenditures are capitalized when such expenditures are expected to result in future economic benefits. For the three months ended March 31, 2015 and 2014, capital expenditures were approximately $10.9 million and $33.8 million, respectively. These expenditures were incurred for environmental compliance and efficiency of the operations.

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The cost of RINs for the three months ended March 31, 2015 and 2014 was approximately $36.6 million and $34.7 million, respectively. As of March 31, 2015 and December 31, 2014, the petroleum business' biofuel blending obligation was approximately $56.9 million and $52.3 million, respectively, which was recorded in other current liabilities on the Condensed Consolidated Balance Sheets.

Affiliate Pension Obligations

Mr. Icahn, through certain affiliates, owns approximately 82% of the Company's capital stock. Applicable pension and tax laws make each member of a "controlled group" of entities, generally defined as entities in which there is at least an 80% common ownership interest, jointly and severally liable for certain pension plan obligations of any member of the controlled group. These pension obligations include ongoing contributions to fund the plan, as well as liability for any unfunded liabilities that may exist at the time the plan is terminated. In addition, the failure to pay these pension obligations when due may result in the creation of liens in favor of the pension plan or the Pension Benefit Guaranty Corporation ("PBGC") against the assets of each member of the controlled group.

As a result of the more than 80% ownership interest in CVR Energy by Mr. Icahn's affiliates, the Company is subject to the pension liabilities of all entities in which Mr. Icahn has a direct or indirect ownership interest of at least 80%. Two such entities, ACF Industries LLC ("ACF") and Federal-Mogul, are the sponsors of several pension plans. All the minimum funding requirements of the Code and the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006, for these plans have been met as of March 31, 2015 and December 31, 2014. If the ACF and Federal-Mogul plans were voluntarily terminated, they would be underfunded by approximately $492.5 million and $473.8 million as of March 31, 2015 and December 31, 2014, respectively. These results are based on the most recent information provided by Mr. Icahn's affiliates based on information from the plans' actuaries. These liabilities could increase or decrease, depending on a number of factors, including future changes in benefits, investment returns, and the assumptions used to calculate the liability. As members of the controlled group, CVR Energy would be liable for any failure of ACF and Federal-Mogul to make ongoing pension contributions or to pay the unfunded liabilities upon a termination of their respective pension plans. In addition, other entities now or in the future within the controlled group that includes CVR Energy may have pension plan obligations that are, or may become, underfunded, and the Company would be liable for any failure of such entities to make ongoing pension contributions or to pay the unfunded liabilities upon a termination of such plans. The current underfunded status of the ACF and Federal-Mogul pension plans requires such entities to notify the PBGC of certain "reportable events," such as if CVR Energy were to cease to be a member of the controlled group, or if CVR Energy makes certain extraordinary dividends or stock redemptions. The obligation to report could cause the Company to seek to delay or reconsider the occurrence of such reportable events. Based on the contingent nature of potential exposure related to these affiliate pension obligations, no liability has been recorded in the condensed consolidated financial statements.

(11) Fair Value Measurements

In accordance with ASC Topic 820 — Fair Value Measurements and Disclosures ("ASC 820"), the Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets or liabilities, such as a business.

ASC 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1 — Quoted prices in active markets for identical assets and liabilities
- Level 2 — Other significant observable inputs (including quoted prices in active markets for similar assets or liabilities)
- Level 3 — Significant unobservable inputs (including the Company's own assumptions in determining the fair value)

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The following table sets forth the assets and liabilities measured at fair value on a recurring basis, by input level, as of March 31, 2015 and December 31, 2014:

	March 31, 2015			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Location and Description				
Cash equivalents	$69.0	$—	$—	$69.0
Other current assets (investments)	37.7	—	—	37.7
Other current assets (other derivative agreements)	—	7.3	—	7.3
Other long-term assets (other derivative agreements)	—	14.5	—	14.5
Total Assets	$106.7	$21.8	$—	$128.5
Other current liabilities (other derivative agreements)	—	(19.6)	—	(19.6)
Other current liabilities (interest rate swaps)	—	(0.8)	—	(0.8)
Other current liabilities (biofuel blending obligations)	—	(42.2)	—	(42.2)
Total Liabilities	$—	$(62.6)	$—	$(62.6)

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Location and Description				
Cash equivalents	$69.0	$—	$—	$69.0
Other current assets (investments)	73.9	2.7	—	76.6
Other current assets (other derivative agreements)	—	25.0	—	25.0
Other long-term assets (other derivative agreements)	—	22.3	—	22.3
Total Assets	$142.9	$50.0	$—	$192.9
Other current liabilities (interest rate swaps)	—	(0.8)	—	(0.8)
Other current liabilities (biofuel blending obligation)	—	(49.6)	—	(49.6)
Other long-term liabilities (interest rate swaps)	—	(0.2)	—	(0.2)
Total Liabilities	$—	$(50.6)	$—	$(50.6)

As of March 31, 2015 and December 31, 2014, the only financial assets and liabilities that are measured at fair value on a recurring basis are the Company's cash equivalents, investments, derivative instruments and the uncommitted biofuel blending obligation. Additionally, the fair value of the Company's debt issuances is disclosed in Note 8 ("Long-Term Debt"). The Refining Partnership's commodity derivative contracts and the uncommitted biofuel blending obligation, which use fair value measurements and are valued using broker quoted market prices of similar instruments, are considered Level 2 inputs. The Nitrogen Fertilizer Partnership has interest rate swaps that are measured at fair value on a recurring basis using Level 2 inputs. The fair value of these interest rate swap instruments are based on discounted cash flow models that incorporate the cash flows of the derivatives, as well as the current LIBOR rate and a forward LIBOR curve, along with other observable market inputs.

The Company's investments in marketable securities are reported at fair market value using quoted market prices. During the three months ended March 31, 2015, the Company received proceeds of $42.1 million for the sale of a portion of its investment in available-for-sale securities. Additionally, as of March 31, 2015, the Company recorded a receivable of $25.9 million for additional sales of its available-for-sale securities, which is included in prepaid

expenses and other current assets on the Condensed Consolidated Balance Sheets. The aggregate cost basis for the available-for-sale securities sold was approximately $47.9 million. Upon the sale of the available-for-sale securities, the Company reclassified an unrealized gain of $20.1 million from accumulated other comprehensive income ("AOCI") and recognized a realized gain in other income in the Consolidated Statements of Operations for the three months ended March 31, 2015. As of March 31, 2015, the Company's remaining available-for-sale securities with an aggregate cost basis of approximately $25.7 million were reclassified to trading securities based on

management's ability and intent with respect to the securities. In connection with the transfer to trading securities, an unrealized gain previously recorded in AOCI of $11.7 million was reclassified to other income in the Condensed Consolidated Statements of Operations. The Company had no transfers of assets or liabilities between any of the above levels during the three months ended March 31, 2015.

(12) Derivative Financial Instruments

Gain (loss) on derivatives, net and current period settlements on derivative contracts were as follows:

	Three Months Ended March 31,	
	2015	2014
	(in millions)	
Current period settlements on derivative contracts	$(6.3)	$21.1
Gain (loss) on derivatives, net	(51.4)	109.4

The Refining Partnership and Nitrogen Fertilizer Partnership are subject to price fluctuations caused by supply conditions, weather, economic conditions, interest rate fluctuations and other factors. To manage price risk on crude oil and other inventories and to fix margins on certain future production, the Refining Partnership from time to time enters into various commodity derivative transactions.

The Refining Partnership has adopted accounting standards which impose extensive record-keeping requirements in order to designate a derivative financial instrument as a hedge. The Refining Partnership holds derivative instruments, such as exchange-traded crude oil futures and certain over-the-counter forward swap agreements, which it believes provide an economic hedge on future transactions, but such instruments are not designated as hedges for GAAP purposes. Gains or losses related to the change in fair value and periodic settlements of these derivative instruments are classified as gain (loss) on derivatives, net in the Condensed Consolidated Statements of Operations. There are no premiums paid or received at inception of the derivative contracts and upon settlement, there is no cost recovery associated with these contracts.

The Refining Partnership maintains a margin account to facilitate other commodity derivative activities. A portion of this account may include funds available for withdrawal. These funds are included in cash and cash equivalents within the Condensed Consolidated Balance Sheets. The maintenance margin balance is included within other current assets within the Condensed Consolidated Balance Sheets. Dependent upon the position of the open commodity derivatives, the amounts are accounted for as other current assets or other current liabilities within the Condensed Consolidated Balance Sheets. From time to time, the Refining Partnership may be required to deposit additional funds into this margin account. The fair value of the open commodity positions as of March 31, 2015 was a net loss of $0.1 million included in other current liabilities. For the three months ended March 31, 2015 and 2014, the Refining Partnership recognized net losses of $1.0 million and $0.1 million, respectively, which are recorded in gain (loss) on derivatives, net in the Condensed Consolidated Statements of Operations.

Commodity Swaps

The Refining Partnership enters into commodity swap contracts in order to fix the margin on a portion of future production. The physical volumes are not exchanged and these contracts are net settled with cash. The contract fair

value of the commodity swaps is reflected on the Condensed Consolidated Balance Sheets with changes in fair value currently recognized in the Condensed Consolidated Statements of Operations. Quoted prices for similar assets or liabilities in active markets (Level 2) are considered to determine the fair values for the purpose of marking to market the hedging instruments at each period end. At March 31, 2015 and December 31, 2014, the Refining Partnership had open commodity hedging instruments consisting of 15.0 million barrels and 9.1 million barrels of crack spreads, respectively, primarily to fix the margin on a portion of its future gasoline and distillate production. The fair value of the outstanding contracts at March 31, 2015 was a net unrealized gain of $2.3 million, of which $7.3 million was included in current assets, $14.5 million was included in non-current assets and $19.5 million was included in current liabilities. For the three months ended March 31, 2015 and 2014, the Refining Partnership recognized a net loss of $50.4 million and a net gain of $109.5 million, respectively, which are recorded in gain (loss) on derivatives, net in the Condensed Consolidated Statements of Operations.

Nitrogen Fertilizer Partnership Interest Rate Swaps

CRNF has two floating-to-fixed interest rate swap agreements for the purpose of hedging the interest rate risk associated with a portion of the nitrogen fertilizer business' $125.0 million floating rate term debt which matures in April 2016, as further discussed in Note 8 ("Long-Term Debt"). The aggregate notional amount covered under these agreements, which commenced on August 12, 2011 and expires on February 12, 2016, totals $62.5 million (split evenly between the two agreements). Under the terms of the interest rate swap agreement entered into on June 30, 2011, CRNF receives a floating rate based on three month LIBOR and pays a fixed rate of 1.94%. Under the terms of the interest rate swap agreement entered into on July 1, 2011, CRNF receives a floating rate based on three month LIBOR and pays a fixed rate of 1.975%. Both swap agreements are settled every 90 days. The effect of these swap agreements is to lock in a fixed rate of interest of approximately 1.96% plus the applicable margin paid to lenders over three month LIBOR as calculated under the CRNF credit facility. At March 31, 2015, the effective rate was approximately 4.57%. The agreements were designated as cash flow hedges at inception and accordingly, the effective portion of the gain or loss on the swap is reported as a component of AOCI and will be reclassified into interest expense when the interest rate swap transaction affects earnings. Any ineffective portion of the gain or loss will be recognized immediately in current interest expense on the Condensed Consolidated Statements of Operations.

The realized loss on the interest rate swaps re-classed from AOCI into interest expense and other financing costs on the Condensed Consolidated Statements of Operations was $0.3 million for each of the three months ended March 31, 2015 and 2014. For the three months ended March 31, 2015, the Nitrogen Fertilizer Partnership recognized a decrease in fair value of the interest rate swap agreements of $0.1 million, which was unrealized in AOCI.

Counterparty Credit Risk

The Refining Partnership's exchange-traded crude oil futures and certain over-the-counter forward swap agreements are potentially exposed to concentrations of credit risk as a result of economic conditions and periods of uncertainty and illiquidity in the credit and capital markets. The Refining Partnership manages credit risk on its exchange-traded crude oil futures by completing trades with an exchange clearinghouse, which subjects the trades to mandatory margin requirements until the contract settles. The Refining Partnership also monitors the creditworthiness of its commodity swap counterparties and assesses the risk of nonperformance on a quarterly basis. Counterparty credit risk identified as a result of this assessment is recognized as a valuation adjustment to the fair value of the commodity swaps recorded in the Condensed Consolidated Balance Sheets. As of March 31, 2015, the counterparty credit risk adjustment was not material to the condensed consolidated financial statements. Additionally, the Refining Partnership does not require any collateral to support commodity swaps into which it enters; however, it does have master netting arrangements that allow for the setoff of amounts receivable from and payable to the same party, which mitigates the risk associated with nonperformance.

Offsetting Assets and Liabilities

The commodity swaps and other commodity derivatives agreements discussed above include multiple derivative positions with a number of counterparties for which the Refining Partnership has entered into agreements governing the nature of the derivative transactions. Each of the counterparty agreements provides for the right to setoff each individual derivative position to arrive at the net receivable due from the counterparty or payable owed by the Refining Partnership. As a result of the right to setoff, the Refining Partnership's recognized assets and liabilities

associated with the outstanding derivative positions have been presented net in the Condensed Consolidated Balance Sheets. The interest rate swap agreements held by the Nitrogen Fertilizer Partnership also provide for the right to setoff. However, as the interest rate swaps are in a liability position, there are no amounts offset in the Condensed Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014. In accordance with guidance issued by the FASB related to "Disclosures about Offsetting Assets and Liabilities," the tables below outline the gross amounts of the recognized assets and liabilities and the gross amounts offset in the Condensed Consolidated Balance Sheets for the various types of open derivative positions at the Refining Partnership.

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The offsetting assets and liabilities for the Refining Partnership's derivatives as of March 31, 2015 are recorded as current assets, non-current assets and current liabilities in prepaid expenses and other current assets, other long-term assets and other current liabilities, respectively, in the Condensed Consolidated Balance Sheets as follows:

	As of March 31, 2015				
Description	Gross Current Assets	Gross Amounts Offset	Net Current Assets Presented	Cash Collateral Not Offset	Net Amount
	(in millions)				
Commodity Swaps	$7.8	$(0.5)	$7.3	$—	$7.3
Total	$7.8	$(0.5)	$7.3	$—	$7.3

	As of March 31, 2015				
Description	Gross Non-Current Assets	Gross Amounts Offset	Net Non-Current Assets Presented	Cash Collateral Not Offset	Net Amount
	(in millions)				
Commodity Swaps	$14.6	$(0.1)	$14.5	$—	$14.5
Total	$14.6	$(0.1)	$14.5	$—	$14.5

	As of March 31, 2015				
Description	Gross Current Liabilities	Gross Amounts Offset	Net Current Liabilities Presented	Cash Collateral Not Offset	Net Amount
	(in millions)				
Commodity Swaps	$32.9	$(13.4)	$19.5	$—	$19.5
Other Derivative Activity	0.1	—	0.1	(0.1)	—
Total	$33.0	$(13.4)	$19.6	$(0.1)	$19.5

The offsetting assets and liabilities for the Refining Partnership's derivatives as of December 31, 2014 are recorded as current assets and non-current assets in prepaid expenses and other current assets and other long-term assets, respectively, in the Condensed Consolidated Balance Sheets as follows:

	As of December 31, 2014				
Description	Gross Current Assets	Gross Amounts Offset	Net Current Assets Presented	Cash Collateral Not Offset	Net Amount
	(in millions)				
Commodity Swaps	$25.3	$(0.3)	$25.0	$—	$25.0
Total	$25.3	$(0.3)	$25.0	$—	$25.0

	As of December 31, 2014				
Description	Gross	Gross	Net	Cash	Net

	Non-Current Assets	Amounts Offset	Non-Current Assets Presented	Collateral Not Offset	Amount
	(in millions)				
Commodity Swaps	$22.3	$—	$22.3	$—	$22.3
Total	$22.3	$—	$22.3	$—	$22.3

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(13) Related Party Transactions

Icahn Enterprises

In May 2012, IEP announced that it had acquired control of CVR pursuant to a tender offer to purchase all of the issued and outstanding shares of the Company's common stock. As of March 31, 2015, IEP and its affiliates owned approximately 82% of all common shares outstanding.

On March 9, 2015, we paid a cash dividend to the Company's stockholders of record at the close of business on March 2, 2015 for the fourth quarter of 2014 in the amount of $0.50 per share, or $43.4 million in aggregate. IEP received