

CVR ENERGY INC
Form S-1/A
July 25, 2008

Table of Contents

As filed with the Securities and Exchange Commission on July 24, 2008

Registration No. 333-151786

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
AMENDMENT NO. 1
TO
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
CVR ENERGY, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
*(State or Other Jurisdiction of
Incorporation or Organization)*

2911
*(Primary Standard Industrial
Classification Code Number)*

61-1512186
*(I.R.S. Employer
Identification Number)*

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

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

With a copy to:

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

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

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

registration statement for the same offering.

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Note(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Convertible Senior Notes due 2013	\$143,750,000	100%	\$143,750,000	\$5,650(2)
Common Stock, \$0.01 par value	(3)			(4)

- (1) Includes \$18,750,000 principal amount of notes which the underwriters have the option to purchase solely to cover over-allotments.
- (2) Previously paid.
- (3) An indeterminate number of shares of common stock may be issued from time to time upon conversion of the notes.
- (4) No additional consideration will be received for the common stock issuable upon conversion of the notes. No additional registration fee is required pursuant to Rule 457(i) under the Securities Act.

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

Table of Contents

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

Subject to Completion. Dated July 24, 2008.

\$125,000,000

CVR Energy, Inc.

% Convertible Senior Notes due 2013

We are offering \$125,000,000 aggregate principal amount of our % Convertible Senior Notes due 2013 (the notes). We will pay interest in cash semi-annually in arrears on the notes on and of each year, beginning on , 2009. The notes will mature on , 2013.

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

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

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

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

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

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

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

We do not intend to apply for a listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. Shares of our common stock are traded on the New York Stock Exchange under the symbol CVI. The last reported sale price of our common stock on July 23, 2008 was \$14.83 per share.

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

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

	Per Note	Total
Public offering price	%	\$

Underwriting discount	%	\$
Proceeds, before expenses, to us	%	\$

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

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

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

Goldman, Sachs & Co.
Deutsche Bank Securities

Citi
Credit Suisse

Prospectus dated _____, 2008.

Table of Contents

Table of Contents**PROSPECTUS SUMMARY**

This summary highlights selected information contained elsewhere in this prospectus. You should carefully read the entire prospectus, including the Risk Factors and the consolidated financial statements and related notes included elsewhere in this prospectus, before making an investment decision. In this prospectus, all references to the Company, CVR Energy, we, us, and our refer to CVR Energy, Inc. and its consolidated subsidiaries, unless the context otherwise requires or where otherwise indicated. References in this prospectus to the nitrogen fertilizer business and the Partnership refer to CVR Partners, LP, the entity that owns and operates the nitrogen fertilizer facility. We currently own all of the interests in CVR Partners, LP (other than the managing general partner interest and associated incentive distribution rights, which are held by CVR GP, LLC, or Fertilizer GP, an entity owned by our controlling stockholders and certain members of our senior management team). See The Nitrogen Fertilizer Limited Partnership. You should also see the Glossary of Selected Terms beginning on page 326 for definitions of some of the terms we use to describe our business and industry. We use non-GAAP measures in this prospectus, including Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap. For a reconciliation of this measure to net income, see footnote 4 under Summary Consolidated Financial Information.

CVR Energy, Inc.

We are an independent refiner and marketer of high value transportation fuels and, through a limited partnership, a producer of ammonia and urea ammonia nitrate, or UAN, fertilizers. We are one of only eight petroleum refiners and marketers located within the mid-continent region (Kansas, Oklahoma, Missouri, Nebraska and Iowa). The nitrogen fertilizer business is the only operation in North America that uses a coke gasification process, and at current natural gas and petroleum coke, or pet coke, prices, the nitrogen fertilizer business is the lowest cost producer and marketer of ammonia and UAN fertilizers in North America.

Our petroleum business includes a 115,000 barrel per day, or bpd, complex full coking medium-sour crude refinery in Coffeyville, Kansas. In addition, our supporting businesses include (1) a crude oil gathering system serving central Kansas, northern Oklahoma and southwestern Nebraska, (2) storage and terminal facilities for asphalt and refined fuels in Phillipsburg, Kansas, (3) a 145,000 bpd pipeline system that transports crude oil to our refinery and associated crude oil storage tanks with a capacity of approximately 1.2 million barrels and (4) a rack marketing division supplying product through tanker trucks directly to customers located in close geographic proximity to Coffeyville and Phillipsburg and to customers at throughput terminals on Magellan Midstream Partners L.P.'s refined products distribution systems. In addition to rack sales (sales which are made at terminals into third party tanker trucks), we make bulk sales (sales through third party pipelines) into the mid-continent markets via Magellan and into Colorado and other destinations utilizing the product pipeline networks owned by Magellan, Enterprise Products Partners L.P. and NuStar Energy L.P. Our refinery is situated approximately 100 miles from Cushing, Oklahoma, one of the largest crude oil trading and storage hubs in the United States, served by numerous pipelines from locations including the U.S. Gulf Coast and Canada, providing us with access to virtually any crude oil variety in the world capable of being transported by pipeline.

The nitrogen fertilizer business consists of a nitrogen fertilizer manufacturing facility comprised of (1) a 1,225 ton-per-day ammonia unit, (2) a 2,025 ton-per-day UAN unit and (3) an 84 million standard cubic foot per day gasifier complex. The nitrogen fertilizer business is the only operation in North America that utilizes a coke gasification process to produce ammonia (based on data provided by Blue Johnson & Associates). In 2007, approximately 72% of the ammonia produced by the fertilizer plant was further upgraded to UAN fertilizer (a solution of urea, ammonium nitrate and water used as a fertilizer). By using pet coke (a coal-like substance that is produced during the refining process) instead of natural gas as a primary raw material, at current natural gas and pet coke prices the nitrogen

fertilizer business is the lowest cost producer and marketer of ammonia and UAN fertilizers in

Table of Contents

North America. Furthermore, on average during the last four years, over 75% of the pet coke utilized by the fertilizer plant was produced and supplied to the fertilizer plant as a by-product of our refinery. As such, the nitrogen fertilizer business benefits from high natural gas prices, as fertilizer prices generally increase with natural gas prices, without a directly related change in cost (because pet coke rather than natural gas is used as a primary raw material). During the second quarter of 2008, we enjoyed unprecedented fertilizer prices which contributed favorably to our earnings.

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

Key Market Trends

We have identified several key factors which we believe are influencing the outlook for the refining and nitrogen fertilizer industries.

For the refining industry, these factors include the following:

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

Our Competitive Strengths

Regional Advantage and Strategic Asset Location. Our refinery is located in the southern portion of the PADD II Group 3 distribution area. Because refined product demand in this area exceeds production, the region has historically required U.S. Gulf Coast imports to meet demand. We estimate that this favorable supply/demand imbalance allowed refineries in PADD II Group 3 to generate higher refining margins, measured by the 2-1-1 crack spread, as compared to U.S. Gulf Coast refineries on average during the last four years. The 2-1-1 crack spread is a general industry standard that approximates the per barrel refining margin resulting from processing two barrels of crude oil to produce one barrel of gasoline and one barrel of heating oil.

In addition, the nitrogen fertilizer business is geographically advantaged to supply nitrogen fertilizer products to markets in Kansas, Missouri, Nebraska, Iowa, Illinois and Texas without incurring intermediate transfer, storage, barge or pipeline freight charges. Because the nitrogen fertilizer business does not incur these costs, this geographic advantage provides it with a distribution cost advantage over competitors not located in the farm belt who transport ammonia and UAN from the U.S. Gulf Coast, based on recent freight rates and pipeline tariffs for U.S. Gulf Coast importers.

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

High Quality, Modern Refinery with Solid Track Record. Our refinery's complexity allows us to optimize the yields (the percentage of refined product that is produced from crude and other feedstocks) of higher value transportation fuels (gasoline and distillate), which currently account for approximately 94% of our liquid production output. In particular, in 2007 42% of our refinery's product yield consisted of higher-margin diesel fuel (mainly ultra low sulfur diesel). Complexity is a measure of a refinery's ability to process lower quality crude in an economic manner; greater complexity makes a refinery more profitable. From June 2005 through March 31, 2008, we have invested approximately \$550 million to modernize our oil refinery and to meet more stringent U.S. environmental, health and

Table of Contents

safety requirements. As a result, our refinery's complexity has increased from 10.0 to 12.1, and we have achieved significant increases in our refinery crude oil throughput rate, from an average of less than 90,000 bpd prior to June 2005 to an average of over 102,000 bpd in the second quarter of 2006, over 94,500 bpd for all of 2006 and over 110,000 bpd in the fourth quarter of 2007 with maximum daily rates in excess of 120,000 bpd for the fourth quarter of 2007.

Unique Coke Gasification Fertilizer Plant. The nitrogen fertilizer plant, completed in 2000, is the newest fertilizer facility in North America and the only one of its kind in North America using a pet coke gasification process to produce ammonia. While this facility is unique to North America, gasification technology has been in use for over 50 years in various industries to produce fuel, chemicals and other products from carbon-based source materials. Because it uses significantly less natural gas in the manufacture of ammonia than other domestic nitrogen fertilizer plants, with the currently high price of natural gas the nitrogen fertilizer business' feedstock cost per ton for ammonia is considerably lower than that of its natural gas-based fertilizer plant competitors. We estimate that the facility's production cost advantage over U.S. Gulf Coast ammonia producers is sustainable at natural gas prices as low as \$2.50 per MMBtu (at July 15, 2008, the price of natural gas was \$11.48 per MMBtu).

Near Term Internal Expansion Opportunities. Since June 2005, we have identified and developed several significant capital improvements primarily aimed at (1) expanding refinery capacity, (2) enhancing operating reliability and flexibility, (3) complying with more stringent environmental, health and safety standards and (4) improving our ability to process heavy sour crude feedstock varieties. With the substantial completion of approximately \$522 million of significant capital improvements (including \$170 million in expenditures for our refinery expansion project, excluding \$3.7 million in related capitalized interest), we expect to significantly enhance the profitability of our refinery during periods of high crack spreads while enabling the refinery to operate more profitably at lower crack spreads than is currently possible. The spare gasifier at the nitrogen fertilizer plant was expanded in 2006, increasing ammonia production by 6,500 tons per year. In addition, the nitrogen fertilizer plant is moving forward with an approximately \$120 million fertilizer plant expansion, of which approximately \$11 million was incurred as of March 31, 2008. It is estimated that this expansion will increase the nitrogen fertilizer plant's capacity to upgrade ammonia into premium-priced UAN by approximately 50%. Management currently expects to complete this expansion in July 2010.

Experienced Management Team. In conjunction with the acquisition of our business in June 2005 by funds affiliated with Goldman, Sachs & Co. and Kelso & Company, L.P., or the Goldman Sachs Funds and the Kelso Funds, a new senior management team was formed that combined selected members of existing management with experienced new members. Our senior management team averages over 28 years of refining and fertilizer industry experience and, in coordination with our broader management team, has increased our operating income and stockholder value since June 2005.

Mr. John J. Lipinski, our Chief Executive Officer, has over 36 years of experience in the refining and chemicals industries, and prior to joining us in connection with the acquisition of Coffeyville Resources in June 2005, was in charge of a 550,000 bpd refining system and a multi-plant fertilizer system. Mr. Stanley A. Riemann, our Chief Operating Officer, has over 34 years of experience, and prior to joining us in March 2004, was in charge of one of the largest fertilizer manufacturing systems in the United States. Mr. James T. Rens, our Chief Financial Officer, has over 19 years of experience in the energy and fertilizer industries, and prior to joining us in March 2004, was the chief financial officer of two fertilizer manufacturing companies.

Our Business Strategy

The primary business objectives for our refinery business are to increase value for our stockholders and to maintain our position as an independent refiner and marketer of refined fuels in our markets by maximizing the throughput and

efficiency of our petroleum refining assets. In addition, management's business objectives on behalf of the nitrogen fertilizer business are to increase value

Table of Contents

for our stockholders and maximize the production and efficiency of the nitrogen fertilizer facilities. We intend to accomplish these objectives through the following strategies:

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

Increasing the Profitability of Our Existing Assets. We strive to improve our operating efficiency and to reduce our costs by controlling our cost structure. We intend to make investments to improve the efficiency of our operations and pursue cost saving initiatives. We have recently completed the greenfield construction of a new continuous catalytic reformer. This project is expected to increase the profitability of our petroleum business through increased refined product yields and the elimination of scheduled downtime associated with the reformer that was replaced. In addition, this project reduces the dependence of our refinery on hydrogen supplied by the fertilizer facility, thereby allowing the nitrogen fertilizer business to generate higher margins by using the hydrogen to produce ammonia and UAN. The nitrogen fertilizer business expects, over time, to convert 100% of its production to higher-margin UAN.

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

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

Expanding UAN Production. The nitrogen fertilizer business is moving forward with an approximately \$120 million nitrogen fertilizer plant expansion, of which approximately \$11 million was incurred as of March 31, 2008. This expansion is expected to permit the nitrogen fertilizer business to increase its UAN production and to result in its UAN manufacturing facility consuming substantially all of its net ammonia production. This should increase the nitrogen fertilizer plant's margins because UAN has historically been a higher margin product than ammonia. The UAN expansion is expected to be complete in July 2010 and it is estimated that it will result in an approximately 50% increase in the nitrogen fertilizer business' annual UAN production. The company has also begun to acquire or lease offsite UAN storage facilities and continues to expand this program.

Executing Several Efficiency-Based and Other Projects. The nitrogen fertilizer business is currently engaged in several efficiency-based and other projects in order to reduce overall operating costs, incrementally increase its ammonia production and utilize byproducts to generate revenue. For example, by redesigning the system that segregates carbon dioxide, or CO₂, during the gasification process, the nitrogen fertilizer business estimates that it will be able to produce approximately 25 tons per day of incremental ammonia, worth approximately \$6 million per year at current market prices. The nitrogen fertilizer business estimates that this project will cost approximately \$7 million (of which none has yet been incurred) and will be completed in 2010. The nitrogen fertilizer business has a proven track record of operating gasifiers and is

well positioned to offer operating and technical services as a third-party operator to other gasifier-based projects.

Table of Contents

Evaluating Construction of a Third Gasifier Unit and a New Ammonia Unit and UAN Unit at the Nitrogen Fertilizer Plant. The nitrogen fertilizer business has engaged a major engineering firm to help it evaluate the construction and operation of an additional gasifier unit to produce a synthesis gas from pet coke. It is expected that the addition of a third gasifier unit, together with additional ammonia and UAN units, to the nitrogen fertilizer business operations could result, on a long-term basis, in an increase in UAN production of approximately 75,000 tons per month. This project is in its earliest stages of review and is still subject to numerous levels of internal analysis.

Other opportunities our management may consider on behalf of the Partnership in the event that its managing general partner proceeds with an initial offering include acquiring certain of our petroleum business ancillary assets and providing incremental pipeline transportation and storage infrastructure services to our petroleum business. There are currently no agreements or understandings in place with respect to any such acquisitions or opportunities, and there can be no assurance that the Partnership would be able to operate any of these assets or businesses profitably.

Nitrogen Fertilizer Limited Partnership

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

We own all of the interests in the Partnership (other than the managing general partner interest and associated IDRs described below) and are currently entitled to all cash distributed by the Partnership. The managing general partner is not entitled to participate in Partnership distributions except in respect of its incentive distribution rights, or IDRs, which entitle it to receive increasing percentages of the Partnership's quarterly distributions if the Partnership increases its distributions above \$0.4313 per unit. The Partnership will not make any distributions with respect to the IDRs until the aggregate adjusted operating surplus (as defined on page 246) generated by the Partnership during the period from October 24, 2007 through December 31, 2009 has been distributed in respect of the interests which we hold and/or the Partnership's common and subordinated units (none of which are yet outstanding but which would be issued if the Partnership consummates an equity offering in the future). In addition, there will be no distributions paid on the managing general partner's IDRs for so long as the Partnership or its subsidiaries are guarantors under our credit facilities.

While we are initially entitled to receive all cash that is distributed by the Partnership, the partnership agreement provides that, once the Partnership has distributed all aggregate adjusted operating surplus generated by the Partnership during the period from October 24, 2007 through December 31, 2009, the managing general partner will be entitled to receive distributions on its IDRs only after we have received a quarterly distribution of \$0.4313 per unit (or \$52 million per year in the aggregate, assuming we continue to own all of the Partnership's interests that we currently own) from the Partnership. This quarterly distribution amount does not represent an amount that the Partnership currently intends to distribute to us, but represents the contractual term establishing our and the managing general partner's relative right to quarterly distributions from the Partnership, subject to the other limitations set forth in the partnership agreement and described herein. This amount may be changed at the time of the Partnership's initial offering, if any. The percentage of available cash distributed by the Partnership we receive will be limited (1) if the Partnership issues common units in a public or private offering, in which event all or a portion of our interests in the Partnership will become subordinated units and the balance, if any, will become common units, (2) if we sell or are required to sell any of our special units, and (3) at such time as the managing general partner begins to receive distributions with respect to its IDRs.

The Partnership is operated by our senior management pursuant to a services agreement among us, the managing general partner and the Partnership. We pay all of our senior management s

Table of Contents

compensation, and the Partnership reimburses us for the time our senior management spends working for the Partnership. The Partnership is managed by the managing general partner and us, as special general partner. As special general partner of the Partnership, we have (1) joint management rights regarding the appointment, termination and compensation of the chief executive officer and chief financial officer of the managing general partner, (2) the right to designate two members of the board of directors of the managing general partner and (3) joint management rights regarding specified major business decisions relating to the Partnership.

The Partnership filed a registration statement in February 2008 for an initial public offering of its common units. On June 13, 2008, we announced that the managing general partner of the Partnership has decided to postpone indefinitely the Partnership's initial public offering due to current market conditions for master limited partnerships. The Partnership subsequently requested that the registration statement be withdrawn. We believe maintaining the fertilizer business within the Company provides greater value for CVR Energy shareholders than would be the case if the Partnership became a publicly-traded partnership at this time. The Partnership may elect to move forward with a public or private offering in the future. Any future public or private offering by the Partnership would be made solely at the discretion of the Partnership's managing general partner, subject to our specified joint management rights, and would be subject to market conditions and negotiation of terms acceptable to the Partnership's managing general partner. In connection with the Partnership's initial public or private offering, if any, the Partnership may require us to include a sale of a portion of our interests in the Partnership. If the Partnership becomes a public company, we may consider a secondary offering of interests which we own. We cannot assure you that any such transaction will be consummated.

For more detailed information about the Partnership, see [The Nitrogen Fertilizer Limited Partnership](#).

Cash Flow Swap

In conjunction with the acquisition of our business by Coffeyville Acquisition LLC, on June 16, 2005, Coffeyville Acquisition LLC entered into a series of commodity derivative arrangements, or the Cash Flow Swap, with J. Aron & Company, or J. Aron, a subsidiary of The Goldman Sachs Group, Inc., and a related party of ours. The derivative took the form of three New York Mercantile Exchange, or NYMEX, swap agreements whereby if crack spreads in absolute terms fall below the fixed level, J. Aron agreed to pay the difference to us, and if crack spreads in absolute terms rise above the fixed level, we agreed to pay the difference to J. Aron. The Cash Flow Swap was assigned from Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005.

Based on crude oil capacity of 115,000 bpd, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of our credit facility and upon meeting specific requirements related to our leverage ratio and our credit ratings, we are permitted to reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010, so long as at the time of reduction or termination, we pay the amount of unrealized losses associated with the amount reduced or terminated.

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

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

Given the size of the capital expenditure program contemplated by us at the time of the June 2005 acquisition, we considered it necessary to enter into a derivative arrangement to reduce

Table of Contents

the volatility of our cash flow and to ensure an appropriate return on the incremental invested capital.

The current environment of high and rising crude oil prices has led to higher crack spreads in absolute terms but significantly narrower crack spreads as a percentage of crude oil prices. As a result, the Cash Flow Swap, under which payments are calculated based on crack spreads in absolute terms, has had and continues to have a material negative impact on our earnings. Due to the Cash Flow Swap, we paid J. Aron \$52.4 million on July 8, 2008 for crude oil we settled with respect to the quarter ending June 30, 2008. We also owe J. Aron \$123.7 million plus accrued interest (\$6.2 million as of July 1, 2008) on August 31, 2008 under deferral arrangements we entered into because of the temporary cessation of our operations on June 30, 2007 due to the flood. We are in the process of negotiating a deferral of \$87.5 million of these amounts owed to J. Aron until July 31, 2009. We cannot assure you that the new deferral agreement will be consummated. For more information on the Cash Flow Swap, please see Certain Relationships and Related Party Transactions Transactions with the Goldman Sachs Funds and the Kelso Funds J. Aron & Company and Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting Comparability of Our Financial Results J. Aron Deferrals.

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

Recent Developments

During the second quarter of 2008, we enjoyed unprecedented fertilizer prices which contributed favorably to our earnings. Strong industry fundamentals have led current demand for nitrogen fertilizers to all time highs. U.S. corn inventories at the end of the 2008-2009 fertilizer year are projected to be at 673 million bushels, which is the lowest level since 1995-1996. Corn prices are at record high levels, and corn planting for 2008-2009 is projected to be higher than 2007-2008. Nitrogen fertilizer prices are at record high levels due to increased demand and increasing worldwide natural gas prices. In addition, nitrogen fertilizer prices, which historically showed a positive correlation with natural gas prices, have been decoupled from, and increased substantially more than, natural gas prices in 2007 and 2008. In addition to demand driven by biofuel fuel production, the quest for healthier lives and better diets in developing countries is a primary driving factor behind the increased global demand for fertilizers. As of July 22, 2008, our order book for all orders received prior to such date included 378,473 tons of UAN at an average netback price of \$358.16 per ton and 30,216 tons of ammonia at an average netback price of \$692.53 per ton. There has been a significant increase in nitrogen fertilizer prices in the last few months. As of July 22, 2008, our order book for orders received solely during the month of July 2008 is 76,502 tons of UAN at an average netback price of \$483.31 per ton and 3,411 tons of ammonia at an average netback price of \$857.17 per ton.

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

Table of Contents

In addition to the registration statement for the notes offered hereby, on June 19, 2008, we filed a registration statement for a secondary offering of our common stock by certain of our selling stockholders. Due to current market conditions, the selling stockholders have elected not to proceed with the secondary offering at this time, but may elect to do so in the future. The registration statement for the secondary common stock offering remains on file with the SEC.

Our History

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

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

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

Risks Relating to Our Business

We face certain risks that could materially affect our business, results of operations or financial condition. Our petroleum business is primarily affected by the relationship, or margin, between refined product prices and the prices for crude oil; future volatility in refining industry margins may cause volatility or a decline in our results of operations. The current high price of oil has led to a narrowing of crack spreads as a percentage of crude oil prices. As a result, refining margins have not kept pace with the price of oil, and have been further negatively impacted by the Cash Flow Swap. In addition, disruption of our ability to obtain an adequate supply of crude oil could reduce our liquidity and increase our costs.

In addition, our refinery and nitrogen fertilizer facilities face operating hazards and interruptions, including unscheduled maintenance or downtime. The nitrogen fertilizer plant has high fixed costs, and if natural gas prices fall below a certain level, our nitrogen fertilizer business may not generate sufficient revenue to operate profitably. In addition, our operations involve environmental risks that may require us to make substantial capital expenditures to remain in compliance or to remediate current or future contamination that could give rise to material liabilities. Also, we may not recover all of the costs we have incurred in connection with the flood and crude oil discharge that occurred at our refinery on the weekend of June 30, 2007. We filed two lawsuits against certain of our insurance carriers on July 10, 2008 relating to disagreements regarding the amounts we are entitled to recover for flood-related property and environmental damage. For more detailed information about the flood

Table of Contents

and crude oil discharge, including insurance reimbursement information, see [Flood and Crude Oil Discharge](#).

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

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

For more information about these and other risks relating to our company, see [Risk Factors](#) beginning on page 29 and [Cautionary Note Regarding Forward-Looking Statements](#) beginning on page 73. You should carefully consider these risk factors together with all other information included in this prospectus.

Table of Contents

Organizational Structure

The following chart illustrates our organizational structure and the organizational structure of the Partnership:

- * CVR GP, LLC, which we refer to as Fertilizer GP, is the managing general partner of CVR Partners, LP. As managing general partner, Fertilizer GP holds incentive distribution rights, or IDRs, which entitle it to receive increasing percentages of the Partnership's quarterly distributions if the Partnership increases its distributions above an amount specified in the limited partnership agreement. The IDRs will only be payable after the Partnership has distributed all aggregated adjusted operating surplus generated by the Partnership during the period from October 24, 2007 through December 31, 2009.

Table of Contents**The Offering**

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

Issuer	CVR Energy, Inc.
Notes Offered	\$125,000,000 in aggregate original principal amount of % Convertible Senior Notes due 2013 (the <i>notes</i>), which may increase to up to \$143,750,000 in aggregate principal amount of the notes if the underwriters exercise in full their option to purchase additional notes solely to cover over-allotments.
Maturity Date	The notes will mature on , 2013, unless earlier converted or repurchased.
Interest	We will pay interest on the notes at a rate of % per year, payable semi-annually in arrears in cash on and of each year, beginning on , 2009.
Interest Escrow	Until , 2011, our interest payment obligations under the notes will be secured by a pledge of the escrow account described below and the assets therein pursuant to a pledge and escrow agreement. From the proceeds of this offering, the underwriters will, on our behalf, purchase and deposit with the escrow agent on the closing date of this offering government securities (as defined herein). Approximately \$ million (plus an additional approximately \$ million if the underwriters over-allotment option is exercised in full) of the proceeds from this offering will be used to purchase government securities to be deposited in the escrow account and pledged to the trustee as security for our obligations under the notes and the indenture. The notes will not otherwise be secured. See "Description of the Notes" Interest Escrow.
Ranking	<p>The notes will be our general senior unsecured obligations (except as described above under "Interest Escrow"), ranking equal in right of payment to all of our senior unsecured indebtedness; senior in right of payment to indebtedness that is contractually subordinated to the notes; structurally subordinated to (i) all existing and future claims of our subsidiaries' creditors, including trade creditors, and (ii) any preferred stock which our subsidiaries may issue to the extent of its liquidation preference; and effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness.</p> <p>The indenture for the notes will not restrict us or our subsidiaries from incurring additional debt or other liabilities, including secured debt. We</p>

are a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. As a result, we are dependent on the cash flow of our subsidiaries to meet our debt obligations. None of our subsidiaries will guarantee any of our obligations under, or have any obligation to pay amounts due on, the notes. At June 30,

Table of Contents

2008, our subsidiaries had \$508.3 million aggregate principal amount of long-term debt outstanding (all of which was secured) and could borrow an additional \$91.1 million under our credit facility. If our subsidiaries were to incur additional debt or liabilities, our ability to pay our obligations on the notes, including cash payments upon conversion or repurchase, could be adversely affected.

Conversion Rights

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

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

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

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

The *trading price conversion rate* on any day will be (i) if the last reported sale price of our common stock on the trading day immediately preceding such day is less than or equal to the base conversion price (as defined herein), the base conversion rate or (ii) if such last reported sale price of our common stock is greater than the base conversion price, the base conversion rate plus a number of shares equal to the product of (a) the incremental share factor and (b) (1) the difference between such last reported sale price and the base conversion price divided by (2) such last reported sale price.

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

The *base conversion rate* for the notes will initially be _____ shares of common stock per \$1,000 in principal amount of notes, which is equivalent to an initial base conversion price of approximately \$ _____ per

share of common stock, subject to

Table of Contents

certain adjustments as described under Description of the Notes Conversion Rights Base Conversion Rate Adjustments.

For purposes of calculation of the daily conversion value or the daily share settlement rate, as applicable, the *applicable conversion rate* for the relevant VWAP trading day (as defined herein) will be determined as follows:

if the daily VWAP (as defined herein) of our common stock on such date is less than or equal to the base conversion price, the applicable conversion rate for such date will be equal to the base conversion rate; and

if the daily VWAP of our common stock on such date is greater than the base conversion price, the applicable conversion rate for such date will be equal to the following:

$$\begin{array}{r} \text{Base} \\ \text{Conversion} \\ \text{Rate} \end{array} + \left(\left(\begin{array}{l} \text{(Daily VWAP of our common stock on} \\ \text{such date} \\ - \text{Base Conversion Price)} \end{array} \right) \times \begin{array}{l} \text{Incremental Share} \\ \text{Factor} \end{array} \right) \left(\begin{array}{l} \text{Daily VWAP of our common stock on} \\ \text{such date} \end{array} \right)$$

The *incremental share factor* per \$1,000 principal amount of notes is initially _____ shares of our common stock, subject to the same proportional adjustment as the base conversion rate.

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

Settlement Upon Conversion

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

Unless we have made an irrevocable net share settlement election, at any time prior to the 35th scheduled trading day prior to the maturity date of the notes, we may deliver a notice to the holders of the notes designating the settlement method for all conversions that occur on or after the 35th scheduled trading day prior to maturity (and, if we elect combination settlement for

Table of Contents

such conversions, we will specify the percentage (the *cash percentage*) of the daily conversion value in excess of the daily portion of the principal amount that we will satisfy in cash for all such conversions, which if not specified will be deemed to be zero). If we do not deliver such a notice, then we will settle all such conversions using combination settlement described in the second bullet below with a cash percentage of zero.

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

At any time on or prior to the 35th scheduled trading day prior to the maturity date of the notes, we may irrevocably elect (such election, the *irrevocable net share settlement election*) to settle conversions of the notes using combination settlement or entirely in cash as described in the second or third bullet below, respectively. If we make the irrevocable net share settlement election, we will no longer be permitted under the indenture to settle conversions of the notes entirely in shares of our common stock as described in the first bullet below. Upon making the irrevocable net share settlement election, we will promptly (i) issue a press release and post such information on our website or otherwise publicly disclose this information and (ii) provide written notice to the holders of the notes in a manner contemplated by the indenture, including through the facilities of DTC. After we have made the irrevocable net share settlement election, upon conversion of any notes, we will inform the converting holders through the trustee, no later than the business day immediately following the related conversion date, of the cash percentage with respect to such conversion. If we do not specify the cash percentage, the cash percentage will be deemed to be zero.

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

The settlement amount will be computed as follows:

if we elect to settle any conversion entirely in shares of our common stock, we will deliver a number of shares of our common stock to the holder of the notes on the third business day immediately following the last day of the related observation period (as defined herein) equal to (i) (A) the aggregate principal amount of notes to be converted, divided by (B) \$1,000, multiplied by (ii) the sum of the daily share settlement rates (as defined herein) for each of the 30 VWAP trading days during the related observation period (provided that we will deliver cash in lieu of

fractional shares as described above);

Table of Contents

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

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

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

Sinking Fund

None.

Optional Redemption by Us

The notes may not be redeemed at our option prior to maturity.

Fundamental Change Repurchase Right of Holders

Subject to certain exceptions, if a fundamental change occurs at any time, you will have the right, at your option, to require us to repurchase all of your notes or a portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000. The fundamental change repurchase price will be 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest. Any notes repurchased by us will be paid for in cash.

Events of Default

Except as noted below, if an event of default on the notes occurs, 100% of the principal amount of the notes, plus accrued and unpaid interest thereon, if any, may be declared immediately due and payable, subject to certain conditions set forth in the indenture. If the event of default relates to the company's failure to comply with the reporting obligations in the indenture, at our option, the sole remedy for the first 90 days after the occurrence of such event of default will consist exclusively of the right to receive an extension fee on the notes in an amount equal to 0.25% of the aggregate principal amount of the notes and the sole remedy for the second 90 days after the occurrence of such event of default will consist exclusively of the right to receive an extension fee on the notes in an amount equal to 0.25% of the aggregate principal amount of the notes. The notes will become due and payable immediately in the case of certain types of bankruptcy or insolvency events of default with respect to the company.

No Prior Market

The notes will be new securities for which there is currently no market. Although certain of the underwriters have informed us that they intend to make a market in the notes, they are not obligated to do so, and may discontinue market-making at any

Table of Contents

time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained. We do not intend to apply for a listing of the notes on any securities exchange or automated quotation system.

New York Stock Exchange symbol for Our Common Stock

Our common stock is listed on the New York Stock Exchange under the symbol CVI.

Use of Proceeds

We estimate that the net proceeds from this offering, after deducting estimated fees and expenses and the underwriters' discounts and commissions, will be approximately \$ million, if the underwriters over-allotment option is not exercised, and approximately \$ million if the underwriters' over-allotment option is exercised in full.

Approximately \$ million (approximately \$ million if the underwriters exercise in full their over-allotment option to purchase additional notes from us) of the net proceeds of this offering will be used to purchase government securities to be deposited in the escrow account and pledged to the trustee as security for our obligations under the notes and the indenture. We intend to use the balance of the net proceeds of this offering (including any proceeds we receive if the underwriters exercise their over-allotment option) for general corporate purposes, which may include using a portion of the proceeds to pay amounts owed to J. Aron under the Cash Flow Swap and for future capital investments. Under the terms of the proposed deferral of \$87.5 million of the amounts owed to J. Aron, we will be required to use the substantial majority of any gross proceeds from any indebtedness we incur in excess of \$125.0 million, including this offering, to prepay a portion of the deferred amounts.

Material United States Federal Income Tax Considerations

You should consult your tax advisor with respect to the United States federal income tax consequences of owning the notes and the common stock into which the notes may be converted in light of your own particular situation and with respect to any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction. See Material United States Federal Income Tax Considerations.

Risk Factors

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

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

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

Table of Contents

Summary Consolidated Financial Information

The summary consolidated financial information presented below under the caption Statement of Operations Data for the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005 and the years ended December 31, 2006 and 2007, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2006 and 2007, has been derived from our consolidated financial statements included elsewhere in this prospectus, which consolidated financial statements have been audited by KPMG LLP, independent registered public accounting firm. The summary consolidated balance sheet data as of December 31, 2005 is derived from our audited consolidated financial statements that are not included in this prospectus. The summary unaudited interim consolidated financial information presented below under the caption Statement of Operations Data for the three-month period ended March 31, 2007 and the three-month period ended March 31, 2008, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of March 31, 2008, have been derived from our unaudited interim consolidated financial statements, which are included elsewhere in this prospectus and have been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, the interim data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of results for these periods. Operating results for the three-month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

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

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

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

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

Table of Contents

The historical data presented below has been derived from financial statements that have been prepared using GAAP included elsewhere in this prospectus. This data should be read in conjunction with, and is qualified in its entirety by reference to, the financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	Successor	
	Three Months Ended March 31 2007	Three Months Ended March 31 2008
	(unaudited, in millions, except share and per share data)	
Statement of Operations Data:		
Net sales	\$ 390.5	\$ 1,223.0
Cost of product sold (exclusive of depreciation and amortization)	303.7	1,036.2
Direct operating expenses (exclusive of depreciation and amortization)	113.4	60.6
Selling, general and administrative expenses (exclusive of depreciation and amortization)	13.2	13.4
Net costs associated with flood(1)		5.8
Depreciation and amortization(2)	14.2	19.6
Operating income (loss)	(54.0)	\$ 87.4
Other income, net	0.5	0.9
Interest expense and other financing costs	(11.9)	(11.3)
Loss on derivatives, net	(137.0)	(47.9)
Income (loss) before income taxes and minority interest in subsidiaries	\$ (202.4)	\$ 29.1
Income tax (expense) benefit	47.3	(6.9)
Minority interest in (income) loss of subsidiaries	0.7	
Net income (loss)(3)	\$ (154.4)	\$ 22.2
Pro forma loss per share, basic	\$ (1.79)	
Pro forma loss per share, diluted	\$ (1.79)	
Pro forma weighted average shares, basic	86,141,291	
Pro forma weighted average shares, diluted	86,141,291	
Earnings per share, basic		\$ 0.26
Earnings per share, diluted		\$ 0.26
Weighted average shares, basic		86,141,291
Weighted average shares, diluted		86,158,791
Segment Financial Data:		
Operating income (loss):		
Petroleum	(63.5)	63.6
Nitrogen Fertilizer	9.3	26.0
Other	0.2	(2.2)
Operating income (loss):	\$ (54.0)	\$ 87.4

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

Table of Contents

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

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

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

Table of Contents

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

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

Production Volume:

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

Table of Contents

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

- (1) Represents the write-off of approximate net costs associated with flood and crude oil spill that are not probable of recovery. See Flood and Crude Oil Discharge.
- (2) Depreciation and amortization is comprised of the following components as excluded from cost of product sold, direct operating expenses and selling, general and administrative expenses:

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

Table of Contents

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

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

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

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

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

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

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

(4)

Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap results from adjusting for the unrealized portion of the derivative transaction that was executed in conjunction with the acquisition of Coffeyville Group Holdings, LLC by Coffeyville Acquisition LLC on June 24, 2005. On June 16, 2005, Coffeyville Acquisition LLC entered into the Cash Flow Swap with J. Aron, a subsidiary of The Goldman Sachs Group, Inc., and a related party of ours. The Cash Flow Swap was subsequently assigned from Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005. The derivative took the form of three NYMEX swap agreements whereby if absolute (i.e., in dollar terms, not as a percentage of crude oil prices) crack spreads fall below the fixed level, J. Aron agreed to pay the difference to us, and if absolute crack spreads rise above the fixed level, we agreed to pay the difference to J. Aron. Based upon expected crude oil capacity of 115,000 bpd, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of our credit facility and upon meeting specific requirements related to our leverage ratio and our credit ratings, we are permitted to reduce the Cash Flow Swap to

Table of Contents

35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010, so long as at the time of reduction or termination, we pay the amount of unrealized losses associated with the amount reduced or terminated.

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

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

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

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

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

- (5) Barrels per day is calculated by dividing the volume in the period by the number of calendar days in the period. Barrels per day as shown here is impacted by plant down-time and other plant disruptions and does not represent the capacity of the facility's continuous operations.
- (6) Refining margin per crude oil throughput barrel is a measurement calculated as the difference between net sales and cost of product sold (exclusive of depreciation and amortization) divided by the refinery's crude oil throughput volumes for the respective periods presented. Refining margin per crude oil throughput barrel is a non-GAAP measure that should not be substituted for gross profit or operating income and that we believe is important to investors in evaluating our refinery's performance as a general indication of the amount above our cost of product sold that we are able to sell refined products. Our calculation of refining margin per crude oil throughput barrel may differ from similar calculations of other companies in our industry, thereby limiting its usefulness as a comparative

Table of Contents

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

- (7) This information is industry data and is not derived from our audited financial statements or unaudited interim financial statements.
- (8) Direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel is calculated by dividing direct operating expenses (exclusive of depreciation and amortization) by total crude oil throughput volumes for the respective periods presented. Direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel includes costs associated with the actual operations of the refinery, such as energy and utility costs, catalyst and chemical costs, repairs and maintenance and labor and environmental compliance costs but does not include depreciation or amortization. We use direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel as a measure of operating efficiency within the plant and as a control metric for expenditures.

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

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

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

Table of Contents

- (9) During the 174 days ended June 23, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, we recognized a loss of \$8.1 million, \$23.4 million and \$1.3 million, respectively, on early extinguishment of debt.
- (10) Operational information reflected for the 233 day Successor period ended December 31, 2005 includes only 191 days of operational activity. Successor was formed on May 13, 2005 but had no financial statement activity during the 42 day period from May 13, 2005 to June 24, 2005, with the exception of certain crude oil, heating oil and gasoline option agreements entered into with J. Aron as of May 16, 2005 which expired unexercised on June 16, 2005.
- (11) On-stream factor is the total number of hours operated divided by the total number of hours in the reporting period. Excluding the impact of turnaround at the nitrogen fertilizer facility in the third quarter of 2006, the on-stream factors for the year ended December 31, 2006 would have been 97.1% for gasifier, 94.3% for ammonia and 93.6% for UAN. Excluding the impact of the flood during the weekend of June 30, 2007, the on-stream factors for the year ended December 31, 2007 would have been 94.6% for gasifier, 92.4% for ammonia and 83.9% for UAN.
- (12) Minority interest at December 31, 2006 reflects common stock in two of our subsidiaries owned by John J. Lipinski (which were exchanged for shares of our common stock with an equivalent value prior to the consummation of our initial public offering). Minority interest at December 31, 2007 and March 31, 2008 reflects Coffeyville Acquisition III LLC's ownership of the managing general partner interest and IDRs of the Partnership.

Table of Contents

About This Prospectus

Certain Definitions

In this prospectus,

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

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

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

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

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

In addition, in this prospectus:

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

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

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

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

Coffeyville Acquisition refers to Coffeyville Acquisition LLC, an entity owned principally by the Kelso Funds, which owns 36.5% of our common stock;

Coffeyville Acquisition II refers to Coffeyville Acquisition II LLC, an entity owned principally by the Goldman Sachs Funds, which owns 36.5% of our common stock; and

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

Industry and Market Data

The data included in this prospectus regarding the oil refining industry and the nitrogen fertilizer industry, including trends in the market and our position and the position of our competitors within

Table of Contents

these industries, are based on our estimates, which have been derived from management's knowledge and experience in the areas in which the relevant businesses operate, and information obtained from customers, distributors, suppliers, trade and business organizations, internal research, publicly available information, industry publications and surveys and other contacts in the areas in which the relevant businesses operate. We have also cited information compiled by industry publications, governmental agencies and publicly available sources. Certain information contained in the Industry section is based on the Energy Information Administration's Annual Energy Outlook 2008, released in June 2008, which is the most recent comprehensive EIA publication currently available. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain. Accordingly, investors should not place undue weight on the industry and market share data presented in this prospectus.

Trademarks, Trade Names and Service Marks

This prospectus includes trademarks belonging to CVR Energy, Inc., including COFFEYVILLE RESOURCES®, CVR Energy™ and CVR Partners™. This prospectus also contains trademarks, service marks, copyrights and trade names of other companies.

Table of Contents

RISK FACTORS

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

Risks Related to Our Petroleum Business

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

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

In 2008 we have experienced extremely high oil prices. There are a number of reasons why high crude oil costs and current crack spreads have a negative impact on our business. First, as crack spreads increase in absolute terms in connection with higher crude oil prices, we realize increasing losses on the Cash Flow Swap. We expect the Cash Flow Swap will continue to have a material negative effect on our earnings through at least June 2009. Second, every barrel of crude oil that we process yields approximately 88% high performance transportation fuels and approximately 12% less valuable byproducts such as pet coke, slurry and sulfur and volumetric losses (lost volume resulting from the change from liquid form to solid). Whereas crude oil costs have increased, sales prices for many byproducts have not increased in the same proportions. As a result, we may lose money on byproduct sales (and from the inherent lost volume in shifting from liquid to solid form), resulting in a reduction to our earnings. Refined product sales prices have also failed to keep pace with crude oil costs. High oil prices have had a material adverse effect on the profitability of oil refineries generally, including us. If oil prices remain at their current levels or move higher, our profitability will be materially adversely effected.

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

We currently obtain the majority of our crude oil supply through a crude oil credit intermediation agreement with J. Aron, which minimizes the amount of in transit inventory and mitigates crude pricing risks by ensuring pricing takes place extremely close to the time when the crude is refined and the yielded products are sold. In the event this agreement is terminated or is not renewed prior to expiration we may be unable to obtain similar services from another party at the same or better terms as our existing agreement. The current credit intermediation agreement expires on December 31, 2008 and will automatically extend for an additional one year term unless either party elects not to

extend the agreement. Further, if we were required to obtain our crude oil supply without the benefit of an intermediation agreement, our exposure to crude pricing risks may increase, even despite any

Table of Contents

hedging activity in which we may engage, and our liquidity would be negatively impacted due to the increased inventory and the negative impact of market volatility.

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

If we cannot generate adequate cash flow or otherwise secure sufficient liquidity to meet our working capital needs or support our short-term and long-term capital requirements, we may be unable to meet our debt obligations, including payments on the notes, pursue our business strategies or comply with certain environmental standards, which would have a material adverse effect on our business and results of operations. As of March 31, 2008, we had cash, cash equivalents and short-term investments of \$25.2 million and \$112.6 million available under our revolving credit facility. As of July 15, 2008, we had cash, cash equivalents and short-term investments of \$19.1 million and up to \$109.4 million available under our revolving credit facility. In the current crude oil price environment, working capital is subject to substantial variability from week-to-week and month-to-month.

We have substantial short-term and long-term capital needs. Our short-term working capital needs are primarily crude oil purchase requirements, which fluctuate with the pricing and sourcing of crude oil. In 2008 we have experienced extremely high oil prices which have substantially increased our short-term working capital needs. Our long-term capital needs include capital expenditures we are required to make to comply with Tier II gasoline standards, on-road diesel regulations, off-road diesel regulations and the Consent Decree. We also have significant short-term and long-term needs for cash, including deferred payments of \$123.7 million plus accrued interest (\$6.2 million as of July 1, 2008) due on August 31, 2008 that are owed under the Cash Flow Swap with J. Aron. We are in the process of negotiating a deferral of \$87.5 million of these amounts owed to J. Aron until July 31, 2009. We cannot assure you that the new deferral agreement will be consummated. Our liquidity and earnings will be materially negatively impacted by the effects of the Cash Flow Swap through at least June 2009. We paid J. Aron \$52.4 million on July 8, 2008 for crude oil we settled with respect to the quarter ending June 30, 2008 and expect to pay it additional amounts for crude oil we have settled or will settle with respect to the quarter ending September 30, 2008 on October 7, 2008. See **Risks Related to our Entire Business** Our commodity derivative activities have historically resulted and in the future could result in losses and in period-to-period earning volatility. In addition, we currently estimate that mandatory capital and turnaround expenditures, excluding the non-recurring capital expenditures required to comply with Tier II gasoline standards, on-road diesel regulations, off-road diesel regulations and the Consent Decree described above, will average approximately \$49 million per year over the next five years.

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

Our refinery requires approximately 85,000 to 100,000 bpd of crude oil in addition to the light sweet crude oil we gather locally in Kansas, northern Oklahoma and southwest Nebraska. We obtain a portion of our non-gathered crude oil, approximately 22% in 2007, from foreign sources such as Latin America, South America, the Middle East, West Africa, Canada and the North Sea. The actual amount of foreign crude oil we purchase is dependent on market conditions and will vary from year to year. We are subject to the political, geographic, and economic risks attendant to doing business with suppliers located in those regions. Disruption of production in any of such regions for any reason could have a material impact on other regions and our business. In the event that one or more of our traditional suppliers becomes unavailable to us, we may be unable to obtain an adequate supply of crude oil, or we may only be able to obtain our crude oil supply at unfavorable prices. As a result, we may experience a reduction in our liquidity and our results of operations could be materially adversely affected.

Table of Contents

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

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

Our profitability is partially linked to the price spreads between light and heavy crude oil and sweet and sour crude oil within our plant capabilities. We prefer to refine heavier sour crude oils because they have historically provided wider refining margins than light sweet crude. Accordingly, any tightening of the light/heavy or sweet/sour spreads could reduce our profitability. The light/heavy and sweet/sour spread has declined in recent months, which has resulted, and in the future may continue to result, in a decline in profitability.

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

During 2007 we upgraded all of the units in our refinery by installing new equipment and redesigning older equipment to improve refinery capacity. The installation and redesign of key equipment involves significant risks and uncertainties, including the following:

our upgraded equipment may not perform at expected throughput levels;

the yield and product quality of new equipment may differ from design; and

redesign or modification of the equipment may be required to correct equipment that does not perform as expected, which could require facility shutdowns until the equipment has been redesigned or modified.

In the second half of 2007 we also repaired certain of our equipment as a result of the flood. This repaired equipment is subject to similar risks and uncertainties as described above. Any of these risks associated with new equipment, redesigned older equipment, or repaired equipment could lead to lower revenues or higher costs or otherwise have a negative impact on our future results of operations and financial condition.

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

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

Table of Contents

additional tanker trucks from the refinery, which could increase our costs and result in a decline in profitability.

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

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

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

The refining industry is highly competitive with respect to both feedstock supply and refined product markets. We may be unable to compete effectively with our competitors within and outside of our industry, which could result in reduced profitability. We compete with numerous other companies for available supplies of crude oil and other feedstocks and for outlets for our refined products. We are not engaged in the petroleum exploration and production business and therefore we do not produce any of our crude oil feedstocks. We do not have a retail business and therefore are dependent upon others for outlets for our refined products. We do not have any long-term arrangements for much of our output. Many of our competitors in the United States as a whole, and one of our regional competitors, obtain significant portions of their feedstocks from company-owned production and have extensive retail outlets. Competitors that have their own production or extensive retail outlets with brand-name recognition are at times able to offset losses from refining operations with profits from producing or retailing operations, and may be better positioned to withstand periods of depressed refining margins or feedstock shortages.

A number of our competitors also have materially greater financial and other resources than us, providing them the ability to add incremental capacity in environments of high crack spreads. These competitors have a greater ability to bear the economic risks inherent in all phases of the refining industry. An expansion or upgrade of our competitors facilities, price volatility, international political and economic developments and other factors are likely to continue to play an important role in refining industry economics and may add additional competitive pressure on us.

In addition, we compete with other industries that provide alternative means to satisfy the energy and fuel requirements of our industrial, commercial and individual consumers. The more successful these alternatives become as a result of governmental regulations, technological advances, consumer demand, improved pricing or otherwise, the greater the impact on pricing and demand for our products and our profitability. There are presently significant governmental and consumer pressures to increase the use of alternative fuels in the United States.

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

Current or future federal, state and local environmental laws and regulations could cause us to spend substantial amounts to install controls or make operational changes to comply with environmental requirements. In addition, future environmental laws and regulations, or new interpretations of

Table of Contents

existing laws or regulations, could limit our ability to market and sell our products to end users. Any such new interpretations or future environmental laws or governmental regulations could have a material impact on the results of our operations.

In March 2004, we entered into a Consent Decree with the United States Environmental Protection Agency, or the EPA, and the Kansas Department of Health and Environment, or the KDHE, to address certain allegations of Clean Air Act violations by Farmland at the Coffeyville oil refinery in order to address the alleged violations and eliminate liabilities going forward. The overall costs of complying with the Consent Decree over the next four years are expected to be approximately \$41 million. To date, we have met the deadlines and requirements of the Consent Decree and we have not had to pay any stipulated penalties, which are required to be paid for failure to comply with various terms and conditions of the Consent Decree. Availability of equipment and technology performance, as well as EPA interpretations of provisions of the Consent Decree that differ from ours, could affect our ability to meet the requirements imposed by the Consent Decree and have a material adverse effect on our results of operations, financial condition and profitability.

We may agree to enter into a global settlement under EPA's National Petroleum Refining Initiative, or the NPRI. The 2004 Consent Decree addressed two of the four marquee issues under the NPRI. We may agree to enter into a new consent decree or amend the existing Consent Decree to incorporate the marquee issues that were not addressed in the 2004 consent decree. We do not believe that addressing the remaining marquee issues would have a material adverse effect on our results of operations, financial condition and profitability.

We will incur capital expenditures over the next several years in order to comply with regulations under the federal Clean Air Act establishing stringent low sulfur content specifications for our petroleum products, including the Tier II gasoline standards, as well as regulations with respect to on- and off-road diesel fuel, which are designed to reduce air emissions from the use of these products. In February 2004, the EPA granted us a hardship waiver, which will require us to meet final low sulfur Tier II gasoline standards by January 1, 2011. In 2007, as a result of the flood, our refinery exceeded the average annual gasoline sulfur standard mandated by the hardship waiver. We are re-negotiating provisions of the hardship waiver and have agreed in principle to meet the final low sulfur Tier II gasoline sulfur standards by January 1, 2010 (one year earlier than required under the hardship waiver) in consideration for the EPA's agreement not to seek a penalty for the 2007 sulfur exceedance. Compliance with the Tier II gasoline standards and on-road diesel standards required us to spend approximately \$133 million during 2006 and approximately \$103 million during 2007, and we estimate that compliance will require us to spend approximately \$68 million between 2008 and 2010. Changes in equipment or construction costs could require significantly greater expenditures.

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

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

Risks Related to the Nitrogen Fertilizer Business

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

Because most nitrogen fertilizer manufacturers rely on natural gas as their primary feedstock, and the cost of natural gas is a large component (approximately 90% based on historical data) of the

Table of Contents

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

The nitrogen fertilizer plant has high fixed costs. If nitrogen fertilizer product prices fall below a certain level, which could be caused by a reduction in the price of natural gas, the nitrogen fertilizer business may not generate sufficient revenue to operate profitably or cover its costs.

The nitrogen fertilizer plant has high fixed costs as discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations Major Influences on Results of Operations Nitrogen Fertilizer Business. As a result, downtime or low productivity due to reduced demand, interruptions because of adverse weather conditions, equipment failures, low prices for nitrogen fertilizer or other causes can result in significant operating losses. Unlike its competitors, whose primary costs are related to the purchase of natural gas and whose fixed costs are minimal, the nitrogen fertilizer business has high fixed costs not dependent on the price of natural gas. We have no control over natural gas prices, which can be highly volatile. A decline in natural gas prices generally has the effect of reducing the base sale price for nitrogen fertilizer products in the market generally while the nitrogen fertilizer business' fixed costs will remain substantially unchanged by the decline in natural gas prices. Any decline in the price of nitrogen fertilizer products could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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

A significant portion of nitrogen fertilizer product sales consists of sales of agricultural commodity products, exposing us to fluctuations in supply and demand in the agricultural industry. These fluctuations historically have had and could in the future have significant effects on prices across all nitrogen fertilizer products and, in turn, the nitrogen fertilizer business' financial condition, cash flows and results of operations, which could result in significant volatility in the price of our common stock and the notes, or an inability of the nitrogen fertilizer business to make distributions to us. Nitrogen fertilizer products are commodities, the price of which can be volatile. The prices of nitrogen fertilizer products depend on a number of factors, including general economic conditions, cyclical trends in end-user markets, supply and demand imbalances, and weather conditions, which have a greater relevance because of the seasonal nature of fertilizer application. If seasonal demand exceeds the projections of the nitrogen fertilizer business, its customers may acquire nitrogen fertilizer from its competitors, and the profitability of the nitrogen fertilizer business will be negatively impacted. If seasonal demand is less than expected, the nitrogen fertilizer business will be left with excess inventory that will have to be stored or liquidated.

Demand for fertilizer products is dependent, in part, on demand for crop nutrients by the global agricultural industry. Nitrogen-based fertilizers are currently in high demand, driven by a growing world population, changes in dietary habits and an expanded use of corn for the production of ethanol. Supply is affected by available capacity and operating rates, raw material costs, government policies

Table of Contents

and global trade. The prices for nitrogen fertilizers are currently extremely high. Nitrogen fertilizer prices may not remain at current levels and could fall, perhaps materially. A decrease in nitrogen fertilizer prices would have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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

The nitrogen fertilizer business is subject to intense price competition from both U.S. and foreign sources, including competitors operating in the Persian Gulf, the Asia-Pacific region, the Caribbean, Russia and Ukraine. Nitrogen fertilizer products are global commodities, with little or no product differentiation, and customers make their purchasing decisions principally on the basis of delivered price and availability of the product. The nitrogen fertilizer business competes with a number of U.S. producers and producers in other countries, including state-owned and government-subsidized entities. The United States and the European Union each have trade regulatory measures in effect that are designed to address this type of unfair trade, but there is no guarantee that such trade regulatory measures will continue. Changes in these measures could have a material adverse impact on the sales and profitability of the particular products involved. Some competitors have greater total resources and are less dependent on earnings from fertilizer sales, which makes them less vulnerable to industry downturns and better positioned to pursue new expansion and development opportunities. In addition, recent consolidation in the fertilizer industry has increased the resources of several competitors. In light of this industry consolidation, our competitive position could suffer to the extent the nitrogen fertilizer business is not able to expand its own resources either through investments in new or existing operations or through acquisitions, joint ventures or partnerships. In addition, if natural gas prices in the United States were to decline to a level that prompts those U.S. producers who have previously closed production facilities to resume fertilizer production, this would likely contribute to a global supply/demand imbalance that could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. An inability to compete successfully could result in the loss of customers, which could adversely affect our sales and profitability.

Adverse weather conditions during peak fertilizer application periods may have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions, because the agricultural customers of the nitrogen fertilizer business are geographically concentrated.

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

The nitrogen fertilizer business results of operations, financial condition and ability to make cash distributions may be adversely affected by the supply and price levels of pet coke and other essential raw materials.

Pet coke is a key raw material used by the nitrogen fertilizer business in the manufacture of nitrogen fertilizer products. Increases in the price of pet coke could have a material adverse effect on the nitrogen fertilizer business results of operations, financial condition and ability to make cash distributions. Moreover, if pet coke prices increase the nitrogen fertilizer business may not be able to

Table of Contents

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

The nitrogen fertilizer business may not be able to maintain an adequate supply of pet coke and other essential raw materials. In addition, the nitrogen fertilizer business could experience production delays or cost increases if alternative sources of supply prove to be more expensive or difficult to obtain. If raw material costs were to increase, or if the nitrogen fertilizer plant were to experience an extended interruption in the supply of raw materials, including pet coke, to its production facilities, the nitrogen fertilizer business could lose sale opportunities, damage its relationships with or lose customers, suffer lower margins, and experience other material adverse effects to its results of operations, financial condition and ability to make cash distributions.

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

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

Ammonia can be very volatile and dangerous. Any liability for accidents involving ammonia that cause severe damage to property and/or injury to the environment and human health could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. In addition, the costs of transporting ammonia could increase significantly in the future.

The nitrogen fertilizer business manufactures, processes, stores, handles, distributes and transports ammonia, which can be very volatile and dangerous. Accidents, releases or mishandling involving ammonia could cause severe damage or injury to property, the environment and human health, as well as a possible disruption of supplies and markets. Such an event could result in lawsuits, fines, penalties and regulatory enforcement proceedings, all of which could lead to significant liabilities. Any damage to persons, equipment or property or other disruption of the ability of the nitrogen fertilizer business to produce or distribute its products could result in a significant decrease in operating revenues and significant additional cost to replace or repair and insure its assets, which could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. The nitrogen fertilizer business experienced

Table of Contents

an ammonia release most recently in August 2007. See Business Environmental Matters Release Reporting.

In addition, the nitrogen fertilizer business may incur significant losses or costs relating to the operation of railcars used for the purpose of carrying various products, including ammonia. Due to the dangerous and potentially toxic nature of the cargo, in particular ammonia, a railcar accident may have catastrophic results, including fires, explosions and pollution. These circumstances may result in severe damage and/or injury to property, the environment and human health. In the event of pollution, the nitrogen fertilizer business may be strictly liable. If the nitrogen fertilizer business is strictly liable, it could be held responsible even if it is not at fault and complied with the laws and regulations in effect at the time of the accident. Litigation arising from accidents involving ammonia may result in the Partnership or us being named as a defendant in lawsuits asserting claims for large amounts of damages, which could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

Table of Contents

which could reduce demand for the nitrogen fertilizer business products, which could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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

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

Risks Related to Our Entire Business

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

Our operations, located primarily in a single location, are subject to significant operating hazards and interruptions. If any of our facilities, including our refinery and the nitrogen fertilizer plant, experiences a major accident or fire, is damaged by severe weather, flooding or other natural disaster, or is otherwise forced to curtail its operations or shut down, we could incur significant losses which could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. In addition, a major accident, fire, flood, crude oil discharge or other event could damage our facilities or the environment and the surrounding community or result in injuries or loss of life. For example, the flood that occurred during the weekend of June 30, 2007 shut down our refinery for seven weeks, shut down the nitrogen fertilizer facility for approximately two weeks and required significant expenditures to repair damaged equipment.

If our facilities experience a major accident or fire or other event or an interruption in supply or operations, our business could be materially adversely affected if the damage or liability exceeds the amounts of business interruption, property, terrorism and other insurance that we benefit from or maintain against these risks and successfully collect. As required under our existing credit facility, we maintain property and business interruption insurance capped at \$1.0 billion which is subject to various deductibles and sub-limits for particular types of coverage (e.g., \$300 million for a loss caused by flood). In the event of a business interruption, we would not be entitled to recover our losses until the interruption exceeds 45 days in the aggregate. We are fully exposed to losses in excess of this dollar cap and the various sub-limits, or business interruption losses that occur in the 45 days of our deductible period. These losses may be material. For example, a substantial portion of our lost revenue caused by the business interruption following the flood that occurred during the weekend of June 30, 2007 cannot be claimed because it was lost within 45 days of the start of the flood.

If our refinery is forced to curtail its operations or shut down due to hazards or interruptions like those described above, we will still be obligated to make any required payments to J. Aron under certain swap agreements we entered into in June 2005 (as amended, the Cash Flow Swap). We will be required to make payments under the Cash Flow Swap if crack spreads in absolute terms rise above a certain level. Such payments could have a material adverse impact on our financial results if,

Table of Contents

as a result of a disruption to our operations, we are unable to sustain sufficient revenues from which we can make such payments.

The energy industry is highly capital intensive, and the entire or partial loss of individual facilities can result in significant costs to both industry participants, such as us, and their insurance carriers. In recent years, several large energy industry claims have resulted in significant increases in the level of premium costs and deductible periods for participants in the energy industry. For example, during 2005, Hurricanes Katrina and Rita caused significant damage to several petroleum refineries along the U.S. Gulf Coast, in addition to numerous oil and gas production facilities and pipelines in that region. As a result of large energy industry claims, insurance companies that have historically participated in underwriting energy related facilities could discontinue that practice, or demand significantly higher premiums or deductibles to cover these facilities. Although we currently maintain significant amounts of insurance, insurance policies are subject to annual renewal. If significant changes in the number or financial solvency of insurance underwriters for the energy industry occur, we may be unable to obtain and maintain adequate insurance at a reasonable cost or we might need to significantly increase our retained exposures.

Our refinery consists of a number of processing units, many of which have been in operation for a number of years. One or more of the units may require unscheduled down time for unanticipated maintenance or repairs on a more frequent basis than our scheduled turnaround of every three to four years for each unit, or our planned turnarounds may last longer than anticipated. The nitrogen fertilizer plant, or individual units within the plant, will require scheduled or unscheduled downtime for maintenance or repairs. In general, the nitrogen fertilizer facility requires scheduled turnaround maintenance every two years and the next scheduled turnaround is currently expected to occur in the fourth quarter of 2008. Scheduled and unscheduled maintenance could reduce net income and cash flow during the period of time that any of our units is not operating.

Our commodity derivative activities have historically resulted and in the future could result in losses and in period-to-period earnings volatility.

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

In June 2005, Coffeyville Acquisition LLC entered into the Cash Flow Swap, which is not subject to margin calls, in the form of three swap agreements with J. Aron for the period from July 1, 2005 to June 30, 2010. These agreements were subsequently assigned from Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005. Based on crude oil capacity of 115,000 bpd, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of our credit facility and upon meeting specific requirements related to our leverage ratio and our credit ratings, we may reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010. Otherwise, under the terms of our credit facility, management has limited discretion to change the amount of hedged volumes under the Cash Flow Swap therefore affecting our exposure to market volatility. The current environment of high and rising crude oil prices has led to higher crack spreads in absolute terms but significantly

narrower crack spreads as a

Table of Contents

percentage of crude oil prices. As a result, the Cash Flow Swap, under which payments are calculated based on crack spreads in absolute terms, has had and will continue to have a material negative impact on our earnings. In addition, because this derivative is based on NYMEX prices while our revenue is based on prices in the Coffeyville supply area, the contracts do not eliminate risk of price volatility. If the price of products on NYMEX is different from the value contracted in the swap, then we will receive from or owe to the counterparty the difference on each unit of product that is contracted in the swap. We have substantial payment obligations to J. Aron in respect of the Cash Flow Swap. See Our internally generated cash flows and other sources of liquidity may not be adequate for our capital needs.

In addition, as a result of the accounting treatment of these contracts, unrealized gains and losses are charged to our earnings based on the increase or decrease in the market value of the unsettled position and the inclusion of such derivative gains or losses in earnings may produce significant period-to-period earnings volatility that is not necessarily reflective of our underlying operating performance. The positions under the Cash Flow Swap resulted in unrealized gains (losses) of \$126.8 million, \$(103.2) million and \$(13.9) million for the years ended December 31, 2006 and 2007 and the three months ended March 31, 2008, respectively. The positions under the Cash Flow Swap had a significant negative impact on our earnings in 2007 and are expected to continue to do so in 2008. As of March 31, 2008, a \$1.00 change in quoted prices for the absolute crack spreads utilized in the Cash Flow Swap would result in a \$36.2 million change to the fair value of derivative commodity position and the same change to net income. See Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Derivative Instruments and Fair Value of Financial Instruments.

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

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

During the weekend of June 30, 2007, torrential rains in southeast Kansas caused the Verdigris River to overflow its banks and flood the town of Coffeyville, Kansas. Our refinery and nitrogen fertilizer plant, which are located in close proximity to the Verdigris River, were severely flooded, sustained major damage and required extensive repairs. Total gross costs incurred and recorded as of March 31, 2008 related to the third party costs to repair the refinery and fertilizer facilities were approximately \$82.5 million and \$4.0 million, respectively. Additionally, other corporate overhead and miscellaneous costs incurred and recorded in connection with the flood as of March 31, 2008 were approximately \$19.3 million. We currently estimate that approximately \$2.1 million in third party costs related to the repair of flood damaged property will be recorded in future periods. In addition to the cost of repairing the facilities, we experienced a significant revenue loss attributable to the property damage during the period when the facilities were not in operation.

Despite our efforts to secure the refinery prior to its evacuation as a result of the flood, we estimate that 1,919 barrels (80,600 gallons) of crude oil and 226 barrels of crude oil fractions were discharged from our refinery into the Verdigris River flood waters beginning on or about July 1, 2007. We expect to substantially complete remediation of the contamination caused by the crude oil discharge by July 31, 2008 and anticipate minor remediation activities thereafter. Total net costs recorded as of March 31, 2008 associated with remediation efforts and third party property damage incurred by the crude oil discharge are approximately \$27.3 million. This amount is net of anticipated insurance recoveries of \$21.4 million.

As of March 31, 2008, we have recorded total gross costs associated with the repair of, and other matters relating to the damage to our facilities and with third party and property damage remediation incurred due to the crude oil discharge of approximately \$154.5 million. Total anticipated insurance recoveries of approximately \$107.2 million

have been recorded as March 31, 2008 (of which

Table of Contents

\$21.5 million has already been received from insurance carriers by us), resulting in a net cost of approximately \$47.3 million. We have not estimated any potential fines, penalties or claims that may be imposed or brought by regulatory authorities or possible additional damages arising from lawsuits related to the flood.

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

It is difficult to estimate the ultimate cost of environmental remediation resulting from the crude oil discharge or the cost of third party property damage that we will ultimately be required to pay. The costs and damages that we ultimately pay may be greater than the estimated amounts currently described in our filings with the Securities and Exchange Commission (the SEC). Such excess costs and damages could be material.

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

During the time of the 2007 flood and crude oil discharge, Coffeyville Resources, LLC was covered by both property/business interruption and liability insurance policies. We are in the process of submitting claims to, responding to information requests from, and negotiating with various insurers with respect to costs and damages related to these incidents. However, we do not know which of our losses, if any, the insurers will ultimately cover or when we will receive any recovery. We filed two lawsuits against certain of our insurance carriers on July 10, 2008 relating to disagreements regarding the amounts we are entitled to recover for flood-related property and environmental damage. See Flood and Crude Oil Discharge Insurance. We may not be able to recover all of the costs we have incurred and losses we have suffered in connection with the 2007 flood and crude oil discharge. Further, we likely will not be able to recover most of the business interruption losses we incurred since a substantial portion of our facilities were operational within 45 days of the start of the flood, and our coverage for business interruption losses applies only if the facilities were not operational for 45 days or more.

Environmental laws and regulations could require us to make substantial capital expenditures to remain in compliance or to remediate current or future contamination that could give rise to material liabilities.

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

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

Our business is inherently subject to accidental spills, discharges or other releases of petroleum or hazardous substances into the environment and neighboring areas. Past or future spills related to

Table of Contents

any of our operations, including our refinery, pipelines, product terminals, fertilizer plant or transportation of products or hazardous substances from those facilities, may give rise to liability (including strict liability, or liability without fault, and potential cleanup responsibility) to governmental entities or private parties under federal, state or local environmental laws, as well as under common law. For example, we could be held strictly liable under the Comprehensive Environmental Responsibility, Compensation and Liability Act, or CERCLA, for past or future spills without regard to fault or whether our actions were in compliance with the law at the time of the spills. Pursuant to CERCLA and similar state statutes, we could be held liable for contamination associated with facilities we currently own or operate, facilities we formerly owned or operated and facilities to which we transported or arranged for the transportation of wastes or by-products containing hazardous substances for treatment, storage, or disposal. In addition, we face liability for alleged personal injury or property damage due to exposure to chemicals or other hazardous substances located at or released from our facilities. We may also face liability for personal injury, property damage, natural resource damage or for cleanup costs for the alleged migration of contamination or other hazardous substances from our facilities to adjacent and other nearby properties.

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

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

CO₂ and other greenhouse gas emissions may be the subject of federal or state legislation or regulated in the future by the EPA as an air pollutant, requiring us to obtain additional permits, install additional controls, or purchase credits to reduce greenhouse gas emissions which could adversely affect our financial performance.

The United States Congress has considered various proposals to reduce greenhouse gas emissions, but none have become law, and presently, there are no federal mandatory greenhouse gas emissions requirements. While it is probable that Congress will adopt some form of federal mandatory greenhouse gas emission reductions legislation in the future, the timing and specific requirements of any such legislation are uncertain at this time. In the absence of existing federal regulations, a number of states have adopted regional greenhouse gas initiatives to reduce CO₂ and other greenhouse gas emissions. In 2007, a group of Midwest states, including Kansas (where our refinery and the nitrogen fertilizer facility are located) formed the Midwestern Greenhouse Gas Accord, which calls for the development of a cap-and-trade system to control greenhouse gas emissions and for the inventory of such emissions. However, the individual states that have signed on to the accord must adopt laws or regulations implementing the trading scheme before it becomes effective, and the timing and specific requirements of any such laws or regulations in Kansas are uncertain at this time.

In 2007, the U.S. Supreme Court decided that CO₂ is an air pollutant under the federal Clean Air Act for the purposes of vehicle emissions. Similar lawsuits have been filed seeking to require the EPA to regulate CO₂ emissions from stationary sources, such as our refinery and the fertilizer plant, under the federal Clean Air Act. Our refinery and the nitrogen fertilizer plant produce significant amounts of CO₂ that are vented into the atmosphere. If the EPA regulates CO₂ emissions from facilities such as ours, we may have to apply for additional permits, install additional controls to reduce CO₂ emissions or take other as yet unknown steps to comply with these potential regulations. For example, we

may have to purchase CO₂ emission reduction credits to reduce our current emissions of CO₂ or to offset increases in CO₂ emissions associated with expansions of our operations.

Table of Contents

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

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

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

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

Our limited historical financial performance as a stand-alone company makes it difficult for you to evaluate our business and results of operations to date and to assess our future prospects and viability. We have been operating during a recent period of significant volatility in the refined products industry, and recent growth in the profitability of the nitrogen fertilizer products industry may not continue or could reverse. As a result, our results of operations may be lower than we currently expect and the price of the notes and our common stock may be volatile.

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

In connection with our initial public offering in October 2007, we transferred our nitrogen fertilizer business to a newly formed limited partnership, whose managing general partner is a new entity owned by our controlling stockholders and senior management. Although we currently consolidate the Partnership in our financial statements, over time an increasing portion of the cash flow of the nitrogen fertilizer business will be distributed to our managing general partner if the Partnership increases its quarterly distributions above specified target distribution levels. In addition, if in the future the Partnership elects to pursue a public or private offering of limited partner interests to third parties, the new limited partners will also be entitled to receive cash distributions from the Partnership. This may require us to deconsolidate. Our historical financial statements do not reflect the new limited partnership structure prior to October 24, 2007 or any non-controlling interest that may be issued to the public in connection with a future initial offering of the Partnership and therefore our past financial performance may not be an accurate indicator of future performance.

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

The petroleum and nitrogen fertilizer businesses both have a high concentration of customers. Our four largest customers in the petroleum business represented 44.4%, 36.8% and 40.2% of our petroleum sales for the years ended December 31, 2006 and 2007 and the three months ended March 31, 2008, respectively. Further, in the aggregate, the top five ammonia customers of the nitrogen fertilizer business represented 51.9%, 62.1% and 68.4% of its ammonia

sales for the years ended December 31, 2006 and 2007 and the three months ended March 31, 2008, respectively, and the top five UAN customers of the nitrogen fertilizer business represented 30.0%, 38.7% and 42.4% of

Table of Contents

its UAN sales, respectively, for the same periods. Several significant petroleum, ammonia and UAN customers each account for more than 10% of sales of petroleum, ammonia and UAN, respectively. Given the nature of our business, and consistent with industry practice, we do not have long-term minimum purchase contracts with any of our customers. The loss of one or several of these significant customers, or a significant reduction in purchase volume by any of them, could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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

One of the business strategies of the petroleum and nitrogen fertilizer businesses is to implement a number of capital expenditure projects designed to increase productivity, efficiency and profitability. Many factors may prevent or hinder implementation of some or all of these projects, including compliance with or liability under environmental regulations, a downturn in refining margins, technical or mechanical problems, lack of availability of capital and other factors. Costs and delays have increased significantly during the past few years and the large number of capital projects underway in the industry has led to shortages in skilled craftsmen, engineering services and equipment manufacturing. Failure to successfully implement these profit-enhancing strategies may materially adversely affect our business prospects and competitive position. In addition, we expect to execute turnarounds at our refinery every three to four years, which involve numerous risks and uncertainties. These risks include delays and incurrence of additional and unforeseen costs. The next scheduled refinery turnaround will be in 2010. In addition, development and implementation of business strategies for the Partnership will be primarily the responsibility of the managing general partner of the Partnership. The next scheduled turnaround of the nitrogen fertilizer facility is currently expected to occur in the fourth quarter of 2008.

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

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

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

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

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

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

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

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

Table of Contents

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

diversion of management's attention from the ongoing operations of our business.

Failure to manage these acquisition and expansion growth risks could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. There can be no assurance that we will be able to consummate any acquisitions or expansions, successfully integrate acquired entities, or generate positive cash flow at any acquired company or expansion project.

We are a holding company and depend upon our subsidiaries for our cash flow and cash to make payments on the notes.

We are a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. Consequently, our cash flow and our ability to meet our obligations, including payments on the notes, or to pay dividends or make other distributions in the future will depend upon the cash flow of our subsidiaries and the payment of funds by our subsidiaries to us in the form of dividends, tax sharing payments or otherwise. In addition, Coffeyville Resources, LLC, our indirect subsidiary, which is the primary obligor under our existing credit facility, is a holding company and its ability to meet its debt service obligations depends on the cash flow of its subsidiaries. The ability of our subsidiaries to make any payments to us will depend on their earnings, the terms of their indebtedness, including the terms of our credit facility, tax considerations and legal restrictions. In particular, our credit facility currently imposes significant limitations on the ability of our subsidiaries to make distributions to us and consequently our ability to pay dividends to our stockholders and make payments on the notes offered hereby. Distributions that we receive from the Partnership will be primarily reinvested in our business rather than distributed to our stockholders. See also **Risks Related to the Nitrogen Fertilizer Business** The nitrogen fertilizer business may not have sufficient cash to enable it to make quarterly distributions to us following the payment of expenses and fees and the establishment of cash reserves and **Risks Related to the Limited Partnership Structure Through Which We Hold Our Interest in the Nitrogen Fertilizer Business** Our rights to receive distributions from the Partnership may be limited over time.

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

As of June 30, 2008, we had total debt outstanding of \$508.3 million, \$21.5 million in funded letters of credit outstanding and borrowing availability of \$91.1 million under our credit facility. After giving effect to this notes offering, we would have had total debt outstanding of \$633.3 million (\$652.1 million if the underwriters exercise their over-allotment option). We and our subsidiaries may be able to incur significant additional indebtedness in the future. If new indebtedness is added to our current indebtedness, the risks described below could increase. Our high level of indebtedness could have important consequences, such as:

making it more difficult to satisfy obligations to our creditors, including holders of the notes;

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

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

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

placing restrictive financial and operating covenants in the agreements governing our and our subsidiaries long-term indebtedness and bank loans, including, in the case of certain

Table of Contents

indebtedness of subsidiaries, certain covenants that restrict the ability of subsidiaries to pay dividends or make other distributions to us;

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

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

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

In addition, borrowings under our existing credit facility bear interest at variable rates. If market interest rates increase, such variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. Our interest expense for the year ended December 31, 2007 was \$61.1 million. A 1% increase or decrease in the applicable interest rates under our credit facility, using average debt outstanding at March 31, 2008, would correspondingly change our interest expense by approximately \$4.9 million per year.

If our credit ratings decline in the future, the interest rates we are charged on debt under our credit facility will increase by up to 0.75%.

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

If the managing general partner of the Partnership elects to pursue a public or private offering of Partnership interests, we will be required to use our commercially reasonable efforts to amend our credit facility to remove the Partnership as a guarantor. Any such amendment could result in increased fees to us or other onerous terms in our credit facility. In addition, we may not be able to obtain such an amendment on terms acceptable to us or at all.

If the managing general partner of the Partnership elects to pursue a public or private offering of the Partnership, we will be required to obtain amendments to our credit facility, as well as to the Cash Flow Swap, in order to remove the Partnership and its subsidiaries as obligors under such instruments. Such amendments could be very expensive to obtain. Moreover, any such amendments could result in significant changes to our credit facility's pricing, mandatory repayment provisions, covenants and other terms and could result in increased interest costs and require payment by us of additional fees. We have agreed to use our commercially reasonable efforts to obtain such amendments if the

Table of Contents

managing general partner elects to cause the Partnership to pursue a public or private offering and gives us at least 90 days written notice. However, we may not be able to obtain any such amendment on terms acceptable to us or at all. If we are not able to amend our credit facility on terms satisfactory to us, we may need to refinance it with other facilities. We will not be considered to have used our commercially reasonable efforts to obtain such amendments if we do not effect the requested modifications due to (i) payment of fees to the lenders or the swap counterparty, (ii) the costs of this type of amendment, (iii) an increase in applicable margins or spreads or (iv) changes to the terms required by the lenders including covenants, events of default and repayment and prepayment provisions; provided that (i), (ii), (iii) and (iv) in the aggregate are not likely to have a material adverse effect on us.

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

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

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

As of March 31, 2008, approximately 42% of our employees, all of whom work in our petroleum business, were represented by labor unions under collective bargaining agreements expiring in 2009. We may not be able to renegotiate our collective bargaining agreements when they expire on satisfactory terms or at all. A failure to do so may increase our costs. In addition, our existing labor agreements may not prevent a strike or work stoppage at any of our facilities in the future, and any work stoppage could negatively affect our results of operations and financial condition.

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

We are subject to the reporting requirements of the Securities Exchange Act of 1934 (the Exchange Act) and the corporate governance standards of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act). These requirements may place a strain on our management, systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and the price of the notes and our common stock.

In April 2008, we concluded that our consolidated financial statements for the year ended December 31, 2007 and the related quarter ended September 30, 2007 contained errors principally related to the calculation of the cost of crude oil purchased by us and associated financial

Table of Contents

transactions. As a result of these errors, management concluded that our internal controls were not adequate to determine the cost of crude oil at September 30, 2007 and December 31, 2007. Specifically, the Company's policies and procedures for estimating the cost of crude oil and reconciling these estimates to vendor invoices were not effective. Additionally, the Company's supervision and review of this estimation and reconciliation process was not operating at a level of detail adequate to identify the deficiencies in the process. Management concluded that these deficiencies were material weaknesses in our internal control over financial reporting. Due to these material weaknesses, our management also concluded that we did not maintain effective disclosure controls and procedures as of December 31, 2007.

In order to remediate the material weaknesses described above, our management is in the process of designing, implementing and enhancing controls to ensure the proper accounting for the calculation of the cost of crude oil. These remedial actions include, among other things, (1) centralizing all crude oil cost accounting functions, (2) adding additional layers of accounting review with respect to our crude oil cost accounting and (3) adding additional layers of business review with respect to the computation of our crude oil costs.

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

We are in the process of evaluating our internal control systems to allow management to report on, and our independent auditors to audit, our internal control over financial reporting. We will be performing the system and process evaluation and testing (and any necessary remediation) required to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, and will be required to comply with Section 404 in our annual report for the year ended December 31, 2008 (subject to any change in applicable SEC rules). Furthermore, upon completion of this process, we may identify control deficiencies of varying degrees of severity under applicable SEC and Public Company Accounting Oversight Board (PCAOB) rules and regulations that remain unremediated. Although we produce our financial statements in accordance with GAAP, our internal accounting controls may not currently meet all standards applicable to companies with publicly traded securities. We will be required to report, among other things, control deficiencies that constitute a material weakness or changes in internal controls that, or that are reasonably likely to, materially affect internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

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

Table of Contents

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

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

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

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

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

We are relying on all of these exemptions as a controlled company. Accordingly, our stockholders do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

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

The costs of complying with regulations relating to the transportation of hazardous chemicals and security associated with the refining and nitrogen fertilizer facilities may have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions. Targets such as refining and chemical manufacturing facilities may be at greater risk of future terrorist attacks than other targets in the United States. As a result, the petroleum and chemical industries have responded to the issues that arose due to the terrorist attacks on September 11, 2001 by starting new initiatives relating to the security of petroleum and chemical industry facilities and the transportation of hazardous chemicals in the United States. Future terrorist attacks could lead to even stronger, more costly initiatives. Simultaneously, local, state and federal governments have begun a regulatory process that could lead to new regulations impacting the security of refinery and chemical plant locations and the transportation of petroleum and hazardous chemicals. Our business or our customers' businesses could be materially adversely affected by the cost of complying with new regulations.

We may face third-party claims of intellectual property infringement, which if successful could result in significant costs for our business.

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

Table of Contents

manufacturing processes or equipment or to our products and could have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

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

We have licensed, and may in the future license, a combination of patent, trade secret and other intellectual property rights of third parties for use in our business. If any of these license agreements were to be terminated, licenses to alternative technology may not be available, or may only be available on terms that are not commercially reasonable or acceptable. In addition, any substitution of new technology for currently licensed technology may require substantial changes to manufacturing processes or equipment and may have a material adverse effect on our results of operations, financial condition and the ability of the nitrogen fertilizer business to make cash distributions.

Risks Related to the Notes

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness or we may experience a financial failure, which would hinder the receipt of payment on the notes.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the notes. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements including our credit agreement and the indenture for the notes. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our credit facility restricts our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

our debt holders could declare all outstanding principal and interest to be due and payable;

the lenders under our credit agreement could terminate their commitments to loan us money and foreclose against the assets securing their borrowings; and

we could be forced into bankruptcy or liquidation, which is likely to result in delays in the payment of the notes and in the exercise of enforcement remedies under the notes.

In addition, provisions under the bankruptcy code or general principles of equity that could result in the impairment of your rights include the automatic stay, avoidance of preferential transfers by a trustee or a debtor-in-possession, limitations of collectability of unmatured interest or attorneys' fees and forced restructuring of the notes.

Table of Contents

We will be dependent on dividends or other distributions from our subsidiaries to make future payments on the notes or to repurchase the notes for cash when required by the holders following a fundamental change.

A portion of the proceeds of this offering will be used to purchase government securities to be deposited into an escrow account for the benefit of the holders of the notes in an amount sufficient to pay the first six scheduled interest payments on the notes. However, our ability to pay the remainder of the interest payments and principal due on the notes or to repurchase the notes for cash when required by the holders following a fundamental change will depend on cash generated from our operating activities, available credit facility borrowings and other capital resources. We are a holding company, and will depend on dividends or other distributions from our subsidiaries to make these payments. Our subsidiaries are separate and distinct legal entities and none of our subsidiaries will guarantee our obligations under, or have any obligation to pay any amounts due on, the notes. Our indirect subsidiary, Coffeyville Resources, LLC, is the primary obligor under our credit facility which contains limitations on the ability of Coffeyville Resources to pay dividends or make other distributions to us. Future borrowings by our subsidiaries could contain additional restrictions or prohibitions on the payment of dividends or other distributions by our subsidiaries to us. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay us as dividends on their capital stock or otherwise.

Our obligations under the notes are effectively subordinate to any lenders who have a security interest in our assets and structurally subordinate to all existing and future claims of our subsidiaries creditors.

Our obligations under the notes are unsecured (except by the escrow account), but our subsidiaries obligations under our credit facility are secured by a security interest in substantially all of their tangible and intangible assets and the capital stock of their existing and future subsidiaries. If any of our subsidiary obligors or guarantors under our credit facilities is declared bankrupt or insolvent, or if there is an event of default under our credit facilities, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets described above to the exclusion of holders of the notes, even if an event of default exists under the indenture governing the notes at such time. Because the notes will not be secured by any of our assets (except for the escrow account) or the equity interests in our subsidiaries or guaranteed by any of our subsidiaries, holders of notes have no claim on any of our subsidiaries or any of their assets. The notes are thus structurally subordinate to all existing and future claims of our subsidiaries creditors.

Despite our current indebtedness levels, we and our subsidiaries can still incur substantially more debt, and this could further exacerbate the risks described in this offering memorandum.

We and our subsidiaries may incur substantial additional indebtedness in the future. We will not be restricted under the terms of the notes or the indenture pursuant to which the notes are to be issued from incurring additional indebtedness, including secured debt. In addition, the notes do not require us to achieve or maintain any minimum financial ratios relating to our financial condition or results of operations. Because we are not limited by the terms of the notes, we may recapitalize, incur additional debt and take a number of other actions that could have the effect of diminishing our ability to make payments on the notes when due. In addition, we are not restricted from repurchasing common stock or paying dividends to our stockholders by the terms of the notes.

Table of Contents

Although a pledge of our interest in the escrow account will secure the initial six interest payments on the notes, the ability of holders of notes to enforce their security will be delayed if we become the subject of a case under the U.S. Bankruptcy Code.

The pledge of our interest in the escrow account is intended to secure the first six interest payments on the notes. If we become the subject of a case under the U.S. Bankruptcy Code, however, the ability of holders of the notes to enforce their security interest in the escrow account and receive payment in respect of the government securities would be delayed by the imposition of the automatic stay under Section 362 of the Bankruptcy Code. Any resulting delay could be for a substantial period of time.

We may be unable to repurchase the notes for cash when required by the holders following a fundamental change or to pay the cash amount upon conversion.

Holders of the notes have the right to require us to repurchase the notes for cash upon the occurrence of a fundamental change prior to maturity. In addition, upon conversion of the notes, we may elect, including by making an irrevocable net share settlement election, to settle a conversion, in full or in part, by paying cash. We may not have sufficient funds to make the required payments in cash at such time or the ability to arrange necessary financing on acceptable terms. We may also be prohibited from making cash payments under the terms of our then existing credit facilities. If we fail to repurchase the notes or make any payments due upon conversion when required by the indenture, it would constitute an event of default under the indenture governing the notes.

Any adjustment to the base conversion rate in connection with a make-whole fundamental change may not adequately compensate you for the lost option time value of your notes as a result of such transaction.

If any transaction that constitutes a make-whole fundamental change occurs, we will increase the base conversion rate, for the time period described herein, by a number of additional shares for any conversions of notes in connection with such transaction. The number of additional shares will be determined based on the earliest of the date on which such make-whole fundamental change is publicly announced, occurs, or becomes effective and based on the price paid per share of our common stock in connection with the make-whole fundamental change. See Description of the Notes Conversion Rights Adjustment to Shares Delivered upon Conversion in Connection with a Make-Whole Fundamental Change for the definition of make-whole fundamental change. Although the number of additional shares is designed to compensate you for the lost option time value of your notes as a result of such transaction, the make whole amount is only an approximation of such lost value and may not adequately compensate you for such loss. In addition, if the price of our common stock on the conversion date is less than \$ or greater than \$, the base conversion rate will not be increased. In addition, in no event will the total number of shares of common stock issuable upon conversion exceed per \$1,000 principal amount of notes, as applicable, subject to adjustments in the same manner as to the base conversion rate as set forth under Description of the Notes Conversion Rights Base Conversion Rate Adjustments. Our obligation to increase the base conversion rate in connection with a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of equity as they relate to economic remedies.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.

Upon the occurrence of a fundamental change, you will have the right to convert your notes or require us to offer to repurchase the notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of certain transactions. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us would not constitute a fundamental change requiring us to repurchase the notes or enabling you to convert your

Table of Contents

notes. See Description of the Notes Repurchase of Notes at Option of Holder upon Fundamental Change for the definition of a fundamental change. In the event of any such transaction, the holders would not have the right to convert their notes or require us to repurchase their notes, even though each of these transactions could increase the amount of our debt, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of notes.

Provisions of the notes could discourage an acquisition of us by a third party.

Upon the occurrence of a fundamental change, holders of the notes will have the right, at their option, to require us to repurchase all or any portion of the principal amount of their notes. In addition, if a holder of notes elects to convert its notes in connection with a make-whole fundamental change, we may be required to increase the base conversion rate by a specified additional number of shares of common stock. These provisions may make it more difficult or more expensive for a third party to acquire us or delay or prevent a takeover of our company and the removal of incumbent management that might otherwise be beneficial to investors. If we are prohibited from repaying or repurchasing the notes by any future credit facilities or debt instruments we may enter into, we could try to obtain the consent of lenders under those credit facilities, or we could attempt to refinance the borrowings that contain the restrictions. If we do not obtain the necessary consents or refinance the borrowings, we will be unable to repay or repurchase the notes. Any such failure would constitute an event of default under the indenture which could, in turn, constitute a default under the terms of our indebtedness.

The conditional conversion feature of the notes could result in your receiving less than the value of the common stock into which a note is convertible.

Prior to , 2013, the notes are convertible into our common stock only if specified conditions are met. If these conditions are not met, you will not be able to convert your notes, and you may not be able to receive the value of the common stock into which the notes would otherwise be convertible.

We have made only limited covenants in the indenture for the notes, and these limited covenants may not protect your investment.

The indenture for the notes does not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;

limit our subsidiaries ability to incur indebtedness which would be structurally senior to the notes;

limit our ability to incur secured indebtedness or indebtedness that is equal in right of payment to the notes;

restrict our subsidiaries ability to issue securities that would be senior to the equity interests of our subsidiaries held by us;

restrict our ability to repurchase our common securities or any other securities from time to time;

restrict our ability to pledge our assets or those of our subsidiaries; or

restrict our ability to make investments or to pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

Table of Contents

The trading prices for the notes will be directly affected by the trading prices for our common stock, which are impossible to predict. Volatility in the market price of our common stock could result in a lower trading price than your conversion or purchase price and could adversely affect the trading price of the notes.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The decrease in the market price of our common stock would likely adversely impact the trading price of the notes. The price of our common stock could be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that may develop involving our common stock. The hedging or arbitrage could, in turn, affect the trading prices of the notes.

If you hold notes, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold notes, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting our common stock. You will have rights with respect to our common stock only if you convert your notes, which you are permitted to do only in limited circumstances described herein. For example, in the event that an amendment is proposed to our amended and restated certificate of incorporation or bylaws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of our common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock. In addition, because of the net share settlement feature of the notes, you may not receive any shares upon conversion.

The base conversion rate and incremental share factor may not be adjusted for all dilutive events, including third-party tender or exchange offers, that may adversely affect the trading price of the notes or the common stock issuable upon conversion of the notes.

The base conversion rate and incremental share factor are subject to adjustment upon certain events, including the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, distributions of capital stock, debt or assets, cash dividends and certain tender or exchange offers by us or one of our subsidiaries as described under Description of the Notes Conversion Rights Base Conversion Rate Adjustments. The base conversion rate and incremental share factor will not be adjusted for certain other events, such as third-party tender or exchange offers or an issuance of common stock for cash, that may adversely affect the trading price of the notes or our common stock issuable upon conversion of the notes. There can be no assurance that an event that adversely affects the value of the notes, but does not result in an adjustment to the base conversion rate and incremental share factor, will not occur.

Conversion of the notes will dilute the ownership interest of existing shareholders, including holders who had previously converted their notes.

To the extent we issue common stock upon conversion of the notes, the conversion of some or all of the notes will dilute the ownership interests of existing shareholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could depress the price of our common stock.

Table of Contents

Shares eligible for future sale, including shares issued upon the conversion of the notes offered hereby into shares of our common stock, may cause the price of our common stock, and therefore of the notes, to decline.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales may occur, could cause the market price of our common stock, and therefore the market price of the notes offered hereby, which are convertible into common stock, to decline. This could also impair our ability to raise additional capital through the sale of our equity securities or additional convertible debt securities. Under our amended and restated certificate of incorporation, we are authorized to issue up to 350,000,000 shares of common stock, of which 86,141,291 shares of common stock were outstanding as of the date of this prospectus. Of these shares, the 23,000,000 shares of common stock sold in our initial public offering and the 27,100 shares of common stock granted to our non-executive officer employees in connection with our initial public offering and registered pursuant to a Registration Statement on Form S-8 filed with the SEC on October 24, 2007 will be freely transferable without restriction or further registration under the Securities Act by persons other than affiliates, as that term is defined in Rule 144 under the Securities Act. Further, shares of our common stock are reserved for issuance on the exercise of stock options and on conversion of the convertible notes offered hereby.

As of the date of this prospectus, Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC own collectively 62,866,720 shares of our common stock. Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC each have demand and piggyback registration rights with respect to these shares. In connection with the offering, our directors and executive officers will enter into lock up agreements, pursuant to which they will agree, subject to certain exceptions, not to sell or transfer, directly or indirectly, any shares of our common stock for a period of 90 days from the date of this prospectus, subject to extension in certain circumstances.

Upon conversion of the notes, unless we elect to deliver solely shares of our common stock in respect of our conversion obligation, we will pay cash in respect of a specified portion of our conversion obligation.

Unless we elect to deliver solely shares of our common stock in respect of our conversion obligation, we will satisfy our conversion obligation to holders by paying cash in respect of a specified portion of our conversion obligation. Accordingly, upon conversion of a note, you may not receive any shares of our common stock, or you may receive fewer shares of common stock relative to the conversion value of the note. As a result, upon conversion of the notes, you may receive less proceeds than expected because the value of our common stock may decline (or not appreciate as much as you may expect) between the day that you exercise your conversion right and the day the conversion value of your notes is finally determined. Even if we elect to settle conversions solely in shares of our common stock, there will be a delay between the time that you elect to convert and the time that we deliver such shares, and you may receive less value than you expected because the value of our common stock may decline (or fail to appreciate as much as you may expect) between the day that you exercise your conversion right and the day on which we settle our conversion obligation. See Description of the Notes Conversion Rights Settlement upon Conversion.

In the event of a default, we may have insufficient funds to make any payments due on the notes.

Our failure to convert the notes into cash, common stock or a combination of cash and common stock upon exercise of a holder's conversion right in accordance with the provisions of the indenture pursuant to which the notes are issued would constitute a default under such indenture. In addition, a default under the indenture could lead to a default under existing and future agreements governing our indebtedness. If, due to a default, the repayment of related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and the notes.

Table of Contents

The notes are not rated.

We do not intend to seek a rating on the notes. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, or reduces their rating in the future, the market price of the notes and our common stock could be harmed.

You should consider the U.S. federal income tax consequences of owning the notes.

The U.S. federal income tax treatment of the conversion of the notes into a combination of our common stock and cash is uncertain. You are urged to consult your tax advisors with respect to the U.S. federal income tax consequences resulting from the conversion of the notes into a combination of cash and common stock. A discussion of the U.S. federal income tax consequences of ownership of the notes is contained in this prospectus under the heading Material United States Federal Income Tax Considerations.

You may be subject to tax upon a change in the applicable conversion rate of the notes even though you do not receive a corresponding cash distribution.

The base conversion rate of the notes is subject to adjustment in certain circumstances, including the payment of certain cash dividends. If the base conversion rate is adjusted as a result of a distribution that is taxable to our common stockholders, such as in the case of a cash dividend, you will be deemed to have received a taxable dividend to the extent of our earnings and profits that will be subject to U.S. federal income tax without the actual receipt of any cash. If you are a Non-U.S. Holder (as that term is defined in Material United States Federal Income Tax Considerations), such deemed dividend may be subject to U.S. federal withholding tax at a 30% rate, or such lower rate as may be specified by an applicable treaty, which may be set off against subsequent payments on the notes. See Description of the Notes Conversion Rights Base Conversion Rate Adjustments and Material United States Federal Income Tax Considerations.

Any change in the applicable conversion rate as a result of the price of shares of our common stock exceeding the base conversion price may also be treated as a distribution subject to U.S. federal income tax as a dividend. In addition, if a make-whole fundamental change occurs on or prior to the maturity date of the notes, under some circumstances, we will increase the base conversion rate for notes in connection with the make-whole fundamental change. Such increase may be treated as a distribution subject to U.S. federal income tax as a dividend. See Material United States Federal Income Tax Considerations.

The accounting for the convertible notes will result in our having to recognize interest expense significantly more than the stated interest rate of the convertible notes in our financial statements after the start of our fiscal year beginning on January 1, 2009.

Under the current accounting rules, for the purpose of calculating diluted earnings per share, a net share settled convertible security meeting certain requirements is accounted for in a manner similar to nonconvertible debt, with the stated coupon constituting interest expense and any shares issuable upon conversion of the security being accounted for in a manner similar to the treasury stock method. The effect of this method is that the shares potentially issuable upon conversion of the securities are not included in the calculation of earnings per share until the conversion price is in the money, and the issuer is then assumed to issue the number of shares necessary to settle the conversion.

However, the Financial Accounting Standards Board (FASB) recently posted FASB Staff Position (FSP) No. APB 14-1 Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlements) (previously FSP APB 14-a), which will change the accounting treatment for net share settled convertible securities. Under the final FSP, cash settled convertible securities will be separated into their debt and

equity components. The value assigned to the debt component will be the estimated fair value, as of the issuance date, of a similar

Table of Contents

debt instrument without the conversion feature, and the difference between the proceeds for the convertible debt and the amount reflected as a debt liability will be recorded as additional paid-in capital. As a result, the debt will be recorded at a discount reflecting its below market coupon interest rate. The debt will subsequently be accreted to its par value over its expected life, with the rate of interest that reflects the market rate at issuance being reflected on the income statement. This change in methodology will affect the calculations of net income and earnings per share for many issuers of cash settled convertible securities.

There is currently no trading market for the notes, and an active trading market for the notes may not develop or, if it develops, may not be maintained.

The notes are new securities for which there is currently no existing trading market. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. An active trading market may not develop for the notes and, even if one develops, such market may not be maintained. If an active trading market for the notes does not develop or is not maintained, the market price and liquidity of the notes are likely to be adversely affected and holders may not be able to sell their notes at desired times and prices or at all. If any of the notes are traded after their purchase, they may trade at a discount from their purchase price.

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, the market price of our common stock, prevailing interest rates, our financial condition, results of operations, business, prospects and credit quality relative to our competitors, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in any of these factors, some of which are beyond our control and others of which would not affect debt that is not convertible into capital stock. Historically, the market for convertible debt has been volatile. Market volatility could materially and adversely affect the notes, regardless of our financial condition, results of operations, business, prospects or credit quality.

The notes have a number of features that may adversely affect their value and trading price, including conversion conditions and the lack of financial covenants. Furthermore, even if the conversion conditions are met, since the conversion value of the notes is dependent on the price of our common stock, volatile or depressed market prices for our common stock are likely to have a similar effect on the trading prices of the notes. We cannot assure you that the price of our common stock in the future will not have an adverse effect on the trading prices of the notes.

The notes will initially be held in book-entry form and, therefore, you must rely on the procedures and the relevant clearing systems to exercise your rights and remedies.

Unless and until certificated notes are issued in exchange for book-entry interests in the notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, DTC, or its nominee, will be the sole holder of the notes. Payments of principal, interest and other amounts owing on or in respect of the notes in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants' accounts that hold book-entry interests in the notes in global form and credited by such participants to indirect participants. Unlike holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

Table of Contents

Risks Related to Our Common Stock

If our stock price fluctuates, investors could lose a significant part of their investment.

The market price of our common stock may be influenced by many factors including:

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

As a result of these factors, investors in our common stock may not be able to resell their shares at or above the price at which they purchase our common stock. Investors in the notes offered hereby may not be able to resell the notes or common stock issuable upon conversion of the notes at expected prices. In addition, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies like us. These broad market and industry factors may materially reduce the market price of our common stock, and therefore of the notes, regardless of our operating performance.

The Goldman Sachs Funds and the Kelso Funds control us and may have conflicts of interest with other stockholders. Conflicts of interest may arise because our principal stockholders or their affiliates have continuing agreements and business relationships with us.

As of the date of this prospectus, each of the Goldman Sachs Funds and the Kelso Funds controls 36.5% of our outstanding common stock (together, they control 73% of our outstanding common stock). Due to their equity ownership, the Goldman Sachs Funds and the Kelso Funds are able to control the election of our directors, determine our corporate and management policies and determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions. The Goldman Sachs Funds and the Kelso Funds also have sufficient voting power to amend our organizational documents.

Conflicts of interest may arise between our principal stockholders and us. Affiliates of some of our principal stockholders engage in transactions with our company. We obtain the majority of our crude oil supply through a crude oil credit intermediation agreement with J. Aron, a subsidiary of The Goldman Sachs Group, Inc. and an affiliate of the Goldman Sachs Funds, and Coffeyville Resources, LLC currently has entered into commodity derivative contracts (swap agreements) with J. Aron for the period from July 1, 2005 to June 30, 2010. In addition, Goldman Sachs Credit Partners, L.P. is the joint lead arranger for our credit facility. See Certain Relationships and Related Party Transactions. Further, the Goldman Sachs Funds and the Kelso Funds are in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly

with us and they may either directly, or through affiliates, also maintain business relationships with companies that may directly compete with us. In general, the Goldman Sachs Funds and the Kelso Funds or their affiliates could pursue business interests or exercise their voting power as stockholders in ways that are detrimental to us, but beneficial to themselves or to other companies in which they invest or with whom they have a material relationship. Conflicts of interest could also arise with respect to business opportunities that could be advantageous to the Goldman Sachs Funds

Table of Contents

and the Kelso Funds and they may pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. Under the terms of our certificate of incorporation, the Goldman Sachs Funds and the Kelso Funds have no obligation to offer us corporate opportunities. See Description of Capital Stock Corporate Opportunities.

Other conflicts of interest may arise between our principal stockholders and us because the Goldman Sachs Funds and the Kelso Funds control the managing general partner of the Partnership which holds the nitrogen fertilizer business. The managing general partner manages the operations of the Partnership (subject to our rights to participate in the appointment, termination and compensation of the chief executive officer and chief financial officer of the managing general partner and our other specified joint management rights) and also holds IDRs which, over time, entitle the managing general partner to receive increasing percentages of the Partnership's quarterly distributions if the Partnership increases the amount of distributions. Although the managing general partner has a fiduciary duty to manage the Partnership in a manner beneficial to the Partnership and us (as a holder of special units in the Partnership), the fiduciary duty is limited by the terms of the partnership agreement and the directors and officers of the managing general partner also have a fiduciary duty to manage the managing general partner in a manner beneficial to the owners of the managing general partner. The interests of the owners of the managing general partner may differ significantly from, or conflict with, our interests and the interests of the noteholders and our stockholders.

Under the terms of the Partnership's partnership agreement, the Goldman Sachs Funds and the Kelso Funds have no obligation to offer the Partnership business opportunities. The Goldman Sachs Funds and the Kelso Funds may pursue acquisition opportunities for themselves that would be otherwise beneficial to the nitrogen fertilizer business and, as a result, these acquisition opportunities would not be available to the Partnership. The partnership agreement provides that the owners of its managing general partner, which include the Goldman Sachs Funds and the Kelso Funds, are permitted to engage in separate businesses that directly compete with the nitrogen fertilizer business and are not required to share or communicate or offer any potential business opportunities to the Partnership even if the opportunity is one that the Partnership might reasonably have pursued. The agreement provides that the owners of our managing general partner will not be liable to the Partnership or any unitholder for breach of any fiduciary or other duty by reason of the fact that such person pursued or acquired for itself any business opportunity.

As a result of these conflicts, the managing general partner of the Partnership may favor its own interests and/or the interests of its owners over our interests and the interests of our stockholders (and the interests of the Partnership). In particular, because the managing general partner owns the IDRs, it may be incentivized to maximize future cash flows by taking current actions which may be in its best interests over the long term. See Risks Related to the Limited Partnership Structure Through Which We Hold Our Interest in the Nitrogen Fertilizer Business Our rights to receive distributions from the Partnership may be limited over time and Risks Related to the Limited Partnership Structure Through Which We Hold Our Interest in the Nitrogen Fertilizer Business The managing general partner of the Partnership has a fiduciary duty to favor the interests of its owners, and these interests may differ from, or conflict with, our interests and the interests of our stockholders. In addition, if the value of the managing general partner interest were to increase over time, this increase in value and any realization of such value upon a sale of the managing general partner interest would benefit the owners of the managing general partner, which are the Goldman Sachs Funds, the Kelso Funds and our senior management, rather than our company, the noteholders and our stockholders. Such increase in value could be significant if the Partnership performs well. See The Nitrogen Fertilizer Limited Partnership.

Further, decisions made by the Goldman Sachs Funds and the Kelso Funds with respect to their shares of common stock could trigger cash payments to be made by us to certain members of our senior management under the Phantom Unit Plans. Phantom points granted under the Coffeyville Resources, LLC Phantom Unit Appreciation Plan (Plan I), or the Phantom Unit Plan I, and phantom

Table of Contents

points that we granted under the Coffeyville Resources, LLC Phantom Unit Appreciation Plan (Plan II), or the Phantom Unit Plan II, represent a contractual right to receive a cash payment when payment is made in respect of certain profits interests in Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC. Definitions of the terms phantom points, Phantom Unit Plan I and Phantom Unit Plan II are contained in the section of this prospectus entitled Glossary of Selected Terms. If either the Goldman Sachs Funds or the Kelso Funds sell any of the shares of common stock of CVR Energy which they beneficially own through Coffeyville Acquisition LLC or Coffeyville Acquisition II LLC, as applicable, they may then cause Coffeyville Acquisition LLC or Coffeyville Acquisition II LLC, as applicable, to make distributions to their members in respect of their profits interests. Because payments under the Phantom Unit Plans are triggered by payments in respect of profit interests under the Coffeyville Acquisition LLC Agreement and Coffeyville Acquisition II LLC Agreement, we would therefore be obligated to make cash payments under the Phantom Unit Plans. This could negatively affect our cash reserves, which could have a material adverse effect our results of operations, financial condition and cash flows. We estimate that any such cash payments should not exceed \$41 million, assuming all of the shares of our common stock held by Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC were sold at \$16.04 per share, which was the closing price of our common stock on July 15, 2008.

In addition, one of the Goldman Sachs Funds and one of the Kelso Funds have each guaranteed 50% of our payment obligations under the Cash Flow Swap in the amount of \$123.7 million, plus accrued interest (\$6.2 million as of July 1, 2008). These payments under the Cash Flow Swap are due in August 2008. We are in the process of negotiating a deferral of \$87.5 million of these amounts owed to J. Aron until July 31, 2009. We cannot assure you that the new deferral agreement will be consummated. The guarantee provided by one of the Goldman Sachs Funds and one of the Kelso Funds will remain in effect until the expiration of this new deferral, if it is consummated. As a result of these guarantees, the Goldman Sachs Funds and the Kelso Funds may have interests that conflict with those of the noteholders and our other shareholders.

Since June 24, 2005, we have made two cash distributions to the Goldman Sachs Funds and the Kelso Funds. One distribution, in the aggregate amount of \$244.7 million, was made in December 2006. In addition, in October 2007, we made a special dividend to the Goldman Sachs Funds and the Kelso Funds in an aggregate amount of approximately \$10.3 million, which they contributed to Coffeyville Acquisition III LLC in connection with the purchase of the managing general partner of the Partnership from us.

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

Table of Contents

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

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

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

Our interest in the Partnership currently gives us defined rights to participate in the management and governance of the Partnership. These rights include the right to approve the appointment, termination of employment and compensation of the chief executive officer and chief financial officer of Fertilizer GP, not to be exercised unreasonably, and to approve specified major business transactions such as significant mergers and asset sales. We also have the right to appoint two directors to Fertilizer GP's board of directors. However, we will lose the rights listed above if we fail to hold at least 15% of the units in the Partnership.

The amount of cash the nitrogen fertilizer business has available for distribution to us depends primarily on its cash flow and not solely on its profitability. If the nitrogen fertilizer business has insufficient cash to cover intended distribution payments, it would need to reduce or eliminate distributions to us or, to the extent permitted under agreements governing indebtedness that the nitrogen fertilizer business may incur in the future, fund a portion of its distributions with borrowings.

The amount of cash the nitrogen fertilizer business has available for distribution depends primarily on its cash flow, including working capital borrowings, and not solely on profitability, which will be affected by non-cash items. As a result, the nitrogen fertilizer business may make cash distributions during periods when it records losses and may not make cash distributions during periods when it records net income.

If the nitrogen fertilizer business does not have sufficient cash to cover intended distribution payments, it would either reduce or eliminate distributions or, to the extent permitted to do so under any revolving line of credit or other debt facility that the nitrogen fertilizer business may enter into in the future, fund a portion of its distributions with borrowings. If the nitrogen fertilizer business were to use borrowings under a revolving line of credit or other debt facility to fund distributions, its indebtedness levels would increase and its ongoing debt service requirements would increase and therefore it would have less cash available for future distributions and other purposes, including the funding of its ongoing expenses. This could negatively impact the nitrogen fertilizer business' financial condition, results of operations, ability to pursue its business strategy and ability to make future distributions. We cannot assure you that borrowings would be available to the nitrogen fertilizer business under a revolving line of credit or other debt facility to fund distributions.

Table of Contents

The Partnership may elect not to or may be unable to consummate an initial public offering or one or more private placements. This could negatively impact the value and liquidity of our investment in the Partnership, which could impact the value of the notes and our common stock.

The Partnership may elect not to or may be unable to consummate an initial public offering or an initial private offering. Any public or private offering of interests by the Partnership will be made at the discretion of the managing general partner of the Partnership and will be subject to market conditions and to achievement of a valuation which the Partnership finds acceptable. Although the Partnership filed a registration statement with the SEC in February 2008, the Partnership subsequently requested that the registration statement be withdrawn, and there can be no assurance that the Partnership will file a new registration statement with the SEC in the future. An initial public offering is subject to SEC review of a registration statement, compliance with applicable securities laws and the Partnership's ability to list Partnership units on a national securities exchange. Similarly, any private placement to a third party would depend on the Partnership's ability to reach agreement on price and enter into satisfactory documentation with a third party. Any such transaction would also require third party approvals, including consent of our lenders under our credit facility and the swap counterparty under our Cash Flow Swap, which would be very expensive. The Partnership may never consummate any of such transactions on terms favorable to us, or at all. If no offering by the Partnership is ever made, it could impact the value, and certainly the liquidity, of our investment in the Partnership.

If the Partnership does not consummate an initial public offering, the value of our investment in the Partnership could be negatively impacted because the Partnership would not be able to access public equity markets to fund capital projects and would not have a liquid currency with which to make acquisitions or consummate other potentially beneficial transactions. In addition, we would not have a liquid market in which to sell portions of our interest in the Partnership but rather would need to monetize our interest in a privately negotiated sale if we ever wished to create liquidity through a divestiture of our nitrogen fertilizer business. In addition, if the Partnership does not consummate an initial public offering by October 24, 2009, Fertilizer GP can require us to purchase its managing general partner in the Partnership. See [Table of Contents](#). If the Partnership does not consummate an initial offering by October 24, 2009, Fertilizer GP can require us to purchase its managing general partner interest in the Partnership. We may not have requisite funds to do so.

We have agreed with the Partnership that we will not own or operate any fertilizer business in the United States or abroad (with limited exceptions).

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

With respect to any business opportunity other than those covered by a fertilizer restricted business or a refinery restricted business, we and the Partnership have agreed that the Partnership will have a preferential right to pursue such opportunities before we may pursue them. If the Partnership's managing general partner elects not to cause the Partnership to pursue the business opportunity, then we will be free to pursue such opportunity. This provision and the non-competition provisions described in the previous paragraph will continue so long as we and certain of our affiliates continue to own 50% or more of the outstanding units of the Partnership.

Table of Contents***Our rights to receive distributions from the Partnership may be limited over time.***

As a holder of 30,333,333 special units (which may convert into general partner and/or subordinated general partner units if the Partnership consummates an initial public or private offering, and which we may sell from time to time), we are entitled to receive a quarterly distribution of \$0.4313 per unit (or \$13.1 million per quarter in the aggregate, assuming we do not sell any of our units) from the Partnership to the extent the Partnership has sufficient available cash after establishment of cash reserves and payment of fees and expenses before any distributions are made in respect of the IDRs. The Partnership is required to distribute all of its cash on hand at the end of each quarter, less reserves established by the managing general partner in its discretion. In addition, the managing general partner, Fertilizer GP, will have no right to receive distributions in respect of its IDRs (i) until the Partnership has distributed all aggregate adjusted operating surplus generated by the Partnership during the period from October 24, 2007 through December 31, 2009 and (ii) for so long as the Partnership or its subsidiaries are guarantors under our credit facility.

However, distributions of amounts greater than the aggregate adjusted operating surplus (as defined under The Nitrogen Fertilizer Limited Partnership Cash Distributions by the Partnership Definition of Adjusted Operating Surplus) generated through December 31, 2009 will be allocated between us and Fertilizer GP (and the holders of any other interests in the Partnership), and in the future the allocation will grant Fertilizer GP a greater percentage of the Partnership's cash distributions as more cash becomes available for distribution. After the Partnership has distributed all adjusted operating surplus generated by the Partnership during the period from October 24, 2007 through December 31, 2009, if quarterly distributions exceed the target of \$0.4313 per unit, Fertilizer GP will be entitled to increasing percentages of the distributions, up to 48% of the distributions above the highest target level, in respect of its IDRs. Therefore, we will receive a smaller percentage of quarterly cash distributions from the Partnership if the Partnership increases its quarterly distributions above the target distribution levels. Because Fertilizer GP does not share in adjusted operating surplus generated prior to December 31, 2009, Fertilizer GP could be incentivized to cause the Partnership to make capital expenditures for maintenance prior to such date, which would reduce operating surplus, rather than for expansion, which would not, and, accordingly, affect the amount of operating surplus generated. Fertilizer GP could also be incentivized to cause the Partnership to make capital expenditures for maintenance prior to December 31, 2009 that it would otherwise make at a later date in order to reduce operating surplus generated prior to such date. In addition, Fertilizer GP's discretion in determining the level of cash reserves may materially adversely affect the Partnership's ability to make cash distributions to us.

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

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

The managing general partner of the Partnership, Fertilizer GP, is responsible for the management of the Partnership (subject to our specified management rights). Although Fertilizer GP has a fiduciary duty to manage the Partnership in a manner beneficial to the Partnership and holders of interests in the Partnership (including us, in our capacity as holder of special units), the fiduciary duty is specifically limited by the express terms of the partnership agreement and the directors and officers

Table of Contents

of Fertilizer GP also have a fiduciary duty to manage Fertilizer GP in a manner beneficial to the owners of Fertilizer GP. The interests of the owners of Fertilizer GP may differ from, or conflict with, our interests and the interests of our noteholders and stockholders. In resolving these conflicts, Fertilizer GP may favor its own interests and/or the interests of its owners over our interests and the interests of our noteholders and stockholders (and the interests of the Partnership). In addition, while our directors and officers have a fiduciary duty to make decisions in our interests and the interests of our noteholders and stockholders, one of our wholly-owned subsidiaries is also a general partner of the Partnership and, therefore, in such capacity, has a fiduciary duty to exercise rights as general partner in a manner beneficial to the Partnership and its unitholders, subject to the limitations contained in the partnership agreement. As a result of these conflicts, our directors and officers may feel obligated to take actions that benefit the Partnership as opposed to us and our noteholders and stockholders.

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

Fertilizer GP, as managing general partner of the Partnership, holds all of the IDRs in the Partnership. IDRs give Fertilizer GP a right to increasing percentages of the Partnership's quarterly distributions after the Partnership has distributed all adjusted operating surplus generated by the Partnership during the period from October 24, 2007 through December 31, 2009, assuming the Partnership and its subsidiaries are released from their guaranty of our credit facility and if the quarterly distributions exceed the target of \$0.4313 per unit. Fertilizer GP may have an incentive to manage the Partnership in a manner which preserves or increases the possibility of these future cash flows rather than in a manner that preserves or increases current cash flows.

Fertilizer GP may also have an incentive to engage in conduct with a high degree of risk in order to increase cash flows substantially and thereby increase the value of the IDRs instead of following a safer course of action.

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

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

Fertilizer GP has limited its liability and reduced its fiduciary duties under the partnership agreement and has also restricted the remedies available to the unitholders of the Partnership, including us, for actions that, without the limitations, might constitute breaches of fiduciary duty. As a result of our ownership interest in the Partnership, we may consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable state law.

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

Table of Contents

Fertilizer GP will also be able to determine the amount and timing of any capital expenditures and whether a capital expenditure is for maintenance, which reduces operating surplus, or expansion, which does not. Such determinations can affect the amount of cash that is available for distribution and the manner in which the cash is distributed.

In some instances Fertilizer GP may cause the Partnership to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions, which may not be in our interests.

The partnership agreement permits the Partnership to classify up to \$60 million as operating surplus, even if this cash is generated from asset sales, borrowings other than working capital borrowings or other sources the distribution of which would otherwise constitute capital surplus. This cash may be used to fund distributions in respect of the IDRs.

The partnership agreement does not restrict Fertilizer GP from causing the nitrogen fertilizer business to pay it or its affiliates for any services rendered to the Partnership or entering into additional contractual arrangements with any of these entities on behalf of the Partnership.

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

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

Fertilizer GP determines which costs incurred by it and its affiliates are reimbursable by the Partnership.

The executive officers of Fertilizer GP, and the majority of the directors of Fertilizer GP, also serve as our directors and/or executive officers. The executive officers who work for both us and Fertilizer GP, including our chief executive officer, chief operating officer, chief financial officer and general counsel, divide their time between our business and the business of the Partnership. These executive officers will face conflicts of interest from time to time in making decisions which may benefit either us or the Partnership.

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

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

The partnership agreement permits Fertilizer GP to make a number of decisions in its individual capacity, as opposed to its capacity as managing general partner. This entitles Fertilizer GP to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us or our affiliates. Decisions made by Fertilizer GP in its individual capacity will be made by the sole member of Fertilizer GP, and not by the board of directors of Fertilizer GP. Examples include the exercise of its limited call right, its voting rights, its registration rights and its determination whether or not to consent to any merger or consolidation or amendment to the partnership agreement.

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

Table of Contents

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

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

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

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

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

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

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

In addition, if the Partnership completes an offering of limited partner interests, the distributions that we receive from the Partnership would decrease because the Partnership's distributions will have

Table of Contents

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

If the Partnership does not consummate an initial offering by October 24, 2009, Fertilizer GP can require us to purchase its managing general partner interest in the Partnership. We may not have requisite funds to do so.

If the Partnership does not consummate an initial private or public offering by October 24, 2009, Fertilizer GP can require us to purchase the managing general partner interest. This put right expires on the earlier of (1) October 24, 2012 and (2) the closing of the Partnership's initial offering. The purchase price will be the fair market value of the managing general partner interest, as determined by an independent investment banking firm selected by us and Fertilizer GP. Fertilizer GP will determine in its discretion whether the Partnership will consummate an initial offering.

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

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

If Fertilizer GP elects to cause the Partnership to undertake an initial private or public offering, we have agreed that Fertilizer GP may structure the initial offering to include (1) a secondary offering of interests by us or (2) a primary offering of interests by the Partnership, possibly together with an incurrence of indebtedness by the Partnership, where a use of proceeds is to redeem units from us (with a per-unit redemption price equal to the price at which a unit is purchased from the Partnership, net of sales commissions or underwriting discounts) (a "special GP offering"), provided that in either case the number of units associated with the special GP offering is reasonably expected by Fertilizer GP to generate no more than \$100 million in net proceeds to us. If Fertilizer GP elects to cause the Partnership to undertake an initial private or public offering, it may require us to sell (including by redemption) a portion, which could be a substantial portion, of our special units in the Partnership at a time or price we would not otherwise have chosen. A sale of special units would result in our receiving cash proceeds for the value of such units, net of sales commissions and underwriting discounts. Any such sale or redemption would likely result in taxable gain to us. See

Use of the limited partnership structure involves tax risks. For example, the Partnership's tax treatment depends on its status as a partnership for federal income tax purposes, as well as it not being subject to a material amount of entity-level taxation by individual states. If the IRS were to treat the Partnership as a corporation for federal income tax purposes or if the Partnership were to become subject to additional amounts of entity-level taxation for state tax purposes, then its cash available for distribution to us would be substantially reduced.

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

Until October 24, 2012, Fertilizer GP may only be removed as managing general partner if at least 80% of the outstanding units of the Partnership vote for removal and there is a final, non-

Table of Contents

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

After October 24, 2012, Fertilizer GP may be removed with or without cause by a vote of the holders of at least 80% of the outstanding units of the Partnership, including any units owned by Fertilizer GP and its affiliates, voting together as a single class. Therefore, we may need to gain the support of other unitholders in the Partnership if we desire to remove Fertilizer GP as managing general partner, if we do not hold at least 80% of the outstanding units of the Partnership.

If the managing general partner is removed without cause, it will have the right to convert its managing general partner interest, including the IDRs, into units or to receive cash based on the fair market value of the interest at the time. If the managing general partner is removed for cause, a successor managing general partner will have the option to purchase the managing general partner interest, including the IDRs, of the departing managing general partner for a cash payment equal to the fair market value of the managing general partner interest. Under all other circumstances, the departing managing general partner will have the option to require the successor managing general partner to purchase the managing general partner interest of the departing managing general partner for its fair market value.

In addition to removal, we have a right to purchase Fertilizer GP's general partner interest in the Partnership, and therefore remove Fertilizer GP as managing general partner, if the Partnership has not made an initial private offering or an initial public offering of limited partner interests by October 24, 2012.

The nitrogen fertilizer business may not have sufficient cash to enable it to make quarterly distributions to us following the payment of expenses and fees and the establishment of cash reserves.

The nitrogen fertilizer business may not have sufficient cash each quarter to enable it to pay the minimum quarterly distribution or any distributions to us. The amount of cash the nitrogen fertilizer business can distribute on its units principally depends on the amount of cash it generates from its operations, which is primarily dependent upon the nitrogen fertilizer business selling quantities of nitrogen fertilizer at margins that are high enough to cover its fixed and variable expenses. The nitrogen fertilizer business' costs, the prices it charges its customers, its level of production and, accordingly, the cash it generates from operations, will fluctuate from quarter to quarter based on, among other things, overall demand for its nitrogen fertilizer products, the level of foreign and domestic production of nitrogen fertilizer products by others, the extent of government regulation and overall economic and local market conditions. In addition:

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

The amount of distributions made by the nitrogen fertilizer business and the decision to make any distribution are determined by the managing general partner of the Partnership, whose interests may be different from ours. The managing general partner of the Partnership has limited fiduciary and contractual duties, which may permit it to favor its own interests to our detriment.

Although the partnership agreement requires the nitrogen fertilizer business to distribute its available cash, the partnership agreement may be amended.

Table of Contents

Any credit facility that the nitrogen fertilizer business enters into may limit the distributions which the nitrogen fertilizer business can make. In addition, any credit facility may contain financial tests and covenants that the nitrogen fertilizer business must satisfy. Any failure to comply with these tests and covenants could result in the lenders prohibiting distributions by the nitrogen fertilizer business.

The actual amount of cash available for distribution will depend on numerous factors, some of which are beyond the control of the nitrogen fertilizer business, including the level of capital expenditures made by the nitrogen fertilizer business, the nitrogen fertilizer business' debt service requirements, the cost of acquisitions, if any, fluctuations in its working capital needs, its ability to borrow funds and access capital markets, the amount of fees and expenses incurred by the nitrogen fertilizer business, and restrictions on distributions and on the ability of the nitrogen fertilizer business to make working capital and other borrowings for distributions contained in its credit agreements.

If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions would make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business. We may in the future be required to sell some or all of our partnership interests in order to avoid being deemed an investment company, and such sales could result in gains taxable to the company.

In order not to be regulated as an investment company under the Investment Company Act of 1940, as amended (the 1940 Act), unless we can qualify for an exemption, we must ensure that we are engaged primarily in a business other than investing, reinvesting, owning, holding or trading in securities (as defined in the 1940 Act) and that we do not own or acquire investment securities having a value exceeding 40% of the value of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We believe that we are not currently an investment company because our general partner interests in the Partnership should not be considered to be securities under the 1940 Act and, in any event, both our refinery business and the nitrogen fertilizer business are operated through majority-owned subsidiaries. In addition, even if our general partner interests in the Partnership were considered securities or investment securities, we believe that they do not currently have a value exceeding 40% of the fair market value of our total assets on an unconsolidated basis.

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

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

Table of Contents

Use of the limited partnership structure involves tax risks. For example, the Partnership's tax treatment depends on its status as a partnership for federal income tax purposes, as well as it not being subject to a material amount of entity-level taxation by individual states. If the IRS were to treat the Partnership as a corporation for federal income tax purposes or if the Partnership were to become subject to additional amounts of entity-level taxation for state tax purposes, then its cash available for distribution to us would be substantially reduced.

The anticipated after-tax economic benefit of the Partnership's master limited partnership structure depends largely on its being treated as a partnership for U.S. federal income tax purposes. Despite the fact that the Partnership is organized as a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as the Partnership to be treated as a corporation for U.S. federal income tax purposes. If the Partnership proceeds with an initial public offering, current law would require the Partnership to derive at least 90% of its annual gross income for the taxable year of such offering, and in each taxable year thereafter, from specific activities to continue to be treated as a partnership for U.S. federal income tax purposes. The Partnership may find it impossible to meet this 90% qualifying income requirement or may inadvertently fail to meet such income requirement.

To consummate an initial public offering, the Partnership will obtain an opinion of legal counsel that, based upon, among other things, customary representations by the Partnership, the Partnership will continue to be treated as a partnership for U.S. federal income tax purposes following such initial public offering. However, the ability of the Partnership to obtain such an opinion will depend upon a number of factors, including the state of the law at the time the Partnership seeks such an opinion and the specific facts and circumstances of the Partnership at such time. Therefore, there is no assurance that the Partnership will be able to obtain such an opinion and, thus, no assurance that we will be able to realize the anticipated benefits of the Partnership being a master limited partnership.

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

If an initial public offering is consummated, a subsequent change in the Partnership's business could cause the Partnership to be treated as a corporation for federal income tax purposes or otherwise subject it to taxation as an entity. The Partnership is considering, and may consider in the future, expanding or entering into new activities or businesses. Gross income from any of these activities or businesses may not count toward satisfaction of the 90% qualifying income requirement for the Partnership to be treated as a partnership rather than as a corporation for U.S. federal income tax purposes.

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

In addition, if an initial public offering is consummated, the law in effect at that time could change so as to cause the Partnership to be treated as a corporation for U.S. federal income tax purposes or otherwise subject it to entity-level taxation. For example, currently, at the federal level, legislation has been proposed that would eliminate partnership

tax treatment for certain publicly traded partnerships.

Table of Contents

Although such legislation as currently proposed would not apply to the Partnership, it could be amended prior to enactment in a manner that does apply to the Partnership. At the state level, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. Specifically, beginning in 2008, the Partnership is required to pay Texas franchise tax at a maximum effective rate of 0.7% of its gross income apportioned to Texas in the prior year. Imposition of this tax by Texas and, if applicable, by any other state will reduce the Partnership's cash available for distribution by the Partnership. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could result in a material reduction in our anticipated cash flow and the after-tax return to us.

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

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

Fertilizer GP's interest in the Partnership and the control of Fertilizer GP may be transferred to a third party without our consent. The new owners of Fertilizer GP may have no interest in CVR Energy and may take actions that are not in our interest.

Fertilizer GP is currently controlled by the Goldman Sachs Funds and the Kelso Funds. The Goldman Sachs Funds and the Kelso Funds collectively beneficially own approximately 73% of our common stock. Fertilizer GP may transfer its managing general partner interest in the Partnership to a third party in a merger or in a sale of all or substantially all of its assets without our consent. Furthermore, there is no restriction in the partnership agreement on the ability of the current owners of Fertilizer GP to transfer their equity interest in Fertilizer GP to a third party. The new equity owner of Fertilizer GP would then be in a position to replace the board of directors (other than the two directors appointed by us) and the officers of Fertilizer GP (subject to our joint rights in relation to the chief executive officer and chief financial officer) with its own choices and to influence the decisions taken by the board of directors and officers of Fertilizer GP. These new equity owners, directors and executive officers may take actions, subject to the specified joint management rights we have as a holder of special GP rights, which are not in our interests or the interests of our noteholders or stockholders. In particular, the new owners may have no economic interest in us (unlike the current owners of Fertilizer GP), which may make it more likely that they would take actions to benefit Fertilizer GP and its managing general partner interest over us and our interests in the Partnership.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. We claim the protection of the safe harbor for forward-looking statements provided in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words believe, expect, anticipate, intend, estimate and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include statements about our business strategy, our industry, our future profitability, our expected capital expenditures and the impact of such expenditures on our performance, the costs of operating as a public company, our capital programs and environmental expenditures. These statements involve known and unknown risks, uncertainties and other factors, including the factors described under Risk Factors, that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Such risks and uncertainties include, among other things:

volatile margins in the refining industry;

exposure to the risks associated with volatile crude prices;

the availability of adequate cash and other sources of liquidity for our capital needs;

disruption of our ability to obtain an adequate supply of crude oil;

losses due to the Cash Flow Swap;

decreases in the light/heavy and/or the sweet/sour crude oil price spreads;

losses, damages and lawsuits related to the flood and crude oil discharge;

the failure of our new and redesigned equipment in our facilities to perform according to expectations;

interruption of the pipelines supplying feedstock and in the distribution of our products;

the seasonal nature of our petroleum business;

competition in the petroleum and nitrogen fertilizer businesses;

capital expenditures required by environmental laws and regulations;

changes in our credit profile;

the potential decline in the price of natural gas, which historically has correlated with the market price for nitrogen fertilizer products;

the cyclical nature of the nitrogen fertilizer business;

adverse weather conditions, including potential floods;

the supply and price levels of essential raw materials;

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

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

the reliance of the nitrogen fertilizer business on third-party providers of transportation services and equipment;

environmental laws and regulations affecting the end-use and application of fertilizers;

Table of Contents

a decrease in ethanol production;

the potential loss of the nitrogen fertilizer business transportation cost advantage over its competitors;

refinery operating hazards and interruptions, including unscheduled maintenance or downtime, and the availability of adequate insurance coverage;

our commodity derivative activities;

uncertainty regarding our ability to recover costs and losses resulting from the flood and crude oil discharge;

our limited operating history as a stand-alone company;

our dependence on significant customers;

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

the success of our acquisition and expansion strategies;

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

our significant indebtedness;

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

the potential loss of key personnel;

labor disputes and adverse employee relations;

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

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

the operation of our company as a controlled company;

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table presents our historical ratio of earnings to fixed charges for the three months ended March 31, 2008 and for each accounting period during the five year period ended December 31, 2007. We have not presented a ratio of earnings to combined fixed charges and preferred stock dividends because we did not have preferred stock outstanding during any such period. Therefore, our ratio of earnings to combined fixed charges and preferred dividends for any given period is equivalent to our ratio of earnings to fixed charges.

For purposes of this table, earnings consist of pre-tax income (loss) from continuing operations before adjustments for minority interest in consolidated subsidiary, plus fixed charges (excluding capitalized interest, but including amortization of amounts previously capitalized). Fixed charges consist of interest (including capitalized interest) on all debt, amortization of debt expenses incurred on issuance, loss or extinguishment of debt and an estimate of the interest within rental expense.

	Original Predecessor		Immediate Predecessor			Successor		Three Months Ended
	Year Ended	62 Days Ended	304 Days Ended	174 Days Ended	233 Days Ended	Year Ended	Year Ended	
	December 31, 2003	March 2, 2004	December 31, 2004	June 2, 2005	December 31, 2005	December 31, 2006	December 31, 2007	March 31, 2008
								(unaudited)
			(in millions)					
Ratio of Earnings to Fixed Charges(1)	12.1x	57.0x	5.6x	6.3x		4.7x		3.2x

(1) Earnings were insufficient to cover fixed charges by \$183.0 million and \$167.8 million for the 233 days ended December 31, 2005 and the year ended December 31, 2007, respectively.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting estimated fees and expenses and the underwriters discounts and commissions, will be approximately \$ million. If the underwriters exercise in full their over-allotment option to purchase additional notes from us, we estimate that the net proceeds from this offering, after deducting estimated fees and expenses and the underwriters discounts and commissions, will be approximately \$ million.

Approximately \$ million (approximately \$ million if the underwriters exercise in full their over-allotment option to purchase additional notes from us) of the net proceeds of this offering will be used to purchase government securities to be deposited in the escrow account and pledged to the trustee as security for our obligations under the notes and the indenture. See Description of the Notes Interest Escrow. We intend to use the balance of the net proceeds (including any proceeds we receive if the underwriters exercise their over-allotment option to purchase additional notes from us) for general corporate purposes, which may include using a portion of the proceeds to pay amounts owed to J. Aron under the Cash Flow Swap and for future capital investments. Under the terms of the proposed deferral of \$87.5 million of the amounts owed to J. Aron, we will be required to use the substantial majority of any gross proceeds from any indebtedness we incur in excess of \$125.0 million, including this offering, to prepay a portion of the deferred amounts. We cannot assure you that the new deferral agreement will be consummated.

Table of Contents

DIVIDEND POLICY

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

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

In October 2007, the directors of Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC, respectively, approved a special dividend of \$10.6 million to their members, including approximately \$5.2 million to the Goldman Sachs Funds, approximately \$5.1 million to the Kelso Funds and approximately \$0.3 million to certain members of our senior management team, a director and an unrelated member. The common unit holders receiving this special dividend contributed \$10.6 million collectively to Coffeyville Acquisition III LLC, which used such amounts to purchase the managing general partner of the Partnership.

Table of Contents**MARKET PRICE OF OUR COMMON STOCK**

Our common stock has been listed on the New York Stock Exchange under the symbol CVI since October 23, 2007. Prior to that time, there was no public market for our common stock. The following table sets forth for the periods indicated the high and low reported sale prices per share of our common stock on the New York Stock Exchange. These prices do not include retail markups, markdowns or commissions.

	High	Low
Year Ended December 31, 2007:		
Fourth Quarter (from October 23, 2007)	\$ 26.25	\$ 19.80
Year Ending December 31, 2008:		
First Quarter	30.94	20.71
Second Quarter	28.88	18.17
Third Quarter (through July 23, 2008)	19.75	14.75

A recent reported closing price for our common stock is set forth on the cover page of this prospectus. American Stock Transfer & Trust Company is the registrar and transfer agent for our common stock. We estimate that there were approximately 449 holders of record of our common stock as of July 15, 2008. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Table of Contents**CAPITALIZATION**

The following table sets forth our consolidated cash and cash equivalents and capitalization as of March 31, 2008:

on an actual basis; and

on an adjusted basis to give effect to this offering of \$125.0 million aggregate principal amount of our Convertible Senior Notes due 2013 (assuming the underwriters' over-allotment option is not exercised) and certain expenses associated with this offering, as if this offering had occurred and the expenses had been paid on March 31, 2008.

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

	As of March 31, 2008	
	Actual	As Adjusted
	(unaudited)	
	(in thousands)	
Cash and cash equivalents	\$ 25,179	\$ 145,279(1)(2)
Debt (including current portion):		
Note payable and capital lease obligations(3)	\$ 11,209	\$ 11,209
Revolving credit facility(4)		
Term loan facility	487,979	487,979
Convertible senior notes due 2013		125,000
Total debt	499,188	624,188
Minority interest in subsidiaries(5)	10,600	10,600
Stockholders' equity:		
Common stock, \$0.01 par value per share, 350,000,000 shares authorized; 86,141,291 shares issued and outstanding	861	861
Preferred stock, \$0.01 par value per share, 50,000,000 shares authorized; no shares issued and outstanding		
Additional paid-in-capital	458,523	458,523
Retained earnings (deficit)	(4,279)	(4,279)
Total stockholders' equity	455,105	455,105
Total capitalization	\$ 964,893	\$ 1,089,893

(1)

Does not reflect the payment of \$36.2 million plus accrued interest (\$6.2 million as of July 1, 2008) we will make to J. Aron on or before August 31, 2008, assuming the \$87.5 million J. Aron deferral agreement (which deferral amount has been excluded from the table) is consummated.

- (2) Includes restricted cash in the form of government securities to be held in escrow by a financial institution to fund the first six scheduled interest payments on the notes. See Description of the Notes Interest Escrow .
- (3) Note payable represents the balance due to Cananwill, Inc. related to the financing of insurance premiums. Capital lease obligations is the obligation associated with leasing platinum for the refinery. Note payable and capital lease obligations does not include amounts deferred under the J. Aron deferral agreement.
- (4) As of July 15, 2008, we had availability of \$109.4 million under our revolving credit facility.
- (5) Represents the managing general partner s interest in the Partnership held by Coffeyville Acquisition III LLC.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

The historical data presented below has been derived from financial statements that have been prepared using GAAP and that are included elsewhere in this prospectus. You should read the selected historical consolidated financial data presented below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

The selected consolidated financial information presented below under the caption Statement of Operations Data for the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005 and the years ended December 31, 2006 and 2007 and the selected consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2006 and 2007 has been derived from our audited consolidated financial statements included elsewhere in this prospectus, which financial statements have been audited by KPMG LLP, independent registered public accounting firm. The consolidated financial information presented below under the caption Statement of Operations Data for the year ended December 31, 2003, the 62-day period ended March 2, 2004 and the 304 days ended December 31, 2004, and the consolidated financial information presented below under the caption Balance Sheet Data at December 31, 2003, 2004 and 2005, are derived from our audited consolidated financial statements that are not included in this prospectus. The selected unaudited interim consolidated financial information presented below under the caption Statement of Operations Data presented below for the three month period ended March 31, 2007 and the three month period ended March 31, 2008, and the selected unaudited interim consolidated financial information presented below under the caption Balance Sheet Data as of March 31, 2008, have been derived from our unaudited interim consolidated financial statements, which are included elsewhere in this prospectus and have been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, the interim data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of results for these periods. Operating results for the three month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

Prior to March 3, 2004, our assets were operated as a component of Farmland. We refer to our operations as part of Farmland during this period as Original Predecessor. Farmland filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on May 31, 2002. On March 3, 2004, Coffeyville Resources, LLC completed the purchase of Original Predecessor from Farmland in a sales process under Chapter 11 of the U.S. Bankruptcy Code. See Note 1 to our consolidated financial statements included elsewhere in this prospectus. We refer to this acquisition as the Initial Acquisition, and we refer to our post-Farmland operations run by Coffeyville Group Holdings, LLC as Immediate Predecessor. Our business was operated by the Immediate Predecessor for the 304 days ended December 31, 2004 and the 174 days ended June 23, 2005. As a result of certain adjustments made in connection with the Initial Acquisition, a new basis of accounting was established on the date of the Initial Acquisition and the results of operations for the 304 days ended December 31, 2004 are not comparable to prior periods. During periods when we were operated as part of Farmland, which include the fiscal year ended December 31, 2003 and the 62 days ended March 2, 2004, Farmland allocated certain general corporate expenses and interest expense to Original Predecessor. The allocation of these costs is not necessarily indicative of the costs that would have been incurred if Original Predecessor had operated as a stand-alone entity. Further, the historical results are not necessarily indicative of the results to be expected in future periods.

We calculate earnings per share for the years ended December 31, 2006 and 2007 and the three month period ended March 31, 2007 on a pro forma basis, assuming our post-IPO capital structure had been in place for the entire year for each of 2006 and 2007. For the year ended December 31, 2007, 17,500 non-vested common shares and 18,900 common stock options have been excluded from the calculation of pro forma diluted earnings per share because the inclusion of such common stock equivalents in the number of weighted average shares outstanding would be

anti-dilutive. We have omitted earnings per share data for Immediate Predecessor because we operated

Table of Contents

under a different capital structure than our current capital structure and, therefore, the information is not meaningful.

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

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

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

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

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

Table of Contents

	Successor	
	Three Months Ended March 31, 2007	Three Months Ended March 31, 2008
	(unaudited)	
	(in millions, unless otherwise indicated)	
Statement of Operations Data:		
Net sales	\$ 390.5	\$ 1,223.0
Cost of product sold (exclusive of depreciation and amortization)	303.7	1,036.2
Direct operating expenses (exclusive of depreciation and amortization)	113.4	60.6
Selling, general and administrative expenses (exclusive of depreciation and amortization)	13.2	13.4
Net costs associated with flood(1)		5.8
Depreciation and amortization(2)	14.2	19.6
Operating income (loss)	(54.0)	87.4
Other income, net	0.5	0.9
Interest expense and other financing costs	(11.9)	(11.3)
Loss on derivatives, net	(137.0)	(47.9)
Income (loss) before income taxes and minority interests in subsidiaries	(202.4)	29.1
Income tax (expense) benefit	(47.3)	(6.9)
Minority interest in (income) loss of subsidiaries	0.7	
Net income (loss)(3)	(154.4)	22.2
Pro forma earnings (loss) per share, basic	(1.79)	
Pro forma earnings (loss) per share, diluted	(1.79)	
Pro forma weighted average shares, basic	86,141,291	
Pro forma weighted average shares, diluted	86,141,291	
Earnings per share, basic		0.26
Earnings per share, diluted		0.26
Weighted average shares, basic		86,141,291
Weighted average shares, diluted		86,158,791
Balance Sheet Data:		
Cash and cash equivalents		25.2
Working capital		21.5
Total assets		1,923.6
Total debt, including current portion		499.2
Minority interest in subsidiaries		10.6
Stockholders' equity		455.1
Other Financial Data:		
Depreciation and amortization(2)	14.2	19.6
Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap(4)	(82.4)	30.6
Cash flows provided by operating activities	44.1	24.2
Cash flows (used in) investing activities	(107.4)	(26.2)
Cash flows provided by (used in) financing activities	29.0	(3.4)

Capital expenditures for property, plant and equipment	107.4		26.2
Key Operating Statistics:			
Petroleum Business			
Production (barrels per day)(5)	53,689		125,614
Crude oil throughput (barrels per day)(5)	47,267		106,530
Refining margin per crude oil throughput barrel (dollars)(6)	\$ 12.69	\$	13.76
NYMEX 2-1-1 crack spread (dollars)(7)	\$ 12.17	\$	11.81
Direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel (dollars)(8)	\$ 22.73	\$	4.16
Gross profit (loss) per crude oil throughput barrel (dollars)(8)	\$ (12.34)	\$	7.50
Nitrogen Fertilizer Business			
Production Volume:			
Ammonia (tons in thousands)	86.2		83.7
UAN (tons in thousands)	165.7		150.1
On-stream factors:			
Gasification	91.8%		91.8%
Ammonia	86.3%		90.7%
UAN	89.4%		85.9%

Table of Contents

	Original Predecessor Year Ended December 31, 2003	62 Days Ended March 2, 2004	Immediate Predecessor 304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Successor Year Ended December 31, 2006	Year Ended December 2006
(in millions, unless otherwise indicated)							
Statement of Operations Data:							
Revenue from product sold (exclusive of depreciation and amortization)	\$ 1,262.2	\$ 261.1	\$ 1,479.9	\$ 980.7	\$ 1,454.3	\$ 3,037.6	\$ 2,443.4
Operating expenses (exclusive of depreciation and amortization)	1,061.9	221.4	1,244.2	768.0	1,168.1	2,443.4	2,443.4
General and administrative expenses (exclusive of depreciation and amortization)	133.1	23.4	117.0	80.9	85.3	199.0	199.0
Losses associated with flood(1)	23.6	4.7	16.3	18.4	18.4	62.6	62.6
Depreciation and amortization(2)	3.3	0.4	2.4	1.1	24.0	51.0	51.0
Share of net earnings (losses) in joint ventures and other charges(9)	10.9						
Operating income	\$ 29.4	\$ 11.2	\$ 100.0	\$ 112.3	\$ 158.5	\$ 281.6	\$ 281.6
Income (expense)(10)	(0.5)		(6.9)	(8.4)	0.4	(20.8)	(20.8)
Gain (expense)	(1.3)		(10.1)	(7.8)	(25.0)	(43.9)	(43.9)
Losses on derivatives	0.3		0.5	(7.6)	(316.1)	94.5	94.5
Income (loss) before income taxes	\$ 27.9	\$ 11.2	\$ 83.5	\$ 88.5	\$ (182.2)	\$ 311.4	\$ 311.4
Tax (expense) benefit			(33.8)	(36.1)	63.0	(119.8)	(119.8)
Share of interest in (income) loss of joint ventures							
Income (loss)(3)	\$ 27.9	\$ 11.2	\$ 49.7	\$ 52.4	\$ (119.2)	\$ 191.6	\$ 191.6
Basic earnings per share, basic						\$ 2.22	\$ 2.22
Diluted earnings per share, diluted						\$ 2.22	\$ 2.22
Basic weighted average shares, basic						86,141,291	86,141,291
Diluted weighted average shares, diluted						86,158,791	86,158,791
Dividends:							
Basic per unit(11)			\$ 1.50	\$ 0.70			
Diluted per unit(11)			\$ 0.48	\$ 0.70			
Units subject to conversion						\$ 3.1	\$ 3.1
Units subject to conversion						\$ 246.9	\$ 246.9
Balance Sheet Data:							
Cash equivalents	\$ 0.0		\$ 52.7		\$ 64.7	\$ 41.9	\$ 41.9
Capital(12)	150.5		106.6		108.0	112.3	112.3
Assets	199.0		229.2		1,221.5	1,449.5	1,449.5
Liabilities subject to compromise(13)	105.2						

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including current portion			148.9		499.4		775.0	
interest in subsidiaries(14)							4.3	
ment units subject to redemption					3.7		7.0	
/members /stockholders equity	58.2		14.1		115.8		76.4	
Financial Data:								
ion and amortization	\$ 3.3	\$ 0.4	\$ 2.4	\$ 1.1	\$ 24.0	\$	51.0	\$
ne (loss) adjusted for unrealized								
ss from Cash Flow Swap(4)	27.9	11.2	49.7	52.4	23.6		115.4	
vs provided by operating								
	20.3	53.2	89.8	12.7	82.5		186.6	
vs (used in) investing activities	(0.8)		(130.8)	(12.3)	(730.3)		(240.2)	
vs provided by (used in)								
activities	(19.5)	(53.2)	93.6	(52.4)	712.5		30.8	
penditures for property, plant								
ment	0.8		14.2	12.3	45.2		240.2	
Operating Statistics:								
Oil Business								
on (barrels per day)(5)(15)	95,701	106,645	102,046	99,171	107,177		108,031	
throughput (barrels per								
5)	85,501	92,596	90,418	88,012	93,908		94,524	
margin per crude oil throughput								
ollars)(6)	\$ 3.89	\$ 4.23	\$ 5.92	\$ 9.28	\$ 11.55	\$	13.27	\$
2-1-1 crack spread (dollars)(7)	\$ 5.53	\$ 6.80	\$ 7.55	\$ 9.60	\$ 13.47	\$	10.84	\$
erating expenses (exclusive of								
ion and amortization) per crude								
hput barrel (dollars)(8)	\$ 2.57	\$ 2.60	\$ 2.66	\$ 3.44	\$ 3.13	\$	3.92	\$
fit (loss) per crude oil								
ut barrel (dollars)(8)	\$ 1.25	\$ 1.57	\$ 3.20	\$ 5.79	\$ 7.55	\$	8.39	\$
Fertilizer Business								
on Volume:								
u (tons in thousands)(15)	335.7	56.4	252.8	193.2	220.0		369.3	
as in thousands)(15)	510.6	93.4	439.2	309.9	353.4		633.1	
factors(16):								
	90.1%	93.5%	92.2%	97.4%	98.7%		92.5%	
	89.6%	80.9%	79.7%	95.0%	98.3%		89.3%	
	81.6%	88.7%	82.2%	93.9%	94.8%		88.9%	

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

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

Table of Contents

	Original Predecessor		Immediate Predecessor			Successor			
	62 Year Ended	Days Ended	304 Days Ended	174 Days Ended	233 Days Ended	Year Ended	Three Months Ended		
	December 31, 2003	March 31, 2004	December 31, 2004	June 23, 2005	December 31, 2005	December 31, 2006	December 31, 2007	2007	2008
	(in millions)								
Depreciation and amortization included in cost of product sold	\$	\$	\$ 0.2	\$ 0.1	\$ 1.1	\$ 2.2	\$ 2.4	\$ 0.6	\$ 0.6
Depreciation and amortization included in direct operating expense	3.3	0.4	2.0	0.9	22.7	47.7	57.4	13.5	18.7
Depreciation and amortization included in selling, general and administrative expense			0.2	0.1	0.2	1.1	1.0	0.1	0.3
Depreciation and amortization included in net costs associated with flood							7.6		
Total depreciation and amortization	\$ 3.3	\$ 0.4	\$ 2.4	\$ 1.1	\$ 24.0	\$ 51.0	\$ 68.4	\$ 14.2	\$ 19.6

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

	Original Predecessor		Immediate Predecessor			Successor			
	62 Year Ended	Days Ended	304 Days Ended	174 Days Ended	233 Days Ended	Year Ended	Three Months Ended		
	December 31, 2003	March 31, 2004	December 31, 2004	June 23, 2005	December 31, 2005	December 31, 2006	December 31, 2007	2007	2008
	(in millions)								
Impairment of property, plant and equipment(a)	\$ 9.6	\$	\$ 7.2	\$ 8.1	\$	\$ 23.4	\$ 1.3	\$	\$

Loss on extinguishment of debt(b)						
Inventory fair market value adjustment(c)	3.0	16.6				
Funded letter of credit expense and interest rate swap not included in interest expense(d)		2.3		1.8		0.9
Major scheduled turnaround expense(e)	1.8		6.6	76.4	66.0	
Loss on termination of swap(f)		25.0				
Unrealized (gain) loss from Cash Flow Swap		235.9	(126.8)	103.2	119.7	13.9

- (a) During the year ended December 31, 2003, we recorded a charge of \$9.6 million related to the asset impairment of our refinery and nitrogen fertilizer plant based on the expected sales price of the assets in the Initial Acquisition.
- (b) Represents the write-off of: (i) \$7.2 million of deferred financing costs in connection with the refinancing of our senior secured credit facility on May 10, 2004, (ii) \$8.1 million of deferred financing costs in connection with the refinancing of our senior secured credit facility on June 23, 2005, (iii) \$23.4 million in connection with the refinancing of our senior secured credit facility on December 28, 2006 and (iv) \$1.3 million in connection with the repayment and termination of three credit facilities on October 26, 2007.
- (c) Consists of the additional cost of product sold expense due to the step up to estimated fair value of certain inventories on hand at March 3, 2004 and June 24, 2005, as a result of the allocation of the purchase price of the Initial Acquisition and the Subsequent Acquisition to inventory.
- (d) Consists of fees which are expensed to selling, general and administrative expenses in connection with the funded letter of credit facility of \$150.0 million issued in support of the Cash Flow Swap. We consider these fees to be equivalent to interest expense and the fees are treated as such in the calculation of EBITDA in the credit facility.
- (e) Represents expense associated with a major scheduled turnaround.
- (f) Represents the expense associated with the expiration of the crude oil, heating oil and gasoline option agreements entered into by Coffeyville Acquisition LLC in May 2005.
- (4) Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap results from adjusting for the unrealized portion of the derivative transaction that was executed in conjunction with the acquisition of Coffeyville Group Holdings, LLC by Coffeyville Acquisition LLC on June 24,

Table of Contents

2005. On June 16, 2005, Coffeyville Acquisition LLC entered into the Cash Flow Swap with J. Aron, a subsidiary of The Goldman Sachs Group, Inc., and a related party of ours. The Cash Flow Swap was subsequently assigned by Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005. The derivative took the form of three NYMEX swap agreements whereby if absolute (i.e., in dollar terms, not as a percentage of crude oil prices) crack spreads fall below the fixed level, J. Aron agreed to pay the difference to us, and if absolute crack spreads rise above the fixed level, we agreed to pay the difference to J. Aron. Based upon expected crude oil capacity of 115,000 bpd, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of our credit facility and upon meeting specific requirements related to our leverage ratio and our credit ratings, we are permitted to reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010, so long as at the time of reduction or termination, we pay the amount of unrealized losses associated with the amount reduced or terminated. See Description of our Indebtedness and the Cash Flow Swap.

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

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

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

Original Predecessor		Immediate Predecessor			Successor	
	62	304	174	233		
Year	Days	Days	Days	Days	Year	Three

	Ended December 31, 2003	Ended March 31, 2004	Ended December 31, 2004	Ended June 30, 2005	Ended December 31, 2005	Ended December 31, 2006	Ended December 31, 2007	Months Ended March 31, 2007 (unaudited) 2008 (unaudited)	
(in millions)									
Net income (loss) adjusted for unrealized gain (loss) from Cash Flow Swap	\$ 27.9	\$ 11.2	\$ 49.7	\$ 52.4	\$ 23.6	\$ 115.4	\$ (5.6)	\$ (82.4)	\$ 30.6
Plus: Unrealized gain (loss) from Cash Flow Swap, net of tax benefit					(142.8)	76.2	(62.0)	(72.0)	(8.4)
Net income (loss)	\$ 27.9	\$ 11.2	\$ 49.7	\$ 52.4	\$ (119.2)	\$ 191.6	\$ (67.6)	\$ (154.4)	\$ 22.2

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

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

The table included in footnote 8 reconciles refining margin per crude oil throughput barrel to gross profit for the period presented.

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

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

Table of Contents

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

	Original Predecessor		Immediate Predecessor		Historical			Successor	Three Months Ended	Three Months Ended
	Year Ended December 31, 2003	62 Days Ended March 2, 2004	304 Days Ended December 31, 2004	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007	March 31, 2007	March 31, 2008	
	(in millions, except as otherwise indicated)									
Petroleum Business:										
Sales	\$ 1,161.3	\$ 241.6	\$ 1,390.8	\$ 903.8	\$ 1,363.4	\$ 2,880.4	\$ 2,806.2	\$ 352.5	\$ 1,168.0	
Cost of product sold										
(exclusive of depreciation and amortization)	1,040.0	217.4	1,228.1	761.7	1,156.2	2,422.7	2,300.2	298.5	1,035.0	
Direct operating expenses (exclusive of depreciation and amortization)	80.1	14.9	73.2	52.6	56.2	135.3	209.5	96.7	40.0	
Less costs associated with flood							36.7		5.0	
depreciation and amortization	2.1	0.3	1.5	0.8	15.6	33.0	43.0	9.8	14.0	
Operating profit (loss)	\$ 39.1	\$ 9.0	\$ 88.0	\$ 88.7	\$ 135.4	\$ 289.4	\$ 216.8	\$ (52.5)	\$ 72.0	
Less direct operating expenses (exclusive of depreciation and amortization)	80.1	14.9	73.2	52.6	56.2	135.3	209.5	96.7	40.0	
Less net costs associated with flood							36.7		5.0	
depreciation and amortization	2.1	0.3	1.5	0.8	15.6	33.0	43.0	9.8	14.0	
Operating margin	\$ 121.3	\$ 24.2	\$ 162.7	\$ 142.1	\$ 207.2	\$ 457.7	\$ 506.0	\$ 54.0	\$ 133.0	
Operating margin per barrel oil throughput										
(dollars)	\$ 3.89	\$ 4.23	\$ 5.92	\$ 9.28	\$ 11.55	\$ 13.27	\$ 18.17	\$ 12.69	\$ 13.00	
	\$ 1.25	\$ 1.57	\$ 3.20	\$ 5.79	\$ 7.55	\$ 8.39	\$ 7.79	\$ (12.34)	\$ 7.00	

Net profit (loss) per barrel of oil throughput (dollars)											
Adjusted operating expenses (exclusive of depreciation and amortization) per barrel of oil throughput (dollars)	\$ 2.57	\$ 2.60	\$ 2.66	\$ 3.44	\$ 3.13	\$ 3.92	\$ 7.52	\$ 22.73	\$ 4.00	\$ 4.00	\$ 4.00
Operating income (\$)	21.5	7.7	77.1	76.7	123.0	245.6	144.9	(63.5)	63.5	63.5	63.5

- (9) During the year ended December 31, 2003, we recorded an additional charge of \$9.6 million related to the asset impairment of the refinery and fertilizer plant based on the expected sales price of the assets in the Initial Acquisition. In addition, we recorded a charge of \$1.3 million for the rejection of existing contracts while operating under Chapter 11 of the U.S. Bankruptcy Code.
- (10) During the 304 days ended December 31, 2004, the 174 days ended June 23, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, we recognized a loss of \$7.2 million, \$8.1 million, \$23.4 million and \$1.3 million, respectively, on early extinguishment of debt.
- (11) Historical dividends per unit for the 304-day period ended December 31, 2004 and the 174-day period ended June 23, 2005 are calculated based on the ownership structure of Immediate Predecessor.
- (12) Excludes liabilities subject to compromise due to Original Predecessor's bankruptcy of \$105.2 million as of December 31, 2003 in calculating Original Predecessor's working capital.
- (13) While operating under Chapter 11 of the U.S. Bankruptcy Code, Original Predecessor's financial statements were prepared in accordance with SOP 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code. SOP 90-7 requires that pre-petition liabilities be segregated in the balance sheet.
- (14) Minority interest reflects common stock in two of our subsidiaries owned by John J. Lipinski (which were exchanged for shares of our common stock with an equivalent value prior to the consummation of our initial public offering). Minority interest at December 31, 2007 reflects Coffeyville Acquisition III LLC's ownership of the managing general partner interest and IDRs of the Partnership.
- (15) Operational information reflected for the 233-day Successor period ended December 31, 2005 includes only 191 days of operational activity. Successor was formed on May 13, 2005 but had no financial statement activity during the 42-day period from May 13, 2005 to June 24, 2005, with the exception of certain crude oil, heating oil and gasoline option agreements entered into with J. Aron as of May 16, 2005 which expired unexercised on June 16, 2005.
- (16) On-stream factor is the total number of hours operated divided by the total number of hours in the reporting period. Excluding the impact of turnarounds at the nitrogen fertilizer facility in the third quarter of 2004 and 2006, (i) the on-stream factors for the year ended December 31, 2004 would have been 95.6% for gasifier, 83.1% for ammonia and 86.7% for UAN and (ii) the on-stream factors for the year ended December 31, 2006 would have been 97.1% for gasifier, 94.3% for ammonia and 93.6% for UAN. Excluding the impact of the flood during the weekend of June 30, 2007, the on-stream factors for the year ended December 31, 2007 would have been 94.6% for gasifier, 92.4% for ammonia and 83.9% for UAN.

Table of Contents

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

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

Overview and Executive Summary

We are an independent refiner and marketer of high value transportation fuels. In addition, we currently own all of the interests (other than the managing general partner interest and associated IDRs) in a limited partnership which produces the nitrogen fertilizers ammonia and UAN. At current natural gas and pet coke prices, the nitrogen fertilizer business is the lowest cost producer and marketer of ammonia and UAN in North America.

We operate under two business segments: petroleum and nitrogen fertilizer. For the fiscal years ended December 31, 2005, 2006 and 2007, we generated combined net sales of \$2.4 billion, \$3.0 billion and \$3.0 billion, respectively. Our petroleum business generated \$2.3 billion, \$2.9 billion and \$2.8 billion of our combined net sales, respectively, over these periods, with the nitrogen fertilizer business generating substantially all of the remainder. In addition, during these periods, our petroleum business contributed 74%, 87% and 78% of our combined operating income, respectively, with the nitrogen fertilizer business contributing substantially all of the remainder. For the three months ended March 31, 2008, we generated combined net sales of \$1.22 billion, with the petroleum business generating \$1.17 billion of our combined net sales, and the nitrogen fertilizer business generating substantially all of the remainder. For the same period, the petroleum business contributed 73% of our combined operating income and the nitrogen fertilizer business generated substantially all of the remainder.

Petroleum Business. Our petroleum business includes a 115,000 bpd complex full coking medium-sour crude refinery in Coffeyville, Kansas. In addition, supporting businesses include (1) a crude oil gathering system serving central Kansas, northern Oklahoma and southwestern Nebraska, (2) storage and terminal facilities for asphalt and refined fuels in Phillipsburg, Kansas, (3) a 145,000 bpd pipeline system that transports crude oil to our refinery and associated crude oil storage tanks with a capacity of approximately 1.2 million barrels and (4) a rack marketing division supplying product through tanker trucks directly to customers located in close geographic proximity to Coffeyville and Phillipsburg and at throughput terminals on Magellan's refined products distribution systems. In addition to rack sales (sales which are made at terminals into third-party tanker trucks), we make bulk sales (sales through third-party pipelines) into the mid-continent markets via Magellan and into Colorado and other destinations utilizing the product pipeline networks owned by Magellan, Enterprise and NuStar. Our refinery is situated approximately 100 miles from Cushing, Oklahoma, one of the largest crude oil trading and storage hubs in the United States. Cushing is supplied by numerous pipelines from locations including the U.S. Gulf Coast and Canada, providing us with access to virtually any crude variety in the world capable of being transported by pipeline.

Throughput (the volume processed at a facility) at the refinery has markedly increased since July 2005. Management's focus on crude slate optimization (the process of determining the most economic crude oils to be refined), reliability, technical support and operational excellence coupled with prudent expenditures on equipment has significantly improved the operating metrics of the refinery. Historically, the refinery operated at an average crude throughput rate of less than 90,000 bpd. The plant averaged over 102,000 bpd of crude throughput in the second quarter of 2006, over

94,500 bpd for all 2006 and over 110,000 in the fourth quarter of 2007 with maximum daily rates in excess of

Table of Contents

120,000 bpd for the fourth quarter of 2007. Not only were rates increased but yields were simultaneously improved. Since June 2005, the refinery has eclipsed monthly record (30-day) processing rates on approximately 70% of the individual units on site.

Crude is supplied to our refinery through our owned and leased gathering system and by a Plains pipeline from Cushing, Oklahoma. We maintain capacity on the Spearhead Pipeline from Canada and receive foreign and deepwater domestic crudes via the Seaway Pipeline system. We have also committed to additional pipeline capacity on the proposed Keystone pipeline project currently under development. We also maintain leased storage in Cushing to facilitate optimal crude purchasing and blending. We have significantly expanded the variety of crude grades processed in any given month from a limited few to over a dozen, including onshore and offshore domestic grades, various Canadian sour, heavy sour and sweet synthetics, and a variety of South American and West African imported grades. As a result of the crude slate optimization, we have improved the crude consumed cost discount to WTI from \$3.45 per barrel in 2005 to \$4.57 per barrel in 2006, \$5.04 per barrel in 2007 and \$5.31 per barrel in the first quarter of 2008.

Nitrogen Fertilizer Business. The nitrogen fertilizer segment consists of our interest in CVR Partners, LP, a limited partnership controlled by our affiliates. The nitrogen fertilizer business consists of a nitrogen fertilizer manufacturing facility, including (1) a 1,225 ton-per-day ammonia unit, (2) a 2,025 ton-per-day UAN unit and (3) an 84 million standard cubic foot per day gasifier complex, which consumes approximately 1,500 tons per day of pet coke to produce hydrogen. In 2007, the nitrogen fertilizer business produced approximately 326,662 tons of ammonia, of which approximately 72% was upgraded into approximately 576,888 tons of UAN. At current natural gas and pet coke prices, the nitrogen fertilizer business is the lowest cost producer and marketer of ammonia and UAN fertilizers in North America. The nitrogen fertilizer business generated net sales of \$173.0 million, \$162.5 million and \$165.9 million, and operating income of \$71.0 million, \$36.8 million and \$46.6 million, for the years ended December 31, 2005, 2006 and 2007, respectively. The nitrogen fertilizer business generated net sales of \$62.6 million and operating income of \$26.0 million for the three months ended March 31, 2008.

The nitrogen fertilizer plant in Coffeyville, Kansas includes a pet coke gasifier that produces high purity hydrogen which in turn is converted to ammonia at a related ammonia synthesis plant. Ammonia is further upgraded into UAN solution in a related UAN unit. Pet coke is a low value by-product of the refinery coking process. On average during the last four years, more than 75% of the pet coke consumed by the nitrogen fertilizer plant was produced by our refinery. The nitrogen fertilizer business obtains most of its pet coke via a long-term coke supply agreement with us. As such, the nitrogen fertilizer business benefits from high natural gas prices, as fertilizer prices generally increase with natural gas prices, without a directly related change in cost (because pet coke is used as a primary raw material rather than natural gas).

The nitrogen fertilizer plant is the only commercial facility in North America utilizing a pet coke gasification process to produce nitrogen fertilizers. The use of low cost by-product pet coke from the adjacent oil refinery (rather than natural gas) to produce hydrogen provides the facility with a significant competitive advantage given the currently high and volatile natural gas prices. The nitrogen fertilizer business competition utilizes natural gas to produce ammonia. Historically, pet coke has been a less expensive feedstock than natural gas on a per-ton of fertilizer produced basis.

Capital Projects. Management has identified, developed and substantially completed several significant capital projects since June 2005 with a total cost of approximately \$522 million (including \$170 million in expenditures for our refinery expansion project, excluding \$3.7 million in related capitalized interest). Major projects include construction of a new diesel hydrotreater, a new continuous catalytic reformer, a new sulfur recovery unit, a new plant-wide flare system, a technology upgrade to the fluid catalytic cracking unit and a refinery-wide capacity expansion. Once completed, these projects are intended to significantly enhance the profitability of the refinery in

environments of

Table of Contents

high crack spreads and allow the refinery to operate more profitably at lower crack spreads than is currently possible.

The spare gasifier at the nitrogen fertilizer plant was expanded in 2006, increasing ammonia production by 6,500 tons per year. In addition, the nitrogen fertilizer plant is moving forward with an approximately \$120 million fertilizer plant expansion, of which approximately \$11 million was incurred as of March 31, 2008. We estimate this expansion will increase the nitrogen fertilizer plant's capacity to upgrade ammonia into premium-priced UAN by approximately 50%. Management currently expects to complete this expansion in July 2010. This project is also expected to improve the nitrogen fertilizer business' cost structure by eliminating the need for rail shipments of ammonia, thereby reducing the risks associated with such rail shipments and avoiding anticipated cost increases in such transport.

Recent Developments

During the second quarter of 2008, we enjoyed unprecedented fertilizer prices which contributed favorably to our earnings. Strong industry fundamentals have led current demand for nitrogen fertilizers to all time highs. U.S. corn inventories at the end of the 2008-2009 fertilizer year are projected to be at 673 million bushels, which is the lowest level since 1995-1996. Corn prices are at record high levels, and corn planting for 2008-2009 is projected to be higher than 2007-2008. Nitrogen fertilizer prices are at record high levels due to increased demand and increasing worldwide natural gas prices. In addition, nitrogen fertilizer prices, which historically showed a positive correlation with natural gas prices, have been decoupled from, and increased substantially more than, natural gas prices in 2007 and 2008. In addition to demand driven by biofuel fuel production, the quest for healthier lives and better diets in developing countries is a primary driving factor behind the increased global demand for fertilizers. As of July 22, 2008, our order book for all orders received prior to such date included 378,473 tons of UAN at an average netback price of \$358.16 per ton and 30,216 tons of ammonia at an average netback price of \$692.53 per ton. There has been a significant increase in nitrogen fertilizer prices in the last few months. As of July 22, 2008, our order book for orders received solely during the month of July 2008 is 76,502 tons of UAN at an average netback price of \$483.31 per ton and 3,411 tons of ammonia at an average netback price of \$857.17 per ton.

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

In addition to the registration statement for the notes offered hereby, on June 19, 2008, we filed a registration statement for a secondary offering of our common stock by certain of our selling stockholders. Due to current market conditions, the selling stockholders have elected not to proceed with the secondary offering at this time, but may elect to do so in the future. The registration statement for the secondary common stock offering remains on file with the SEC.

Restatement of Year Ended December 31, 2007 and Quarter Ended September 30, 2007 Financial Statements

On April 23, 2008, the audit committee of our board of directors and management concluded that our previously issued consolidated financial statements for the year ended December 31, 2007 and the related quarter ended September 30, 2007 contained errors. We arrived at this conclusion during the course of our closing process and review for the quarter ended March 31, 2008. As a result of these errors, management concluded that our internal control over financial reporting was not

Table of Contents

adequate to determine the cost of crude oil at period end. Specifically, the Company's policies and procedures for estimating the cost of crude oil and reconciling these estimates to vendor invoices were not effective. Additionally, the Company's supervision and review of this estimation and reconciliation process was not operating at a level of detail adequate to identify the deficiencies in the process. Management concluded that these deficiencies were material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Due to these material weaknesses, our management also concluded that we did not maintain effective disclosure controls and procedures as of December 31, 2007.

Our restated financial results were filed with the SEC with a Form 10-K/A on May 8, 2008. See footnote 2 to our consolidated financial statements for the year ended December 31, 2007 included elsewhere in this prospectus. All information presented in this prospectus reflects our restated financial results.

In order to remediate the material weaknesses described above, our management is in the process of designing, implementing and enhancing controls to ensure the proper accounting for the calculation of the cost of crude oil. These remedial actions include, among other things, (1) centralizing all crude oil cost accounting functions, (2) adding additional layers of accounting review with respect to our crude oil cost accounting and (3) adding additional layers of business review with respect to the computation of our crude oil costs.

All of the information presented in this prospectus reflects our restated financial results.

CVR Energy's Initial Public Offering

On October 26, 2007, we completed an initial public offering of 23,000,000 shares of our common stock. The initial public offering price was \$19.00 per share. The net proceeds to us from the sale of our common stock were approximately \$408.5 million, after deducting underwriting discounts and commissions, but before deduction of offering expenses. We also incurred approximately \$11.4 million of other costs related to the initial public offering.

The net proceeds from the offering were used to repay \$280.0 million of our outstanding term loan debt and to repay in full our \$25.0 million secured credit facility and \$25.0 million unsecured credit facility. We also repaid \$50.0 million of indebtedness under our revolving credit facility.

In connection with the initial public offering, we also became the indirect owner of Coffeyville Resources, LLC and all of its refinery assets. This was accomplished by the issuance of 62,866,720 shares of our common stock to certain entities controlled by our majority stockholders pursuant to a stock split in exchange for the interests in certain subsidiaries of Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC. Immediately following the completion of the offering, there were 86,141,291 shares of common stock outstanding, excluding any restricted shares issued.

Major Influences on Results of Operations

Petroleum Business

Our earnings and cash flows from our petroleum operations are primarily affected by the relationship between refined product prices and the prices for crude oil and other feedstocks. Feedstocks are petroleum products, such as crude oil and natural gas liquids, that are processed and blended into refined products. The cost to acquire feedstocks and the price for which refined products are ultimately sold depend on factors beyond our control, including the supply of, and demand for, crude oil, as well as gasoline and other refined products which, in turn, depend on, among other factors,

changes in domestic and foreign economies, weather conditions, domestic and foreign political

Table of Contents

affairs, production levels, the availability of imports, the marketing of competitive fuels and the extent of government regulation. Because we apply first-in, first-out, or FIFO, accounting to value our inventory, crude oil price movements may impact net income in the short term because of instantaneous changes in the value of the minimally required, unhedged on hand inventory. The effect of changes in crude oil prices on our results of operations is influenced by the rate at which the prices of refined products adjust to reflect these changes.

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

Crude oil costs are at historic highs. West Texas Intermediate crude oil averaged \$97.82 per barrel for the three months ended March 31, 2008, as compared to \$58.27 per barrel during the comparable period in 2007. WTI crude oil prices averaged over \$105 per barrel in March 2008. Crude oil costs continued to rise during the second quarter of 2008. WTI crude oil prices averaged over \$134 per barrel in June 2008 and spiked to \$140 per barrel on June 30, 2008. There are a number of reasons why high crude oil costs and current crack spreads have a negative impact on our business. First, as crack spreads increase in absolute terms in connection with higher crude oil prices, we realize increasing losses on the Cash Flow Swap. We expect the Cash Flow Swap will continue to have a material negative effect on our earnings through at least June 2009. Second, every barrel of crude oil that we process yields approximately 88% high performance transportation fuels and approximately 12% less valuable byproducts such as pet coke, slurry and sulfur and volumetric losses (lost volume resulting from the change from liquid form to solid). Whereas crude oil costs have increased, sales prices for many byproducts have not increased in the same proportions. As a result, we lose money on byproduct sales (and from the inherent lost volume in shifting from liquid to solid form), resulting in a reduction to our earnings. Refined product sales prices have also failed to keep pace with crude oil costs.

In order to assess our operating performance, we compare our net sales, less cost of product sold (refining margin), against an industry refining margin benchmark. The industry refining margin is calculated by assuming that two barrels of benchmark light sweet crude oil is converted into one barrel of conventional gasoline and one barrel of distillate. This benchmark is referred to as the 2-1-1 crack spread. Because we calculate the benchmark margin using the market value of New York Mercantile Exchange (NYMEX) gasoline and heating oil against the market value of NYMEX WTI (WTI) crude oil, we refer to the benchmark as the NYMEX 2-1-1 crack spread, or simply, the 2-1-1 crack spread. The 2-1-1 crack spread is expressed in dollars per barrel and is a proxy for the per barrel margin that a sweet crude refinery would earn assuming it produced and sold the benchmark production of gasoline and heating oil. The 2-1-1 crack spreads were significantly narrower in the first quarter of 2008 as a percentage of crude oil prices when compared to the first quarter of 2007. As a percentage of crude oil prices, the 2-1-1 crack spread was approximately 21% in the first quarter of 2007 but only 12% in the first quarter of 2008.

Although the 2-1-1 crack spread is a benchmark for our refinery margin, because our refinery has certain feedstock costs and/or logistical advantages as compared to a benchmark refinery and our product yield is less than total refinery throughput, the crack spread does not account for all the factors that affect refinery margin. Our refinery is able to process a blend of crude oil that includes quantities of heavy and medium-sour crude oil that has historically cost less than WTI crude oil. We measure the cost advantage of our crude oil slate by calculating the spread between the price of our

Table of Contents

delivered crude oil to the price of WTI crude oil, a light sweet crude oil. The spread is referred to as our consumed crude differential. Our refinery margin can be impacted significantly by the consumed crude differential. Our consumed crude differential will move directionally with changes in the West Texas Sour (WTS) differential to WTI and the West Canadian Select (WCS) differential to WTI as both these differentials indicate the relative price of heavier, more sour, slate to WTI. The WCS-WTI differential for the first quarter of 2008 was \$19.84 a barrel as compared to \$14.80 a barrel in the first quarter of 2007. The differential for the fourth quarter of 2007 was \$32.60 a barrel. The correlation between our consumed crude differential and published differentials will vary depending on the volume of light medium-sour crude and heavy sour crude we purchase as a percent of our total crude volume and will correlate more closely with such published differentials the heavier and more sour the crude oil slate.

We produce a high volume of high value products, such as gasoline and distillates. Approximately 39% of our product slate is ultra low sulfur diesel, which provides us with tax credits and is currently selling at higher margins than gasoline (which represents 48% of our refined products). The balance of our production is devoted to other products, including the petroleum coke used by the nitrogen fertilizer business. We benefit from the fact that our marketing region consumes more refined products than it produces so that the market prices of our products have to be high enough to cover the logistics cost for the U.S. Gulf Coast refineries to ship into our region. The result of this logistical advantage and the fact the actual product specification used to determine the NYMEX is different from the actual production in the refinery is that prices we realize are different than those used in determining the 2-1-1 crack spread. The difference between our price and the price used to calculate the 2-1-1 crack spread is referred to as gasoline PADD II, Group 3 vs. NYMEX basis, or gasoline basis, and heating oil PADD II, Group 3 vs. NYMEX basis, or heating oil basis.

Our direct operating expense structure is also important to our profitability. Major direct operating expenses include energy, employee labor, maintenance, contract labor, and environmental compliance. Our predominant variable cost is energy which is comprised primarily of electrical cost and natural gas. We are therefore sensitive to the movements of natural gas prices.

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

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

Because petroleum feedstocks and products are essentially commodities, we have no control over the changing market. Therefore, the lower target inventory we are able to maintain significantly reduces the impact of commodity price volatility on our petroleum product inventory position relative to

Table of Contents

other refiners. This target inventory position is generally not hedged. To the extent our inventory position deviates from the target level, we consider risk mitigation activities usually through the purchase or sale of futures contracts on the New York Mercantile Exchange, or NYMEX. Our hedging activities carry customary time, location and product grade basis risks generally associated with hedging activities. Because most of our titled inventory is valued under the FIFO costing method, price fluctuations on our target level of titled inventory have a major effect on our financial results unless the market value of our target inventory is increased above cost.

Nitrogen Fertilizer Business

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

Nitrogen fertilizer prices are also affected by other factors, such as local market conditions and the operating levels of competing facilities. Natural gas costs and the price of nitrogen fertilizer products have historically been subject to wide fluctuations. An expansion or upgrade of competitors' facilities, price volatility, international political and economic developments and other factors are likely to continue to play an important role in nitrogen fertilizer industry economics. These factors can impact, among other things, the level of inventories in the market, resulting in price volatility and a reduction in product margins. Moreover, the industry typically experiences seasonal fluctuations in demand for nitrogen fertilizer products.

The demand for fertilizers is affected by the aggregate crop planting decisions and fertilizer application rate decisions of individual farmers. Individual farmers make planting decisions based largely on the prospective profitability of a harvest, while the specific varieties and amounts of fertilizer they apply depend on factors like crop prices, their current liquidity, soil conditions, weather patterns and the types of crops planted.

The value of nitrogen fertilizer products is also an important consideration in understanding our results. The nitrogen fertilizer business generally upgrades approximately two-thirds of its ammonia production into UAN, a product that presently generates a greater value than ammonia. UAN production is a major contributor to our profitability. In order to assess the value of nitrogen fertilizer products, we calculate netbacks, also referred to as plant gate price. Netbacks refer to the unit price of fertilizer, in dollars per ton, offered on a delivered basis, excluding shipment costs.

Prices for both ammonia and UAN for the quarter ended March 31, 2008 reflect strong current demand for these products. Ammonia plant gate prices averaged \$494 per ton for the quarter ended March 31, 2008, compared to \$347 per ton during the comparable period in 2007. UAN prices averaged \$262 per ton for the quarter ended March 31, 2008, compared to \$169 per ton during the comparable 2007 period. The prices for both ammonia and UAN continue to rise. Our order book as of July 22, 2008 contains average netback prices for ammonia and UAN of \$358.16 and \$692.53 per ton, respectively.

Table of Contents

The direct operating expense structure of the nitrogen fertilizer business is also important to its profitability. Using a pet coke gasification process, the nitrogen fertilizer business has significantly higher fixed costs than natural gas-based fertilizer plants. Major direct operating expenses include electrical energy, employee labor, maintenance, including contract labor, and outside services. These costs comprise the fixed costs associated with the fertilizer plant.

Variable costs associated with the nitrogen fertilizer plant have averaged approximately 1.2% of direct operating expenses over the last 24 months ended December 31, 2007. The average annual operating costs over the 24 months ended December 31, 2007 have approximated \$65 million, of which substantially all are fixed in nature.

The nitrogen fertilizer business' largest raw material expense is pet coke, which it purchases from us and third parties. In 2007, the nitrogen fertilizer business spent \$13.6 million for pet coke. If pet coke prices rise substantially in the future, the nitrogen fertilizer business may be unable to increase its prices to recover increased raw material costs, because market prices for nitrogen fertilizer products are generally correlated with natural gas prices, the primary raw material used by its competitors, and not pet coke prices.

The nitrogen fertilizer business generally undergoes a facility turnaround every two years. The turnaround typically lasts 15-20 days each turnaround year and requires approximately \$2-3 million in direct costs per turnaround. The next facility turnaround is currently scheduled for the fourth quarter of 2008.

Agreements Between CVR Energy and the Partnership

In connection with our initial public offering and the transfer of the nitrogen fertilizer business to the Partnership in October 2007, we entered into a number of agreements with the Partnership that govern the business relations between the parties. These include the coke supply agreement, under which we sell pet coke to the nitrogen fertilizer business; a services agreement, in which our management operates the nitrogen fertilizer business; a feedstock and shared services agreement, which governs the provision of feedstocks, including hydrogen, high-pressure steam, nitrogen, instrument air, oxygen and natural gas; an omnibus agreement, which governs the division of future business opportunities between the two businesses; a raw water and facilities sharing agreement, which allocates raw water resources between the two businesses; an easement agreement; an environmental agreement; and a lease agreement pursuant to which we lease office space, storage and laboratory space to the Partnership.

The price paid by the nitrogen fertilizer business pursuant to the coke supply agreement is based on the lesser of a coke price derived from the price received by the Partnership for UAN (subject to a UAN based price ceiling and floor) and a coke price index for pet coke. For periods prior to our initial public offering and the transfer of the nitrogen fertilizer business to the Partnership, the cost of product sold (exclusive of depreciation and amortization) in the nitrogen fertilizer business on our financial statements was based on a coke price of \$15 per ton beginning in March 2004. This is reflected in the segment data in our historical financial statements as a cost for the nitrogen fertilizer business and as revenue for the petroleum business. If the terms of the coke supply agreement had been in place over each of the past three years, the coke supply agreement would have resulted in an increase (or decrease) in cost of product sold (exclusive of depreciation and amortization) for the nitrogen fertilizer business (and an increase (or decrease) in revenue for the petroleum business) of \$(1.6) million, \$(0.7) million, \$(3.5) million and \$2.5 million for the 174-day period ended June 24, 2005, the 233-day period ended December 31, 2005, the year ended December 31, 2006 and the year ended December 31, 2007. There would have been no impact to the consolidated financial statements as intercompany transactions are eliminated upon consolidation.

In addition, based on management's current estimates, the services agreement will result in an annual charge of approximately \$11.5 million (excluding share based compensation) to the nitrogen fertilizer business for its portion of expenses which have been historically reflected in selling, general

Table of Contents

and administrative expenses (exclusive of depreciation and amortization) in our consolidated statement of operations. Historical nitrogen fertilizer segment operating income would increase \$0.8 million, decrease \$0.1 million, increase \$7.4 million and increase \$8.9 million for the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, respectively, assuming an annualized \$11.5 million charge for the management services in lieu of the historical allocations of selling, general and administrative expenses. The petroleum segment's operating income would have had offsetting increases or decreases, as applicable, for these periods.

The total change to operating income for the nitrogen fertilizer segment as a result of both the 20-year coke supply agreement (which affects cost of product sold (exclusive of depreciation and amortization)) and the services agreement (which affects selling, general and administrative expense (exclusive of depreciation and amortization)), if both agreements had been in effect over the last three years, would be an increase of \$2.4 million, an increase of \$0.6 million, an increase of \$10.9 million and an increase of \$6.4 million for the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005, the year ended December 31, 2006 and the year ended December 31, 2007, respectively.

The feedstock and shared services agreement, the raw water and facilities sharing agreement, the cross-easement agreement and the environmental agreement are not expected to have a significant impact on the financial results of the nitrogen fertilizer business. However, the feedstock and shared services agreement includes provisions which require the nitrogen fertilizer business to provide hydrogen to us on a going-forward basis, as the nitrogen fertilizer business has done in recent years. This will have the effect of limiting the nitrogen fertilizer business' fertilizer production, because the nitrogen fertilizer business will not be able to convert this hydrogen into ammonia. We believe that the addition of our new catalytic reformer will reduce, to some extent, but not eliminate, the amount of hydrogen the nitrogen fertilizer business will need to deliver to us, and we expect the nitrogen fertilizer business to continue to deliver hydrogen to us. The feedstock and shared services agreement requires us to compensate the nitrogen fertilizer business for the value of production lost due to the hydrogen supply requirement. See *The Nitrogen Fertilizer Limited Partnership Intercompany Agreements*.

Factors Affecting Comparability of Our Financial Results

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

2007 Flood and Crude Oil Discharge

During the weekend of June 30, 2007, torrential rains in southeast Kansas caused the Verdigris River to overflow its banks and flood the town of Coffeyville, Kansas. Our refinery and nitrogen fertilizer plant, which are located in close proximity to the Verdigris River, were severely flooded, sustained major damage and required extensive repairs. Total gross costs incurred and recorded as of March 31, 2008 related to the third party costs to repair the refinery and fertilizer facilities were approximately \$82.5 million and \$4.0 million, respectively. Additionally, other corporate overhead and miscellaneous costs incurred and recorded in connection with the flood as of March 31, 2008 were approximately \$19.3 million. We currently estimate that approximately \$2.1 million in third party costs related to the repair of flood damaged property will be recorded in future periods. In addition to the cost of repairing the facilities, we experienced a significant revenue loss attributable to the property damage during the period when the facilities were not in operation.

Despite our efforts to secure the refinery prior to its evacuation as a result of the flood, we estimate that 1,919 barrels (80,600 gallons) of crude oil and 226 barrels of crude oil fractions were discharged from our refinery into the Verdigris River flood waters beginning on or about July 1, 2007. We have substantially completed remediation of the

contamination caused by the crude oil discharge

Table of Contents

and expect any remaining minor remedial actions to be completed by December 31, 2008. Total net costs recorded as of March 31, 2008 associated with remediation efforts and third party property damage incurred by the crude oil discharge are approximately \$27.3 million. This amount is net of anticipated insurance recoveries of \$21.4 million.

As of March 31, 2008, we have recorded total gross costs associated with the repair of, and other matters relating to the damage to our facilities and with third party and property damage remediation incurred due to the crude oil discharge of approximately \$154.5 million. Total anticipated insurance recoveries of approximately \$107.2 million have been recorded as of March 31, 2008 (of which \$21.5 million has already been received from insurance carriers by us), resulting in a net cost of approximately \$47.3 million. See Flood and Crude Oil Discharge Insurance for a discussion of two lawsuits we filed against certain of our insurance carriers on July 10, 2008. We have not estimated any potential fines, penalties or claims that may be imposed or brought by regulatory authorities or possible additional damages arising from lawsuits related to the flood.

Refinancing and Prior Indebtedness

Effective May 10, 2004, Immediate Predecessor entered into a term loan of \$150.0 million and a \$75.0 million revolving loan facility with a syndicate of banks, financial institutions, and institutional lenders. Both loans were secured by substantially all of Immediate Predecessor's real and personal property, including receivables, contract rights, general intangibles, inventories, equipment, and financial assets. The covenants contained under the new term loan contained restrictions which limited the ability to pay dividends at the complete discretion of our board of directors. The Immediate Predecessor had no other restrictions on its ability to make dividend payments. Once any debt requirements were met, any dividends were at the discretion of our board of directors. There were outstanding borrowings of \$148.9 million under the term loan and less than \$0.1 million under the revolving loan facility at December 31, 2004. Outstanding borrowings on June 23, 2005 were repaid in connection with the Subsequent Acquisition.

Effective June 24, 2005, Coffeyville Resources, LLC entered into a first lien credit facility and a second lien credit facility. The first lien credit facility was in an aggregate amount not to exceed \$525.0 million, consisting of \$225.0 million tranche B term loans; \$50.0 million of delayed draw term loans available for the first 18 months of the agreement and subject to accelerated payment terms; a \$100.0 million revolving loan facility; and a funded letter of credit facility (funded facility) of \$150.0 million for the benefit of the Cash Flow Swap provider. The first lien credit facility was secured by substantially all of Coffeyville Resources, LLC's assets. In June 2006 the first lien credit facility was amended and restated and the \$225.0 million of tranche B term loans were refinanced with \$225.0 million of tranche C term loans. The second lien credit facility was a \$275.0 million term loan facility secured by substantially all of Coffeyville Resources, LLC's assets on a second priority basis.

On December 28, 2006, Coffeyville Resources, LLC entered into a new credit facility and used the proceeds thereof to repay its then existing first lien credit facility and second lien credit facility, and to pay a dividend to the members of Coffeyville Acquisition LLC. The credit facility provides financing of up to \$1.075 billion, consisting of \$775.0 million of tranche D term loans, a \$150.0 million revolving credit facility, and a funded letter of credit facility of \$150.0 million issued in support of the Cash Flow Swap. The credit facility is secured by substantially all of Coffeyville Resources, LLC's assets. See Description of Our Indebtedness and the Cash Flow Swap. As a result, interest expense for the year ended December 31, 2007 was significantly higher than interest expense for the year ended December 31, 2006. Consolidated interest expense for the year ended December 31, 2007 was \$61.1 million as compared to interest expense of \$43.9 million for the year ended December 31, 2006. At December 31, 2006, we had a balance of \$775.0 million on our term loan facility.

The 2007 flood and crude oil discharge had a significant negative effect on our liquidity in July/August 2007. As a result, in August 2007, our subsidiaries entered into a \$25.0 million secured facility, a \$25.0 million unsecured facility

and a \$75.0 million unsecured facility. Our statement of operations

Table of Contents

for the year ended December 31, 2007 includes \$0.9 million in interest expense related to these facilities with no comparable amount for the same period in the prior year.

In October 2007, we paid down \$280.0 million of outstanding long-term debt with initial public offering proceeds. In addition, proceeds of our initial public offering were used to repay in full our \$25.0 million secured credit facility, our \$25.0 million unsecured credit facility and \$50.0 million of indebtedness under our revolving credit facility. No amounts were drawn under the \$75.0 million unsecured facility, and it terminated upon consummation of our initial public offering.

Our statements of operations for the three months ended March 31, 2008 includes interest expense of \$11.3 million on the term debt of \$488.0 million. Interest expense associated with the term debt for the three months ended March 31, 2007 totaled \$11.9 million. Term debt as of March 31, 2007 totaled \$775.0 million.

J. Aron Deferrals

As a result of the flood and the temporary cessation of our operations on June 30, 2007, Coffeyville Resources, LLC entered into several deferral agreements with J. Aron with respect to the Cash Flow Swap, which is a series of commodity derivative arrangements whereby if crack spreads in absolute terms fall below a fixed level, J. Aron agreed to pay the difference to us, and if crack spreads in absolute terms rise above a fixed level, we agreed to pay the difference to J. Aron. These deferral agreements deferred to August 31, 2008 the payment of approximately \$123.7 million plus accrued interest (\$6.2 million as of July 1, 2008) which we owed to J. Aron. We are required to use 37.5% of our consolidated excess cash flow for any quarter after January 31, 2008 to prepay the deferred amounts, but as of March 31, 2008, we were not required to prepay any portion of the deferred amount. We are in the process of negotiating a deferral of \$87.5 million of these amounts owed to J. Aron until July 31, 2009. Under the terms of the proposed deferral of \$87.5 million of the amounts owed to J. Aron, we will be required to use the substantial majority of any gross proceeds from any indebtedness we incur in excess of \$125.0 million, including the proceeds of this offering, to prepay a portion of the deferred amounts. We cannot assure you that the new deferral agreement will be consummated.

Change in Reporting Entity as a Result of the Initial Public Offering

Prior to our initial public offering in October 2007, our operations were conducted by an operating partnership, Coffeyville Resources, LLC. The reporting entity of the organization was also a partnership. Immediately prior to the closing of our initial public offering, Coffeyville Resources, LLC became an indirect, wholly-owned subsidiary of CVR Energy. As a result, for periods ending after October 2007, we report our results of operations and financial condition as a corporation on a consolidated basis rather than as an operating partnership.

Public Company Expenses

We believe that our general and administrative expenses will increase due to the costs of operating as a public company, such as increases in legal, accounting and compliance, insurance premiums, and investor relations. We estimate that the increase in these costs will total approximately \$2.5 million to \$3.0 million on an annual basis, excluding the costs associated with the initial implementation of our Sarbanes-Oxley Section 404 internal controls review and testing. Our financial statements following the initial public offering reflect the impact of these expenses, whereas our financial statements for periods prior to the initial public offering do not reflect these expenses.

2007 Turnaround

In April 2007, we completed a planned turnaround of our refining plant at a total cost approximating \$80.4 million, which included \$66.0 million recorded in the first quarter of 2007. The refinery processed crude until February 11, 2007 at which time a staged shutdown of the refinery began. The refinery recommenced operations on March 22, 2007 and continually increased crude oil charge rates

Table of Contents

until all of the key units were restarted by April 23, 2007. The turnaround significantly impacted our financial results for 2007 and had no impact on our 2008 results.

2005 Acquisition

On June 24, 2005, pursuant to a stock purchase agreement dated May 15, 2005, Coffeyville Acquisition LLC acquired all of the subsidiaries of Coffeyville Group Holdings, LLC. See Note 1 to our consolidated financial statements included elsewhere in this prospectus. We refer to this acquisition as the Subsequent Acquisition, and we refer to our post-June 24, 2005 operations as Successor. As a result of certain adjustments made in connection with this acquisition, a new basis of accounting was established on the date of the acquisition and the results of operations for the 233 days ended December 31, 2005 are not comparable to prior periods.

Cash Flow Swap

In connection with the Subsequent Acquisition in June 2005, Coffeyville Resources, LLC entered into a series of commodity derivative contracts, the Cash Flow Swap, in the form of three long-term swap agreements. Based on crude oil capacity of 115,000 bpd, the Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of our credit facility and upon meeting specific requirements related to our leverage ratio and our credit ratings, we are permitted to reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010, so long as at the time of reduction or termination, we pay the amount of unrealized losses associated with the amount reduced or terminated. We have determined that the Cash Flow Swap does not qualify as a hedge for hedge accounting purposes under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. Therefore, in the financial statements for all periods after July 1, 2005, the statement of operations reflects all the realized and unrealized gains and losses from this swap. For the 233-day period ending December 31, 2005, we recorded realized and unrealized losses of \$59.3 million and \$235.9 million, respectively. For the year ending December 31, 2006, we recorded net realized losses of \$46.8 million and net unrealized gains of \$126.8 million. For the year ended December 31, 2007, we recorded net realized losses of \$157.2 million and net unrealized losses of \$103.2 million. The current environment of high and rising crude oil prices has led to higher crack spreads in absolute terms but significantly narrower crack spreads as a percentage of crude oil prices. As a result, the Cash Flow Swap, under which payments are calculated based on crack spreads in absolute terms, has had and continues to have a material negative impact on our earnings. Due to the Cash Flow Swap, we paid J. Aron \$52.4 million on July 8, 2008 for crude oil we settled with respect to the quarter ending June 30, 2008.

Property Tax Assessments

Our results of operations for the twelve months ending December 31, 2005 and 2006 reflect no property tax for our fertilizer facility (due to a tax abatement) and only a small property tax for our refinery. Our results of operations for the year ended December 31, 2007 reflect a substantially increased property tax for our refinery, and our results of operations for the three months ended March 31, 2008 reflect a substantially increased property tax for our fertilizer facility, as a result of new tax assessments by Montgomery County, Kansas and the end of the tax abatement. We have appealed both assessments. The refinery was again reappraised effective January 1, 2008. We have also appealed this new assessment, and believe that tax exemptions should apply to any incremental tax which would be owed as a result of the new assessment.

Consolidation of Nitrogen Fertilizer Limited Partnership

Prior to the consummation of our initial public offering, we transferred our nitrogen fertilizer business to the Partnership and sold the managing general partner interest in the Partnership to a

Table of Contents

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

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

Using criteria in FIN No. 46R, management has determined that we are the primary beneficiary of the Partnership, although 100% of the managing general partner interest is owned by a new entity owned by our controlling stockholders and senior management outside our reporting structure. Since we are the primary beneficiary, the financial statements of the Partnership remain consolidated in our financial statements. The managing general partner s interest is reflected as a minority interest on our balance sheet.

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

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

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

- a sale of some or all of our partnership interests to an unrelated party;
- a sale of the managing general partner interest to a third party;
- the issuance by the Partnership of partnership interests to parties other than us or our related parties; and
- the acquisition by us of additional partnership interests (either new interests issued by the Partnership or interests acquired from unrelated interest holders).

In addition, we would need to reassess our consolidation of the Partnership if the Partnership s governing documents or contractual arrangements are changed in a manner that reallocates between us and other unrelated parties either (1) the

obligation to absorb the expected losses of the Partnership or (2) the right to receive the expected residual returns of the Partnership.

Table of Contents**Industry Factors*****Petroleum Business***

Earnings for our petroleum business depend largely on our refining margins, which have been and continue to be volatile. Crude oil and refined product prices depend on factors beyond our control. While it is impossible to predict refining margins due to the uncertainties associated with global crude oil supply and global and domestic demand for refined products, we believe that refining margins for U.S. refineries will generally remain above those experienced in the periods prior to 2003. Growth in demand for refined products in the United States, particularly transportation fuels, continues to exceed the ability of domestic refiners to increase capacity. In addition, changes in global supply and demand and other factors have affected the extent to which product importation to the United States can relieve domestic supply deficits. Our marketing region continues to be undersupplied and is a net importer of transportation fuels.

Crude oil costs are at historic highs. West Texas Intermediate crude oil averaged \$97.82 per barrel for the three months ended March 31, 2008, as compared to \$58.27 per barrel during the comparable period in 2007 and \$123.80 per barrel for the three months ended June 30, 2008 as compared to \$65.02 during the comparable period in 2007. WTI crude oil prices averaged over \$105 per barrel in March 2008, over \$134 per barrel in June 2008 and spiked to \$140 per barrel on June 30, 2008. These high crude oil costs and current crack spreads have had a negative impact on our business.

Crude oil discounts also contribute to our petroleum business earnings. Discounts for sour and heavy sour crude oils compared to sweet crudes continue to fluctuate widely. The worldwide production of sour and heavy sour crude oil, continuing demand for light sweet crude oil, and the increasing volumes of Canadian sours to the mid-continent continue to cause wide swings in discounts. As a result of our expansion project, we continue to increase volumes of heavy sour Canadian crudes and reduce our dependence on more expensive light sweet crudes.

Nitrogen Fertilizer Business

Global demand for fertilizers typically grows at predictable rates and tends to correspond to growth in grain production and pricing. Global fertilizer demand is driven in the long term primarily by population growth, increases in disposable income and associated improvements in diet. Short-term demand depends on world economic growth rates and factors creating temporary imbalances in supply and demand. We operate in a highly competitive, global industry. Our products are globally-traded commodities and, as a result, we compete principally on the basis of delivered price. We are geographically advantaged to supply nitrogen fertilizer products to the Corn Belt compared to U.S. Gulf Coast producers and our gasification process requires approximately 1% of the natural gas relative to natural gas-based fertilizer producers.

Currently, the nitrogen fertilizer market is driven by an almost unprecedented increase in demand. According to the United States Department of Agriculture (USDA), U.S. farmers planted 92.9 million acres of corn in 2007, exceeding the 2006 planted area by 19%. The actual planted acreage is the highest on record since 1944, when farmers planted 95.5 million acres of corn. The USDA is forecasting as of March 2008 that total U.S. planted corn acreage in 2008 will decline to 86 million acres. Despite this decrease, Blue Johnson estimates that nitrogen fertilizer consumption by farm users will increase by one million tons due to the need to correct for under fertilization of corn in 2007, a forecasted increase in total planted wheat acreage and very strong crop prices. This estimated increase in nitrogen usage translates into an annual increase of 3.3 million tons of UAN, or approximately five times our total 2008 estimated UAN production.

Total worldwide ammonia capacity has been growing. A large portion of the net growth has been in China and is attributable to China maintaining its self-sufficiency with regards to ammonia. Excluding China and the former Soviet Union, the trend in net ammonia capacity has been essentially

Table of Contents

flat since the late 1990s, as new plant construction has been offset by plant closures in countries with high-cost feedstocks. The high cost of capital is also limiting capacity increase. Today's strong market growth appears to be readily absorbing the latest capacity additions.

Earnings for the nitrogen fertilizer business depend largely on the prices of nitrogen fertilizer products, the floor price of which is directly influenced by natural gas prices. Natural gas prices have been and continue to be volatile. In addition, nitrogen fertilizer prices have been decoupled from their historical correlation with natural gas prices in recent years and increased substantially more than natural gas prices in 2007 and 2008 (based on data provided by Blue Johnson).

Results of Operations

In this Results of Operations section, we first review our business on a consolidated basis, and then separately review the results of operations of each of our petroleum and nitrogen fertilizer businesses on a standalone basis.

Consolidated Results of Operations

The period-to-period comparisons of our results of operations have been prepared using the historical periods included in our financial statements. As discussed in Note 1 to our consolidated financial statements, effective June 24, 2005, Successor acquired the net assets of Immediate Predecessor in a business combination accounted for as a purchase. As a result of this acquisition, the consolidated financial statements for the periods after the acquisition are presented on a different cost basis than that for the period before the acquisition and, therefore, are not comparable. Accordingly, in this Results of Operations section, after comparing the three months ended March 31, 2008 with the three months ended March 31, 2007 and the year ended December 31, 2007 with the year ended December 31, 2006, we compare the year ended December 31, 2006 with the 174-day period ended June 23, 2005 and the 233-day period ended December 31, 2005.

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

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

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

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

purposes of displaying supplemental operating data for the year ended December 31, 2005, we have combined the 174-day period ended June 23, 2005 and the

Table of Contents

233-day period ended December 31, 2005 to provide a comparative year ended December 31, 2005 to the year ended December 31, 2006.

We changed our method of allocating corporate selling, general and administrative expense to the operating segments in 2007. The effect of the change on operating income for 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005 and the year ended December 31, 2006 would have been a decrease of \$1.0 million, \$1.4 million and \$6.0 million, respectively, to the petroleum segment, an increase of \$1.2 million, \$1.4 million and \$6.0 million, respectively, to the nitrogen fertilizer segment and a decrease of \$0.2 million, \$0.0 million and \$0.0 million, respectively, to the other segment.

The following table provides an overview of our results of operations during the past three fiscal years and the three months ended March 31, 2007 and March 31, 2008:

Consolidated Financial Results	Immediate Predecessor		Successor			
	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007	Three Months Ended March 31, 2007 2008	
					(unaudited)	(unaudited)
	(in millions)					
Net sales	\$ 980.7	\$ 1,454.3	\$ 3,037.6	\$ 2,966.9	\$ 390.5	\$ 1,223.0
Cost of product sold (exclusive of depreciation and amortization)	768.0	1,168.1	2,443.4	2,308.8	303.7	1,036.2
Direct operating expenses (exclusive of depreciation and amortization)	80.9	85.3	199.0	276.1	113.4	60.6
Selling, general and administrative expense (exclusive of depreciation and amortization)	18.4	18.4	62.6	93.1	13.2	13.4
Net costs associated with flood(1)				41.5		5.8
Depreciation and amortization(2)	1.1	24.0	51.0	60.8	14.2	19.6
Operating income	\$ 112.3	\$ 158.5	\$ 281.6	\$ 186.6	\$ (54.0)	\$ 87.4
Net income (loss)(3)	52.4	(119.2)	191.6	(67.6)	(154.4)	22.2
Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap(4)	52.4	23.6	115.4	(5.6)	(137.0)	(47.9)

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

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

Table of Contents

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

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

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

- (a) Represents the write-off of \$8.1 million of deferred financing costs in connection with the refinancing of our senior secured credit facility on June 23, 2005, the write-off of \$23.4 million in connection with the

refinancing of our senior secured credit facility on December 28, 2006 and the write-off of \$1.3 million in connection with the repayment and termination of three credit facilities on October 26, 2007.

- (b) Consists of the additional cost of product sold expense due to the step up to estimated fair value of certain inventories on hand at June 24, 2005, as a result of the allocation of the purchase price of the Subsequent Acquisition to inventory.
 - (c) Consists of fees which are expensed to selling, general and administrative expense in connection with the funded letter of credit facility of \$150.0 million issued in support of the Cash Flow Swap. We consider these fees to be equivalent to interest expense and the fees are treated as such in the calculation of EBITDA in the credit facility.
 - (d) Represents expenses associated with a major scheduled turnaround at the nitrogen fertilizer plant and our refinery.
 - (e) Represents the expense associated with the expiration of the crude oil, heating oil and gasoline option agreements entered into by Coffeyville Acquisition LLC in May 2005.
- (4) Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap results from adjusting for the unrealized portion of the derivative transaction that was executed in conjunction with the Subsequent Acquisition. On June 16, 2005, Coffeyville Acquisition LLC entered into the Cash Flow Swap with J. Aron, a subsidiary of The Goldman Sachs

Table of Contents

Group, Inc., and a related party of ours. The Cash Flow Swap was subsequently assigned from Coffeyville Acquisition LLC to Coffeyville Resources, LLC on June 24, 2005. The derivative took the form of three NYMEX swap agreements whereby if absolute (i.e., in dollar terms, not as a percentage of crude oil prices) crack spreads fall below the fixed level, J. Aron agreed to pay the difference to us, and if absolute crack spreads rise above the fixed level, we agreed to pay the difference to J. Aron. The Cash Flow Swap represents approximately 58% and 14% of crude oil capacity for the periods July 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, respectively. Under the terms of our credit facility and upon meeting specific requirements related to our leverage ratio and our credit ratings, we are permitted to reduce the Cash Flow Swap to 35,000 bpd, or approximately 30% of expected crude oil capacity, for the period from April 1, 2008 through December 31, 2008 and terminate the Cash Flow Swap in 2009 and 2010, so long as at the time of reduction or termination, we pay the amount of unrealized losses associated with the amount reduced or terminated.

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

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

Table of Contents

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

Consolidated Financial Results	Immediate Predecessor		Successor			
	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006		Three Months Ended March 31, 2007	
			2007		2008	
			(in millions)			
Net income (loss) adjusted for unrealized gain or loss from Cash Flow Swap	\$ 52.4	\$ 23.6	\$ 115.4	\$ (5.6)	\$ (82.4)	\$ 30.6
Plus:						
Unrealized gain or (loss) from Cash Flow Swap, net of taxes		(142.8)	76.2	(62.0)	(72.0)	(8.4)
Net income (loss)	\$ 52.4	\$ (119.2)	\$ 191.6	\$ (67.6)	\$ (154.4)	\$ 22.2

Three Months Ended March 31, 2008 Compared to the Three Months Ended March 31, 2007 (Consolidated)

Net Sales. Consolidated net sales were \$1,223.0 million for the three months ended March 31, 2008 compared to \$390.5 million for the three months ended March 31, 2007. The increase of \$832.5 million for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 was primarily due to an increase in petroleum net sales of \$816.0 million that resulted from higher sales volumes (\$592.1 million) primarily resulting from the refinery turnaround which began in February 2007 and was completed in April 2007 and higher product prices (\$223.9 million). Nitrogen fertilizer net sales increased \$24.0 million for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 primarily due to higher plant gate prices, partially offset by reductions in overall sales volume.

Cost of Product Sold Exclusive of Depreciation and Amortization. Consolidated cost of product sold exclusive of depreciation and amortization was \$1,036.2 million for the three months ended March 31, 2008 as compared to \$303.7 million for the three months ended March 31, 2007. The increase of \$732.5 million for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 primarily resulted from a significant increase in refined fuel production volumes over the comparable period due to the refinery turnaround which began in February 2007 and was completed in April 2007.

Direct Operating Expenses Exclusive of Depreciation and Amortization. Consolidated direct operating expenses exclusive of depreciation and amortization were \$60.6 million for the three months ended March 31, 2008 as compared to \$113.4 million for the three months ended March 31, 2007. This decrease of \$52.8 million for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 was due to a decrease in petroleum direct operating expenses of \$56.4 million, primarily related to decreases in expenses associated with the refinery turnaround and labor, partially offset by increases in expenses associated with utilities and energy, repairs and maintenance, production chemicals, taxes and environmental. Nitrogen fertilizer direct operating expenses increased during the comparable period by \$3.6 million, primarily due to increases in expenses associated with taxes, repairs

and maintenance, labor, catalysts and outside services, partially offset by decreases in expenses associated with utilities, royalties and other and equipment

Table of Contents

rental. The nitrogen fertilizer facility was subject to a property tax abatement which expired beginning in 2008. We have estimated our accrued property tax liability based upon the assessment value received by the county.

Selling, General and Administrative Expenses Exclusive of Depreciation and Amortization. Consolidated selling, general and administrative expenses were \$13.4 million for the three months ended March 31, 2008 as compared to \$13.2 million for the three months ended March 31, 2007. This variance was primarily the result of decreases in administrative labor (\$3.0 million) primarily related to deferred compensation which was more than offset by increases in expenses related to outside services (\$2.2 million), bad debt (\$0.4 million), insurance (\$0.3 million), bank charges (\$0.2 million), public relations (\$0.1 million) and other selling, general and administrative costs (\$0.1 million).

Net Costs Associated with Flood. Consolidated net costs associated with flood for the three months ended March 31, 2008 approximated \$5.8 million as compared to none for the three months ended March 31, 2007. As the flood occurred in the second and third quarter of 2007 there was no financial statement impact in the first quarter of 2007. Total gross costs recorded for the three months ended March 31, 2008 were approximately \$7.6 million. Of these gross costs, approximately \$3.8 million were associated with repair and other matters as a result of the damage to the Company's facilities. Included in this cost was \$0.3 million of professional fees and \$3.5 million for other repair and related costs. There were also approximately \$3.8 million of costs recorded with respect to environmental remediation and property damage. Total accounts receivable from insurers approximated \$85.7 million at March 31, 2008, for which we believe collection is probable.

Depreciation and Amortization. Consolidated depreciation and amortization was \$19.6 million for the three months ended March 31, 2008 as compared to \$14.2 million for the three months ended March 31, 2007. The increase in depreciation and amortization for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 was primarily the result of the completion of several large capital projects.

Operating Income. Consolidated operating income was \$87.4 million for the three months ended March 31, 2008 as compared to an operating loss of \$54.0 million for the three months ended March 31, 2007. For the three months ended March 31, 2008 as compared to the three months ended March 31, 2007, petroleum operating income increased \$127.1 million and nitrogen fertilizer operating income increased by \$16.7 million.

Interest Expense. Consolidated interest expense for the three months ended March 31, 2008 was \$11.3 million as compared to interest expense of \$11.9 million for the three months ended March 31, 2007. This 5% decrease for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 primarily resulted from an overall decrease in the index rates (primarily LIBOR) and a decrease in average borrowings outstanding during the comparable periods.

Interest Income. Interest income was \$0.7 million for the three months ended March 31, 2008 as compared to \$0.5 million for the three months ended March 31, 2007.

Loss on Derivatives, Net. We have determined that the Cash Flow Swap and our other derivative instruments do not qualify as hedges for hedge accounting purposes under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. For the three months ended March 31, 2008, we incurred \$47.9 million in losses on derivatives. This compares to a \$137.0 million loss on derivatives for the three months ended March 31, 2007. This significant decrease in loss on derivatives, net for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 was primarily attributable to the realized and unrealized losses on our Cash Flow Swap. Realized losses on the Cash Flow Swap for the three months ended March 31, 2008 and the three months ended March 31, 2007 were \$21.5 million and \$8.5 million, respectively. The increase in realized losses over the comparable periods was primarily the result of higher net barrels hedged for the three months ended March 31, 2008 as compared to the

three months ended March 31, 2007.

Table of Contents

Unrealized losses represent the change in the mark-to-market value on the unrealized portion of the Cash Flow Swap based on changes in the NYMEX crack spread that is the basis for the Cash Flow Swap. Unrealized losses on our Cash Flow Swap for the three months ended March 31, 2008 and the three months ended March 31, 2007 were \$13.9 million and \$119.7 million, respectively. This change in the unrealized loss of the Cash Flow Swap over the comparable periods reflect decreases in the crack spread values on the unrealized positions comprising the Cash Flow Swap. In addition to the change in the NYMEX crack spread, the outstanding term of the Cash Flow Swap at the end of each period also affects the impact that the changes of the underlying crack spread may have on the unrealized gain or loss. As of March 31, 2008, the Cash Flow Swap had a remaining term of approximately two years and three months whereas as of March 31, 2007 the remaining term on the Cash Flow Swap was approximately three years and three months. As a result of the shorter remaining term as of March 31, 2008, a similar change in crack spread will have a smaller impact on the unrealized gains or losses.

Provision for Income Taxes. Income tax expense for the three months ended March 31, 2008 was \$6.9 million, or 23.6% of income before income taxes, as compared to income tax benefit of \$(47.3) million, or 23.4% of earnings before income taxes, for the three months ended March 31, 2007.

Minority Interest in (Income) Loss of Subsidiaries. Minority interest in loss of subsidiaries for the three months ended March 31, 2007 was \$0.7 million compared to none during the three months ended March 31, 2008. Minority interest for 2007 related to common stock in two of our subsidiaries owned by our chief executive officer. In October 2007, in connection with our initial public offering, our chief executive officer exchanged his common stock in our subsidiaries for common stock of CVR Energy.

Net Income. For the three months ended March 31, 2008, net income increased to \$22.2 million as compared to net loss of \$(154.4) million for the three months ended March 31, 2007. Net income increased \$176.6 million compared to the first quarter of 2007 primarily due to the planned turnaround that commenced in February 2007. For the three months ended March 31, 2007 the Company incurred costs of \$66.0 million associated with the refinery turnaround. In addition the Company's net income was favorably impacted by a significant change in the fair value of the Cash Flow Swap over the comparable periods.

Year Ended December 31, 2007 Compared to the Year Ended December 31, 2006 (Consolidated).

Net Sales. Consolidated net sales were \$2,966.9 million for the year ended December 31, 2007 compared to \$3,037.6 million for the year ended December 31, 2006. The decrease of \$70.7 million for the year ended December 31, 2007 as compared to the year ended December 31, 2006 was primarily due to a decrease in petroleum net sales of \$74.2 million that resulted from lower sales volumes (\$576.9 million), partially offset by higher product prices (\$502.7 million). Nitrogen fertilizer net sales increased \$3.4 million for the year ended December 31, 2007 as compared to the year ended December 31, 2006 as reductions in overall sales volumes (\$31.0 million) were more than offset by higher plant gate prices (\$34.4 million). The sales volume decrease for the refinery primarily resulted from a significant reduction in refined fuel production volumes over the comparable periods due to the refinery turnaround which began in February 2007 and was completed in April 2007 and the refinery downtime resulting from the flood. The flood was also a major contributor to lower nitrogen fertilizer sales volume.

Cost of Product Sold Exclusive of Depreciation and Amortization. Consolidated cost of product sold exclusive of depreciation and amortization was \$2,308.8 million for the year ended December 31, 2007 as compared to \$2,443.4 million for the year ended December 31, 2006. The decrease of \$134.6 million for the year ended December 31, 2007 as compared to the year ended December 31, 2006 primarily resulted from a significant reduction in refined fuel production volumes

Table of Contents

over the comparable periods due to the refinery turnaround which began in February 2007 and was completed in April 2007 and the refinery downtime resulting from the flood.

Direct Operating Expenses Exclusive of Depreciation and Amortization. Consolidated direct operating expenses exclusive of depreciation and amortization were \$276.1 million for the year ended December 31, 2007 as compared to \$199.0 million for the year ended December 31, 2006. This increase of \$77.1 million for the year ended December 31, 2007 as compared to the year ended December 31, 2006 was due to an increase in petroleum direct operating expenses of \$74.2 million, primarily related to the refinery turnaround, and an increase in nitrogen fertilizer direct operating expenses of \$3.0 million.

Selling, General and Administrative Expenses Exclusive of Depreciation and Amortization. Consolidated selling, general and administrative expenses exclusive of depreciation and amortization were \$93.1 million for the year ended December 31, 2007 as compared to \$62.6 million for the year ended December 31, 2006. This variance was primarily the result of increases in administrative labor primarily related to deferred compensation and share-based compensation (\$19.1 million), other costs primarily related to the termination of the management agreements with Goldman Sachs Funds and Kelso Funds (\$10.6 million), bank charges (\$1.3 million) and office costs (\$0.3 million).

Net Costs Associated with Flood. Consolidated net costs associated with flood for the year ended December 31, 2007 approximated \$41.5 million as compared to none for the year ended December 31, 2006. Total gross costs associated with the flood for the year ended December 31, 2007 were approximately \$146.8 million. Of these gross costs, approximately \$101.9 million were associated with repair and other matters as a result of the physical damage to the Company's facilities and approximately \$44.9 million were associated with the environmental remediation and property damage. Included in the gross costs associated with the flood were certain costs that are excluded from the accounts receivable from insurers of \$85.3 million at December 31, 2007, for which we believe collection is probable. The costs excluded from the accounts receivable from insurers were \$7.6 million of depreciation for the temporarily idled facilities, \$3.6 million of uninsured losses within the Company's insurance deductibles, \$6.8 million of uninsured expenses and \$23.5 million recorded with respect to environmental remediation and property damage. As of December 31, 2007, \$20.0 million of insurance recoveries recorded in 2007 had been collected and are not reflected in the accounts receivable from insurers balance at December 31, 2007.

Depreciation and Amortization. Consolidated depreciation and amortization was \$60.8 million for the year ended December 31, 2007 as compared to \$51.0 million for the year ended December 31, 2006. During the restoration period for the refinery and our nitrogen fertilizer operations due to the flood, \$7.6 million of depreciation and amortization was reclassified into net costs associated with flood. Adjusting for this \$7.6 million reclassification, the increase in consolidated depreciation and amortization for the year ended December 31, 2007 compared to the year ended December 31, 2006 would have been approximately \$17.4 million. This adjusted increase in consolidated depreciation and amortization for the year ended December 31, 2007 as compared to the year ended December 31, 2006 was primarily the result of the completion of the several large capital projects in late 2006 and during the year ended December 31, 2007 in our Petroleum business.

Operating Income. Consolidated operating income was \$186.6 million for the year ended December 31, 2007 as compared to operating income of \$281.6 million for the year ended December 31, 2006. For the year ended December 31, 2007 as compared to the year ended December 31, 2006, petroleum operating income decreased \$100.7 million primarily as a result of the refinery turnaround which began in February 2007 and was completed in April 2007 and the refinery downtime associated with the flood. For the year ended December 31, 2007 as compared to the year ended December 31, 2006, nitrogen fertilizer operating income increased by \$9.8 million as downtime and expenses associated with the flood and increases in direct operating expenses were more than offset by a reduction in cost of product sold and higher plant gate prices.

Table of Contents

Interest Expense. Consolidated interest expense for the year ended December 31, 2007 was \$61.1 million as compared to interest expense of \$43.9 million for the year ended December 31, 2006. This 39% increase for the year ended December 31, 2007 as compared to the year ended December 31, 2006 primarily resulted from an overall increase in the index rates (primarily LIBOR) and an increase in average borrowings outstanding during the comparable periods. Partially offsetting these negative impacts on consolidated interest expense was a \$0.4 million increase in capitalized interest over the comparable periods. Additionally, consolidated interest expense over the comparable periods was partially offset by decreases in the applicable margins under our credit facility dated December 28, 2006 as compared to our prior borrowing facility in effect for substantially all of the year ended December 31, 2006.

Interest Income. Interest income was \$1.1 million for the year ended December 31, 2007 as compared to \$3.5 million for the year ended December 31, 2006.

Gain (loss) on Derivatives. We have determined that the Cash Flow Swap and our other derivative instruments do not qualify as hedges for hedge accounting purposes under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. For the year ended December 31, 2007, we incurred \$282.0 million in losses on derivatives. This compares to a \$94.5 million gain on derivatives for the year ended December 31, 2006. This significant change in gain (loss) on derivatives for the year ended December 31, 2007 as compared to the year ended December 31, 2006 was primarily attributable to the realized and unrealized gains (losses) on our Cash Flow Swap. Realized losses on the Cash Flow Swap for the year ended December 31, 2007 and the year ended December 31, 2006 were \$157.2 million and \$46.8 million, respectively. The increase in realized losses over the comparable periods was primarily the result of higher average absolute crack spreads for the year ended December 31, 2007 as compared to the year ended December 31, 2006. Unrealized gains or losses represent the change in the mark-to-market value on the unrealized portion of the Cash Flow Swap based on changes in the NYMEX crack spread that is the basis for the Cash Flow Swap. Unrealized losses on our Cash Flow Swap for the year ended December 31, 2007 were \$103.2 million and reflect an increase in the crack spread values on the unrealized positions comprising the Cash Flow Swap. In contrast, the unrealized portion of the Cash Flow Swap for the year ended December 31, 2006 reported mark-to-market gains of \$126.8 million and reflect a decrease in the crack spread values on the unrealized positions comprising the Cash Flow Swap. In addition, the outstanding term of the Cash Flow Swap at the end of each period also affects the impact of changes in the underlying crack spread. As of December 31, 2007, the Cash Flow Swap had a remaining term of approximately two years and six months whereas as of December, 2006, the remaining term on the Cash Flow Swap was approximately three years and six months. As a result of the longer remaining term as of December 31, 2006, a similar change in crack spread will have a greater impact on the unrealized gains or losses.

Provision for Income Taxes. Income tax benefit for the year ended December 31, 2007 was \$88.5 million, or 57% of loss before income taxes, as compared to income tax expense of \$119.8 million, or 39% of earnings before income taxes, for the year ended December 31, 2006. Our effective tax rate increased in the year ended December 31, 2007 as compared to the year ended December 31, 2006 primarily due to the impact of the American Jobs Creation Act of 2004, which provides an income tax credit to small business refiners related to the production of ultra low sulfur diesel. We recognized an income tax benefit of approximately \$17.3 million in 2007 compared to \$4.5 million in 2006 on a credit of approximately \$26.6 million in 2007 compared to a credit of approximately \$6.9 million in 2006 related to the production of ultra low sulfur diesel. In addition, state income tax credits, net of federal expense, approximating \$19.8 million were earned and recorded in 2007 that related to the expansion of the facilities in Kansas.

Minority Interest in (Income) Loss of Subsidiaries. Minority interest in loss of subsidiaries for the year ended December 31, 2007 was \$0.2 million. Minority interest relates to common stock in two of our subsidiaries owned by our chief executive officer. In October 2007, in connection with our

Table of Contents

initial public offering, our chief executive officer exchanged his common stock in our subsidiaries for common stock of CVR Energy.

Net Income. For the year ended December 31, 2007, net income decreased to a net loss of \$67.6 million as compared to net income of \$191.6 million for the year ended December 31, 2006. Net income decreased \$259.2 million for the year ended December 31, 2007 as compared to the year ended December 31, 2006, primarily due to the refinery turnaround, downtime and costs associated with the flood and a significant change in the value of the Cash Flow Swap over the comparable periods.

Year Ended December 31, 2006 Compared to the 174 Days Ended June 23, 2005 and the 233 Days Ended December 31, 2005 (Consolidated).

Net Sales. Consolidated net sales were \$3,037.6 million for the year ended December 31, 2006 compared to \$980.7 million for the 174 days ended June 23, 2005 and \$1,454.3 million for the 233 days ended December 31, 2005. The increase of \$602.6 million for the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005 was primarily due to an increase in petroleum net sales of \$613.2 million that resulted from significantly higher product prices (\$384.1 million) and increased sales volumes (\$229.1 million) over the comparable periods. Nitrogen fertilizer net sales decreased \$10.5 million for the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005 due to decreased selling prices (\$1.6 million) and a reduction in overall sales volumes (\$8.9 million).

Cost of Product Sold Exclusive of Depreciation and Amortization. Consolidated cost of product sold exclusive of depreciation and amortization was \$2,443.4 million for the year ended December 31, 2006 as compared to \$768.0 million for the 174 days ended June 23, 2005 and \$1,168.1 million for the 233 days ended December 31, 2005. The increase of \$507.3 million for the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005 was primarily due to an increase in crude oil prices, sales volumes and the impact of FIFO accounting in our petroleum business. The nitrogen fertilizer business accounted for approximately \$2.3 million of the increase in cost of products sold over the comparable period primarily related to increases in freight expense.

Depreciation and Amortization. Consolidated depreciation and amortization was \$51.0 million for the year ended December 31, 2006 as compared to \$1.1 million for the 174 days ended June 23, 2005 and \$24.0 million for the 233 days ended December 31, 2005. The increase of \$25.9 million for the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005 was due to an increase in petroleum depreciation and amortization of \$16.6 million and an increase in nitrogen fertilizer depreciation and amortization of \$8.4 million.

Direct Operating Expenses Exclusive of Depreciation and Amortization. Consolidated direct operating expenses exclusive of depreciation and amortization were \$199.0 million for the year ended December 31, 2006 as compared to \$80.9 million for the 174 days ended June 23, 2005 and \$85.3 million for the 233 days ended December 31, 2005. This increase of \$32.8 million for the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005 was due to an increase in petroleum direct operating expenses of \$26.5 million and an increase in nitrogen fertilizer direct operating expenses of \$6.2 million.

Selling, General and Administrative Expenses Exclusive of Depreciation and Amortization. Consolidated selling, general and administrative expenses were \$62.6 million for the year ended December 31, 2006 as compared to \$18.4 million for the 174 days ended June 23, 2005 and \$18.4 million for the 233 days ended December 31, 2005. Consolidated selling, general and administrative expenses for the 174 days ended June 23, 2005 were negatively impacted by certain expenses associated with \$3.3 million of unearned compensation related to the management equity of Immediate Predecessor in relation to the Subsequent Acquisition. Adjusting for this expense, consolidated selling, general and administrative expenses increased \$29.1 million for the year ended

Table of Contents

December 31, 2006 as compared to the combined periods ended December 31, 2005. This variance was primarily the result of increases in administrative labor related to increased headcount and share-based compensation (\$18.6 million), office costs (\$1.3 million), letter of credit fees due under our \$150.0 million funded letter of credit facility utilized as collateral for the Cash Flow Swap which was not in place for approximately six months in the comparable period (\$2.1 million), public relations expense (\$0.5 million) and outside services expense (\$2.4 million).

Operating Income. Consolidated operating income was \$281.6 million for the year ended December 31, 2006 as compared to \$112.3 million for the 174 days ended June 23, 2005 and \$158.5 million for the 233 days ended December 31, 2005. For the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005, petroleum operating income increased \$45.9 million and nitrogen fertilizer operating income decreased by \$34.2 million.

Interest Expense. We reported consolidated interest expense for the year ended December 31, 2006 of \$43.9 million as compared to interest expense of \$7.8 million for the 174 days ended June 23, 2005 and \$25.0 million for the 233 days ended December 31, 2005. This 34% increase for the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005 was the direct result of increased average borrowings over the comparable periods associated with both our credit facility dated December 28, 2006 and our borrowing facility completed in association with the Subsequent Acquisition and an increase in the actual rate of our borrowings due primarily to increases both in index rates (LIBOR and prime rate) and applicable margins. See Liquidity and Capital Resources Debt. The comparability of interest expense during the comparable periods has been impacted by the differing capital structures of Successor and Immediate Predecessor periods. See Factors Affecting Comparability of Our Financial Results.

Interest Income. Interest income was \$3.5 million for the year ended December 31, 2006 as compared to \$0.5 million for the 174 days ended June 23, 2005 and \$1.0 million for the 233 days ended December 31, 2005. The increase for the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005 was primarily due to larger cash balances and higher yields on invested cash.

Gain (loss) on Derivatives. For the year ended December 31, 2006, we reported \$94.5 million in gains on derivatives. This compares to a \$7.7 million loss on derivatives for the 174 days ended June 23, 2005 and a \$316.1 million loss on derivatives for the 233 days ended December 31, 2005. This significant change in gain (loss) on derivatives for the year ended December 31, 2006 as compared to the combined period ended December 31, 2005 was primarily attributable to our Cash Flow Swap and the accounting treatment for all of our derivative transactions. We determined that the Cash Flow Swap and our other derivative instruments do not qualify as hedges for hedge accounting purposes under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Since the Cash Flow Swap had a significant term remaining as of December 31, 2006 (approximately three years and six months) and the NYMEX crack spread that is the basis for the underlying swap contracts that comprised the Cash Flow Swap had declined during this period, the unrealized gains on the Cash Flow Swap increased significantly. The \$323.7 million loss on derivatives during the combined period ended December 31, 2005 is inclusive of the expensing of a \$25.0 million option entered into by Successor for the purpose of hedging certain levels of refined product margins. At closing of the Subsequent Acquisition, we determined that this option was not economical and we allowed the option to expire worthless, which resulted in the expensing of the associated premium during the year ended December 31, 2005. See Quantitative and Qualitative Disclosures About Market Risk Commodity Price Risk.

Extinguishment of Debt. On December 28, 2006, Coffeyville Acquisition LLC refinanced its existing first lien credit facility and second lien credit facility and raised \$1.075 billion in long-term debt commitments under the new credit facility. See Liquidity and Capital Resources Debt. As a result of the retirement of the first and second lien credit facilities with the proceeds of the credit facility, we recognized \$23.4 million as a loss on extinguishment of debt in 2006. On June 24, 2005

Table of Contents

and in connection with the acquisition of Immediate Predecessor by Coffeyville Acquisition LLC, we raised \$800.0 million in long-term debt commitments under both the first lien credit facility and second lien credit facility. See Factors Affecting Comparability of Our Financial Results and Liquidity and Capital Resources Debt. As a result of the retirement of Immediate Predecessor's outstanding indebtedness consisting of \$150.0 million term loan and revolving credit facilities, we recognized \$8.1 million as a loss on extinguishment of debt in 2005.

Other Income (Expense). For the year ended December 31, 2006, other expense was \$0.9 million as compared to other expense of \$0.8 million for the 174 days ended June 23, 2005 and other expense of \$0.6 million for the 233 days ended December 31, 2005.

Provision for Income Taxes. Income tax expense for the year ended December 31, 2006 was \$119.8 million, or 38.5% of earnings before income taxes, as compared to a tax benefit of \$26.9 million, or 28.7% of earnings before income taxes, for the combined periods ended December 31, 2005. The effective tax rate for 2005 was impacted by a realized loss on option agreements that expired unexercised. Coffeyville Acquisition LLC was party to these agreements and the loss was incurred at that level which we effectively treated as a permanent non-deductible loss.

Net Income. For the year ended December 31, 2006, net income increased to \$191.6 million as compared to net income of \$52.4 million for the 174 days ended June 23, 2005 and a net loss of \$119.2 million for the 233 days ended December 31, 2005. Net income increased \$258.4 million for the year ended December 31, 2006 as compared to the combined periods ended December 31, 2005, primarily due to improved operating income in our petroleum operations and a significant change in the value of the Cash Flow Swap over the comparable periods.

Petroleum Business Results of Operations

Refining margin is a measurement calculated as the difference between net sales and cost of products sold (exclusive of depreciation and amortization). Refining margin is a non-GAAP measure that we believe is important to investors in evaluating our refinery's performance as a general indication of the amount above our cost of products that we are able to sell refined products. Each of the components used in this calculation (net sales and cost of products sold exclusive of depreciation and amortization) can be taken directly from our statement of operations. Our calculation of refining margin may differ from similar calculations of other companies in our industry, thereby limiting its

Table of Contents

usefulness as a comparative measure. The following table shows selected information about our petroleum business including refining margin:

	Immediate Predecessor		Successor			
	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007	Three Months Ended March 31, 2007 (unaudited) 2008 (unaudited)	
	(in millions)					
Petroleum Business:						
Net sales	\$ 903.8	\$ 1,363.4	\$ 2,880.4	\$ 2,806.2	\$ 352.5	\$ 1,168.5
Cost of product sold (exclusive of depreciation and amortization)	761.7	1,156.2	2,422.7	2,300.2	298.5	1,035.1
Direct operating expenses (exclusive of depreciation and amortization)	52.6	56.2	135.3	209.5	96.7	40.3
Net costs associated with flood Depreciation and amortization	0.8	15.6	33.0	43.0	9.8	14.9
Gross profit (loss)	\$ 88.7	\$ 135.4	\$ 289.4	\$ 216.8	\$ (52.5)	\$ 72.7
Plus direct operating expenses (exclusive of depreciation and amortization)	52.6	56.2	135.3	209.5	96.7	40.3
Plus net costs associated with flood				36.7		5.5
Plus depreciation and amortization	0.8	15.6	33.0	43.0	9.8	14.9
Refining margin	\$ 142.1	\$ 207.2	\$ 457.7	\$ 506.0	\$ 54.0	\$ 133.4
Refining margin per crude oil throughput barrel	\$ 9.28	\$ 11.55	\$ 13.27	\$ 18.17	\$ 12.69	\$ 13.76
Gross profit (loss) per crude oil throughput barrel	\$ 5.79	\$ 7.55	\$ 8.39	\$ 7.79	\$ (12.34)	\$ 7.50
Direct operating expenses (exclusive of depreciation and amortization) per crude oil throughput barrel	\$ 3.44	\$ 3.13	\$ 3.92	\$ 7.52	\$ 22.73	\$ 4.16
Operating income (loss)	76.7	123.0	245.6	144.9	(63.5)	63.6
	Immediate Predecessor and Successor					

	Combined		Successor		
	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007	Three Months Ended March 31, 2007 (unaudited)	Three Months Ended March 31, 2008 (unaudited)
(dollars per barrel, except as indicated)					
Market Indicators					
West Texas Intermediate (WTI) crude oil	\$ 56.70	\$ 66.25	\$ 72.36	\$ 58.27	\$ 97.82
NYMEX 2-1-1 Crack Spread	11.62	10.84	13.95	12.17	11.81
Crude Oil Differentials:					
WTI less WTS (sour)	4.73	5.36	5.16	4.26	4.63
WTI less Maya (heavy sour)	15.67	14.99	12.54	14.80	19.84
WTI less Dated Brent (foreign)	2.18	1.13	(0.02)	0.51	1.10
PADD II Group 3 versus NYMEX Basis:					
Gasoline	(0.53)	1.52	3.56	(0.54)	(1.46)
Heating Oil	3.20	7.42	7.95	8.77	3.65
PADD II Group 3 versus NYMEX Crack:					
Gasoline	10.53	12.26	18.34	12.43	4.95
Heating Oil	15.60	18.77	21.40	20.57	20.77

Table of Contents

	Immediate Predecessor and Successor Combined		Successor			
	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007		Three Months Ended March 31, 2007 2008	
					(unaudited)	(unaudited)
	(dollars per barrel, except as indicated)					

Company Operating Statistics

Per barrel profit, margin and expense of crude oil throughput:

Refining margin	\$ 10.50	\$ 13.27	\$ 18.17	\$ 12.69	\$ 13.76
Gross profit	\$ 6.74	\$ 8.39	\$ 7.79	\$ (12.34)	\$ 7.50
Direct operating expenses (exclusive of depreciation and amortization)	3.27	3.92	7.52	22.73	4.16
Per gallon sales price:					
Gasoline	1.61	1.88	2.20	1.59	2.45
Distillate	1.71	1.99	2.28	1.78	2.85

Selected Company Volumetric Data	Immediate Predecessor and Successor Combined December 31, 2005		Successor December 31, 2006		Successor December 31, 2007		Three Months Ended March 31, 2007		Three Months Ended March 31, 2008	
	Barrels per Day	%	Barrels per Day	%	Barrels per Day	%	Barrels per Day (unaudited)	%	Barrels per Day (unaudited)	%
Production:										
Total gasoline	45,275	43.8	48,248	44.7	37,017	42.9	23,499	43.8	59,662	47.5
Total distillate	39,997	38.7	42,175	39.0	34,814	40.4	21,976	40.9	48,591	38.7
Total other	18,090	17.5	17,608	16.3	14,370	16.7	8,214	15.3	17,361	13.8
Total all production	103,362	100.0	108,031	100.0	86,201	100.0	53,689	100.0	125,614	100.0
Crude oil										
Throughput	91,097	92.6	94,524	92.1	76,285	93.0	47,267	92.7	106,530	89.6
and other inputs	7,246	7.4	8,067	7.9	5,780	7.0	3,716	7.3	13,197	11.0
Total feedstocks	98,343	100.0	102,591	100.0	82,065	100.0	50,983	100.0	119,727	100.0
Crude oil										
Throughput by crude										
oil										
Throughput										
by crude										
oil										