ASTRAZENECA PLC
Form 6-K
December 04, 2018

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of (December 2018)

Commission File Number: 001-11960

AstraZeneca PLC

1 Francis Crick Avenue
Cambridge Biomedical Campus
Cambridge CB2 0AA
United Kingdom

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F X Form 40-F __

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes __ No X

If "Yes" is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b): 82-_____________

AstraZeneca PLC

INDEX TO EXHIBITS

1.
Director/PDMR Shareholding

4 December 2018 15:00 GMT

TRANSACTION BY PERSON DISCHARGING MANAGERIAL RESPONSIBILITIES

AstraZeneca PLC (the Company) announces that, on 3 December 2018, Marc Dunoyer, a person discharging managerial responsibilities (PDMR) exercised an option to purchase 544 of the Company's ordinary shares of $0.25 each (Ordinary Shares) at a price of £33.07 per Ordinary Share, under the AstraZeneca PLC 2012 Savings Related Share Option Scheme (Sharesave).

Further details are set out in the attached notification, made in accordance with the requirements of the EU Market Abuse Regulation.

1	Details of the person discharging managerial responsibilities / person closely associated	
a)	Name	Marc Dunoyer
2	Reason for the notification	
a)	Position/status	Chief Financial Officer
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	AstraZeneca PLC
b)	LEI	PY6ZZQWO2IZFZC3IOL08
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	

a)	Description of the financial instrument, type of instrument Identification code	Ordinary Shares of US$0.25 each in AstraZeneca PLC GB0009895292
b)	Nature of the transaction	Exercise of option to purchase shares under the AstraZeneca PLC 2012 Savings Related Share Option Scheme (Sharesave)
c)	Price(s) and volume(s)	Price(s) Volume(s) £33.07 544
d)	Aggregated information - Aggregated volume - Price	Not applicable - single transaction
e)	Date of the transaction	3 December 2018
f)	Place of the transaction	Outside a trading venue

About AstraZeneca
AstraZeneca is a global, science-led biopharmaceutical company that focuses on the discovery, development and commercialisation of prescription medicines, primarily for the treatment of diseases in three therapy areas - Oncology, Cardiovascular, Renal & Metabolism and Respiratory. AstraZeneca operates in over 100 countries and its innovative medicines are used by millions of patients worldwide.

For more information, please visit www.astrazeneca.com and follow us on Twitter @AstraZeneca.

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Adrian Kemp
Company Secretary
AstraZeneca PLC

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AstraZeneca PLC

Date: 04 December 2018

By: /s/ Adrian Kemp
Name: Adrian Kemp
Title: Company Secretary

tom"> 235,885
Issuance of 919,630 nonvested operating override units
919,630
Issuance of 1,839,265 nonvested value override units
1,839,265
Recognition of share-based compensation expense related to override units
603 395 998
Adjustment to fair value for management common units
(3,035) (3,035)
Net loss allocated to common units
(118,019) (118,019)
Balance at December 31, 2005
23,588,500 114,831 919,630 603 1,839,265 395 115,829
Issuance of 2,000,000 common units for cash
2,000,000 20,000 20,000
Recognition of share-based compensation expense related to override units
1,160 695 1,855
Adjustment to fair value for management common units
(4,240) (4,240)
Prorata reduction of common units outstanding
(2,973,563)
Issuance of 72,492 nonvested operating override units
72,492
Issuance of 144,966 nonvested value override units
144,966
Distributions to common unit holders
(246,881) (246,881)
Net income allocated to common units
189,883 189,883
Balance at December 31, 2006
22,614,937 73,593 992,122 1,763 1,984,231 1,090 76,446
Recognition of share-based compensation expense related to override units
1,018 701 1,719
Adjustment to fair value for management common units, as restated( )
(2,037) (2,037)
Adjustment to fair value for minority interest
(1,053) (1,053)
Reversal of minority interest fair value adjustments upon redemption of the minority interest
1,053 1,053
Net loss allocated to common units, as restated( )
(40,756) (40,756)
Change from partnership to corporate reporting structure, as restated( )
(22,614,937) (30,800) (992,122) (2,781) (1,984,231) (1,791) (35,372)

Balance at December 31, 2007
$ $ $ $

( )See Note 2 to consolidated financial statements.

See accompanying notes to consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders Equity/Members Equity (Continued)

	Common Stock Shares Issued	Common Stock Amount	Additional Paid-In Capital	Retained Deficit	Total
	(in thousands of dollars except share amounts)				
Balance at January 1, 2007		$	$	$	$
Change from partnership to corporate reporting structure, as restated( )	62,866,720	629	43,398		44,027
Issuance of common stock in exchange for minority interest of related party	247,471	2	4,700		4,702
Cash dividend declared			(10,600)		(10,600)
Public offering of common stock, net of stock issuance costs of $39,873,655	22,917,300	229	395,326		395,555
Purchase of common stock by employees through share purchase program	82,700	1	1,570		1,571
Share-based compensation			23,400		23,400
Issuance of common stock to employees	27,100		565		565
Net loss, as restated( )				(26,500)	(26,500)
Balance at December 31, 2007, as restated( )	86,141,291	$ 861	$ 458,359	$ (26,500)	$ 432,720

( )See Note 2 to consolidated financial statements.

See accompanying notes to consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	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 As restated( )
	(in thousands of dollars)			
Cash flows from operating activities:				
Net income (loss)	$ 52,397	$ (119,157)	$ 191,571	$ (67,618)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,128	23,954	51,005	68,406
Provision for doubtful accounts	(190)	276	100	15
Amortization of deferred financing costs	812	1,751	3,337	2,778
Loss on disposition of fixed assets			1,188	1,273
Loss on extinguishment of debt	8,094		23,360	1,258
Forgiveness of note receivable			350	
Share-based compensation	3,986	1,093	16,905	44,083
Minority interest in loss of subsidiaries				(210)
Changes in assets and liabilities, net of effect of acquisition:				
Accounts receivable	(11,335)	(34,507)	1,871	(16,972)
Inventories	(59,045)	1,895	(7,157)	(84,980)
Prepaid expenses and other current assets	(939)	(6,492)	(5,384)	4,848
Insurance receivable				(105,260)
Insurance proceeds for flood				20,000
Other long-term assets	3,036	(4,651)	1,971	3,245
Accounts payable	16,125	40,656	5,005	59,110
Accrued income taxes	4,504	(136)	(37,039)	732
Deferred revenue	(9,073)	9,983	(3,218)	4,349
Other current liabilities	1,255	10,405	4,592	27,027
Payable to swap counterparty		256,722	(147,021)	240,944
Accrued environmental liabilities	(1,553)	(539)	(1,614)	(551)
Other long-term liabilities	(297)	(296)		1,122
Deferred income taxes	3,804	(98,425)	86,770	(57,684)
Net cash provided by operating activities	12,709	82,532	186,592	145,915
Cash flows from investing activities:				
		(685,126)		

Cash paid for acquisition of Immediate Predecessor, net of cash acquired				
Capital expenditures	(12,257)	(45,172)	(240,225)	(268,593)
Net cash used in investing activities	(12,257)	(730,298)	(240,225)	(268,593)
Cash flows from financing activities:				
Revolving debt payments	(343)	(69,286)	(900)	(345,800)
Revolving debt borrowings	492	69,286	900	345,800
Proceeds from issuance of long-term debt		500,000	805,000	50,000
Principal payments on long-term debt	(375)	(562)	(529,438)	(335,797)
Payment of financing costs		(24,628)	(9,364)	(2,491)
Prepayment penalty on extinguishment of debt			(5,500)	
Payment of note receivable			150	
Issuance of members equity		237,660	20,000	
Net proceeds from sale of common stock				399,556
Distribution of members equity	(52,211)		(250,000)	(10,600)
Sale of managing general partnership interest				10,600
Net cash provided by (used in) financing activities	(52,437)	712,470	30,848	111,268
Net increase (decrease) in cash and cash equivalents	(51,985)	64,704	(22,785)	(11,410)
Cash and cash equivalents, beginning of period	52,652		64,704	41,919
Cash and cash equivalents, end of period	$ 667	$ 64,704	$ 41,919	$ 30,509
Supplemental disclosures				
Cash paid for income taxes, net of refunds (received)	$ 27,040	$ 35,593	$ 70,109	$ (31,563)
Cash paid for interest	$ 7,287	$ 23,578	$ 51,854	$ 56,886
Non-cash investing and financing activities:				
Step-up in basis in property for exchange of common stock for minority interest, net of deferred taxes of $389	$	$	$	$ 586
Accrual of construction in progress additions	$	$	$ 45,991	$ (15,268)
Contributed capital through Leiber tax savings	$ 729	$	$	$
Notes payable and capital lease obligations for insurance and inventory	$	$	$	$ 11,640

See Note 2 to consolidated financial statements.

See accompanying notes to consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Organization and History of the Company

Organization

The Company or CVR may be used to refer to CVR Energy, Inc. and, unless the context otherwise requires, its subsidiaries. Any references to the Company as of a date prior to October 16, 2007 (the date of the restructuring as further discussed in this Note) and subsequent to June 24, 2005 are to Coffeyville Acquisition LLC (CALLC) and its subsidiaries.

On June 24, 2005, CALLC acquired all of the outstanding stock of Coffeyville Refining & Marketing, Inc. (CRM); Coffeyville Nitrogen Fertilizers, Inc. (CNF); Coffeyville Crude Transportation, Inc. (CCT); Coffeyville Pipeline, Inc. (CP); and Coffeyville Terminal, Inc. (CT) (collectively, CRIncs). CRIncs collectively own 100% of CL JV Holdings, LLC (CLJV) and, directly or through CLJV, they collectively own 100% of Coffeyville Resources, LLC (CRLLC) and its wholly owned subsidiaries, Coffeyville Resources Refining & Marketing, LLC (CRRM); Coffeyville Resources Nitrogen Fertilizers, LLC (CRNF); Coffeyville Resources Crude Transportation, LLC (CRCT); Coffeyville Resources Pipeline, LLC (CRP); and Coffeyville Resources Terminal, LLC (CRT).

The Company, through its wholly-owned subsidiaries, acts as an independent petroleum refiner and marketer in the mid-continental United States and a producer and marketer of upgraded nitrogen fertilizer products in North America. The Company s operations include two business segments: the petroleum segment and the nitrogen fertilizer segment.

CALLC formed CVR Energy, Inc. as a wholly owned subsidiary, incorporated in Delaware in September 2006, in order to effect an initial public offering. CALLC formed Coffeyville Refining & Marketing Holdings, Inc. (Refining Holdco) as a wholly owned subsidiary, incorporated in Delaware in August 2007, by contributing its shares of CRM to Refining Holdco in exchange for its shares. Refining Holdco was formed in connection with a financing transaction in August 2007. The initial public offering of CVR was consummated on October 26, 2007. In conjunction with the initial public offering, a restructuring occurred in which CVR became a direct or indirect owner of all of the subsidiaries of CALLC. Additionally, in connection with the initial public offering, CALLC was split into two entities: Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC (CALLC II).

Initial Public Offering of CVR Energy, Inc.

On October 26, 2007, CVR Energy, Inc. completed an initial public offering of 23,000,000 shares of its common stock. The initial public offering price was $19.00 per share.

The net proceeds to CVR from the initial public offering were approximately $408.5 million, after deducting underwriting discounts and commissions, but before deduction of offering expenses. The Company also incurred approximately $11.4 million of other costs related to the initial public offering. The net proceeds from this offering were used to repay $280 million of term debt under the Company s credit facility and to repay all indebtedness under the Company s $25 million unsecured facility and $25 million secured facility, including related accrued interest through the date of repayment of approximately $5.9 million. Additionally, $50 million of net proceeds were used to repay outstanding indebtedness under the revolving loan facility under the Company s credit facility. In connection with the repayment of the $25 million unsecured facility and the $25 million secured facility, the Company recorded a write-off of unamortized deferred financing fees of approximately $1.3 million in the fourth quarter of 2007.

In connection with the initial public offering, CVR became the indirect owner of the subsidiaries of CALLC and CALLC II. This was accomplished by CVR issuing 62,866,720 shares of its common stock to CALLC and CALLC II, its majority stockholders, in conjunction with the mergers of two newly

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

formed direct subsidiaries of CVR into Refining Holdco and CNF. Concurrent with the merger of the subsidiaries and in accordance with a previously executed agreement, the Company s chief executive officer received 247,471 shares of CVR common stock in exchange for shares that he owned of Refining Holdco and CNF. The shares were fully vested and were exchanged at fair market value.

The Company also issued 27,100 shares of common stock to its employees on October 24, 2007 in connection with the initial public offering. The compensation expense recorded in the fourth quarter of 2007 was $565,000 related to shares issued. Immediately following the completion of the offering, there were 86,141,291 shares of common stock outstanding, which does not include the non-vested shares issued noted below.

On October 24, 2007, 17,500 shares of non-vested stock having a fair value of $365,000 at the date of grant were issued to outside directors. Although ownership of the shares does not transfer to the recipients until the shares have vested, recipients have dividend and voting rights on these shares from the date of grant. The fair value of each share of restricted stock was measured based on the market price of the common stock as of the date of grant and will be amortized over the respective vesting periods. One-third of the restricted stock will vest on October 24, 2008, one-third will vest on October 24, 2009, and the final one-third will vest on October 24, 2010. Additionally, options to purchase 10,300 common shares at an exercise price of $19.00 per share were granted to outside directors on October 22, 2007. These awards will vest over a three year service period. Fair value was measured using an option-pricing model at the date of grant.

Nitrogen Fertilizer Limited Partnership

In conjunction with the consummation of CVR s initial public offering, CVR transferred CRNF, its nitrogen fertilizer business, to a newly created limited partnership (Partnership) in exchange for a managing general partner interest (managing GP interest), a special general partner interest (special GP interest, represented by special GP units) and a de minimis limited partner interest (LP interest, represented by special LP units). This transfer was not considered a business combination as it was a transfer of assets among entities under common control and, accordingly, balances were transferred at their historical cost. CVR concurrently sold the managing GP interest to an entity owned by its controlling stockholders and senior management at fair market value. The board of directors of CVR determined, after consultation with management, that the fair market value of the managing general partner interest was $10.6 million. This interest has been reflected as minority interest in the consolidated balance sheet at December 31, 2007.

The valuation of the managing general partner interest was based on a discounted cash flow analysis, using a discount rate commensurate with the risk profile of the managing general partner interest. The key assumptions underlying the analysis were commodity price projections, which were used to determine the Partnership s raw material costs and output revenues. Other business expenses of the Partnership were based on management s projections. The Partnership s cash distributions were assumed to be flat at expected forward fertilizer prices, with cash reserves developed in periods of high prices and cash reserves reduced in periods of lower prices. The Partnership s projected cash flows due to the managing general partner under the terms of the Partnership s partnership agreement used for the valuation were modeled based on the structure of expectations of the Partnership s operations, including production volumes and operating costs, which were developed by management based on historical operations and experience. Price projections were based on information received from Blue, Johnson & Associates, a leading fertilizer industry consultant in the United States which CVR routinely uses for fertilizer market analysis.

In conjunction with CVR Energy s indirect ownership of the special GP interest, it initially owned all of the interests in the Partnership (other than the managing general partner interest and the IDRs)

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

and initially was entitled to all cash distributed by the Partnership. The managing general partner is not entitled to participate in Partnership distributions except with respect to its IDRs, which entitle the managing general partner to receive increasing percentages (up to 48%) of the cash the Partnership distributes in excess of $0.4313 per unit in a quarter. However, the Partnership is not permitted to make any distributions with respect to the IDRs until the aggregate Adjusted Operating Surplus, as defined in the amended and restated partnership agreement, generated by the Partnership during the period from the completion of the Partnership s initial public offering of its common units representing limited partner interests (Partnership Offering) through December 31, 2009 has been distributed in respect of the GP units and subordinated GP units, which CVR Energy will indirectly hold following completion of the Partnership Offering, and the Partnership s common units (which will be issued in connection with the Partnership Offering) and any other partnership interests that are issued in the future. The Partnership and its subsidiaries are currently guarantors under CRLLC s credit facility.

The Partnership is operated by CVR s senior management pursuant to a services agreement among CVR, the managing general partner, and the Partnership. The Partnership is managed by the managing general partner and, to the extent described below, CVR, as special general partner. As special general partner of the Partnership, CVR has joint management rights regarding the appointment, termination, and compensation of the chief executive officer and chief financial officer of the managing general partner, has the right to designate two members of the board of directors of the managing general partner, and has joint management rights regarding specified major business decisions relating to the Partnership. CVR the Partnership and the managing general partner also entered into a number of agreements to regulate certain business relations between the partners.

At December 31, 2007, the Partnership had 30,333 special LP units outstanding, representing 0.1% of the total Partnership units outstanding, and 30,303,000 special GP interests outstanding, representing 99.9% of the total Partnership units outstanding. In addition, the managing general partner owned the managing general partner interest and the IDRs. The managing general partner contributed 1% of CRNF s interest to the Partnership in exchange for its managing general partner interest and the IDRs.

On February 28, 2008, the Partnership filed a registration statement with the SEC to effect the contemplated initial public offering of its common units representing limited partner interests. The registration statement provided that upon consummation of the Partnership s initial public offering, CVR will indirectly own the Partnership s special general partner and approximately 87% of the outstanding units of the Partnership. There can be no assurance that any such offering will be consummated on the terms described in the registration statement or at all. The offering is under review by the Securities and Exchange Commission (SEC) and as a result the terms and resulting structure disclosed below could be materially different.

In connection with the Partnership s initial public offering, CRLLC will contribute all of its special LP units to the Partnership s special general partner and all of the Partnership s special general partner interests and special limited partner interests will be converted into a combination of GP and subordinated GP units. Following the initial public offering, the Partnership will have five types of partnership interest outstanding:

- 5,250,000 common units representing limited partner interests, all of which the Partnership will sell in the initial public offering;

18,750,000 GP units representing special general partner interests, all of which will be held by the Partnership s special general partner;

18,000,000 subordinated GP units representing special general partner interests, all of which will be held by the Partnership s special general partner;

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

incentive distribution rights representing limited partner interests, all of which will be held by the Partnership s managing general partner; and

a managing general partner interest, which is not entitled to any distributions, which is held by the Partnership s managing general partner.

Effective with the Partnerships initial public offering, the partnership agreement will require that the Partnership distribute all of its cash on hand at the end of each quarter, less reserves established by its managing general partner, subject to the sustainability requirement in the event the Partnership elects to increase the quarterly distribution amount. The amount of available cash may be greater or less than the aggregate amount necessary to make the minimum quarterly distribution on all common units, GP units and subordinated units.

Subsequent to the initial public offering, the Partnership will make minimum quarterly distributions of $0.375 per common unit ($1.50 per common unit on an annualized basis) to the extent the Partnership has sufficient available cash. In general, cash distributions will be made each quarter as follows:

First, to the holders of common units and GP units until each common unit and GP unit has received a minimum quarterly distribution of $0.375 plus any arrearages from prior quarters;

Second, to the holders of subordinated units, until each subordinated unit has received a minimum quarterly distribution of $0.375; and

Third, to all unitholders, pro rata, until each unit has received a quarterly distribution of $0.4313.

If cash distributions exceed $0.4313 per unit in a quarter, the Partnership s managing general partner, as holder of the IDRs, will receive increasing percentages, up to 48%, of the cash the Partnership distributes in excess of $0.4313 per unit. However, the managing general partner will not be entitled to receive any distributions in respect of the IDRs until the Partnership has made cash distributions in an aggregate amount equal to the Partnership s adjusted operating surplus generated during the period from the closing of the initial public offering until December 31, 2009.

During the subordination period, the subordinated units will not be entitled to receive any distributions until the common units and GP units have received the minimum quarterly distribution of $0.375 per unit plus any arrearages from prior quarters. The subordination period will end once the Partnership meets the financial tests in the partnership agreement.

If the Partnership meets the financial tests in the partnership agreement for any three consecutive four-quarter periods ending on or after the first quarter whose first day begins at least three years following the closing of the Partnership Offering, 25% of the subordinated GP units will convert into GP units on a one-for-one basis. If the Partnership meets these financial tests for any three consecutive four-quarter periods ending on or after the first quarter whose first day begins at least four years following the closing of the Partnership Offering, an additional 25% of the subordinated GP units will convert into GP units on a one-for-one basis. The early conversion of the second 25% of the subordinated GP units may not occur until at least one year following the end of the last four-quarter period in respect of which the first 25% of the subordinated GP units were converted. If the subordinated GP units have converted into subordinated

LP units at the time the financial tests are met they will convert into common units, rather than GP units. In addition, the subordination period will end if the managing general partner is removed as the managing general partner where cause (as defined in the partnership agreement) does not exist and no units held by the managing general partner and its affiliates are voted in favor of that removal.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

When the subordination period ends, all subordinated units will convert into GP units or common units on a one-for-one basis, and the common units and GP units will no longer be entitled to arrearages.

The partnership agreement authorizes the Partnership to issue an unlimited number of additional units and rights to buy units for the consideration and on the terms and conditions determined by the managing general partner without the approval of the unitholders.

The Partnership will distribute all cash received by it or its subsidiaries in respect of accounts receivable existing as of the closing of the initial public offering exclusively to its special general partner.

The managing general partner, together with the special general partner, manages and operates the Partnership. Common unitholders will only have limited voting rights on matters affecting the Partnership. In addition, common unitholders will have no right to elect either of the general partners or the managing general partner s directors on an annual or other continuing basis.

If at any time the managing general partner and its affiliates own more than 80% of the common units, the managing general partner will have the right, but not the obligation, to purchase all of the remaining common units at a purchase price equal to the greater of (x) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (y) the highest per-unit price paid by the managing general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed.

Successor and Immediate Predecessor

Successor refers collectively to both CVR Energy, Inc. and CALLC. CALLC was formed as a Delaware limited liability company on May 13, 2005. On June 24, 2005, CALLC acquired all of the outstanding stock of CRIncs from Coffeyville Group Holdings, LLC (Immediate Predecessor) (the Subsequent Acquisition). As a result of this transaction, CRIncs ownership increased to 100% of CLJV, a Delaware limited liability company formed on September 27, 2004. CRIncs directly and indirectly, through CLJV, collectively own 100% of CRLLC and its wholly owned subsidiaries, CRRM; CRNF; CRCT; CRP; and CRT.

CALLC 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 (see Notes 16 and 17) as of May 16, 2005. These agreements expired unexercised on June 16, 2005 and resulted in an expense of $25,000,000 reported in the accompanying consolidated statements of operations as gain (loss) on derivatives for the 233 days ended December 31, 2005.

Immediate Predecessor was a Delaware limited liability company formed in October 2003. There was no financial statement activity until March 3, 2004, when Immediate Predecessor, acting through wholly owned subsidiaries, acquired the assets of the former Farmland Industries, Inc. (Farmland) Petroleum Division and one facility located in Coffeyville, Kansas within Farmland s eight-plant Nitrogen Fertilizer Manufacturing and Marketing Division (collectively, Original Predecessor) (the Initial Acquisition). As of March 3, 2004, Immediate Predecessor owned 100% of CRIncs, and CRIncs owned 100% of CRLLC and its wholly owned subsidiaries, CRRM, CRNF, CRCT, CRP, and CRT. Farmland was a farm supply cooperative and a processing and marketing cooperative.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Since the assets and liabilities of Successor and Immediate Predecessor (collectively, CVR) were each presented on a new basis of accounting, the financial information for Successor and Immediate Predecessor, is not comparable.

On October 8, 2004, Immediate Predecessor, acting through its wholly owned subsidiaries, CRM and CNF, contributed 68.7% of its membership in CRLLC to CLJV, in exchange for a controlling interest in CLJV. Concurrently, The Leiber Group, Inc., a company whose majority stockholder was Pegasus Partners II, L.P., the Immediate Predecessor s principal stockholder, contributed to CLJV its interest in the Judith Leiber business, a designer handbag business, in exchange for a minority interest in CLJV. The Judith Leiber business was at the time owned through Leiber Holdings, LLC (LH), a Delaware limited liability company wholly owned at the time by CLJV. Based on the relative values of the properties at the time of contribution to CLJV, CRM and CNF collectively, were entitled to 80.5% of CLJV s net profits and net losses. Under the terms of CRLLC s credit agreement, CRLLC was permitted to make tax distributions to its members, including CLJV, in amounts equal to the tax liability that would be incurred by CRLLC if its net income were subject to corporate-level income tax. From the tax distributions CLJV received from CRLLC as of December 31, 2004 and June 23, 2005, CLJV contributed $1,600,000 and $4,050,000, respectively, to LH which is presented as tax expense in the respective periods in the accompanying consolidated statements of operations for the reasons discussed below.

On June 23, 2005, as part of the stock purchase agreement, LH completed a merger with Leiber Merger, LLC, a wholly owned subsidiary of The Leiber Group, Inc. As a result of the merger, the surviving entity was LH. Under the terms of the agreement, CLJV forfeited all of its ownership in LH to The Leiber Group, Inc in exchange for LH s interest in CLJV. The result of this transaction was to effectively redistribute the contributed businesses back to The Leiber Group, Inc.

The operations of LH and its subsidiaries (collectively, Leiber) have not been included in the accompanying consolidated financial statements of the Predecessor because Leiber s operations were unrelated to, and are not part of, the ongoing operations of CVR. CLJV s management was not the same as the Immediate Predecessor s, the Successor s, or CVR s, there were no intercompany transactions between CLJV and the Immediate Predecessor, the Successor, or CVR, aside from the contributions, and the Immediate Predecessor only participated in the joint venture for a short period of time. The tax benefits received from LH, as a result of losses incurred by LH, have been reflected as capital contributions in the accompanying consolidated financial statements of the Immediate Predecessor.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Successor Acquisition

On May 15, 2005, Successor and Immediate Predecessor entered into an agreement whereby Successor acquired 100% of the outstanding stock of CRIncs with an effective date of June 24, 2005 for $673,273,000, including the assumption of $353,085,000 of liabilities. Successor also paid transaction costs of $12,519,000, which consisted of legal, accounting, and advisory fees of $5,783,000 paid to various parties, and transaction fees of $6,000,000 and $736,000 in expenses related to the acquisition paid to institutional investors (see Note 17). Successor s primary reason for the purchase was the belief that long-term fundamentals for the refining industry were strengthening and the capital requirement was within its desired investment range. The cost of the Subsequent Acquisition was financed through long-term borrowings of approximately $500 million, short-term borrowings of approximately $12.6 million, and the issuance of common units for approximately $227.7 million. The allocation of the purchase price at June 24, 2005, the date of the Subsequent Acquisition, is as follows:

Assets acquired		
Cash	$	667,000
Accounts receivable		37,329,000
Inventories		156,171,000
Prepaid expenses and other current assets		4,865,000
Intangibles, contractual agreements		1,322,000
Goodwill		83,775,000
Other long-term assets		3,838,000
Property, plant, and equipment		750,910,000
Total assets acquired	$	1,038,877,000
Liabilities assumed		
Accounts payable	$	47,259,000
Other current liabilities		16,017,000
Current income taxes		5,076,000
Deferred income taxes		276,889,000
Other long-term liabilities		7,844,000
Total liabilities assumed	$	353,085,000
Cash paid for acquisition of Immediate Predecessor	$	685,792,000

(2) Restatement of Financial Statements

(A) On April 23, 2008, the Audit Committee of the Board of Directors and management of the Company concluded that the Company s previously issued consolidated financial statements for the year ended December 31, 2007 and the related quarter ended September 30, 2007 contained errors. The Company arrived at this conclusion during the course of its closing process and review for the quarter ended March 31, 2008. The restatement principally relates to errors in the calculation of the cost of crude oil purchased by the Company and associated financial transactions.

For the year ended December 31, 2007, net loss increased by $10.8 million, from $56.8 million to $67.6 million. This increase in net loss is the result of an increase in cost of product sold (exclusive of depreciation and amortization) of $17.7 million, with an associated increase in income tax benefit of $6.9 million.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Due to the restatement, inventories for the year ended December 31, 2007 increased by $5.4 million and accounts payable increased by $23.1 million. Income tax receivable increased by $6.1 million and current deferred income tax asset increased by $0.8 million.

The effect of the above adjustments on the consolidated financial statements is set forth in the tables in 2(B) below. The restatement had no effect on net cash flows from operating, investing or financing activities as shown in the Consolidated Statements of Cash Flows. The restatement did not have any impact on the Company s covenant compliance under its debt facilities or its cash position as of December 31, 2007.

(B) Notes 5, 11, 13, 15, 17, 18, 19 and 20 have been restated to reflect the adjustments described above.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following is a summary of the impact of the restatement described in Note 2(A) on the Company s Consolidated Balance Sheet as of December 31, 2007:

	December 31, 2007		
	Previously Reported	Adjustment	As Restated
Assets			
Consolidated Balance Sheet			
Current assets:			
Cash and cash equivalents	$ 30,509	$	$ 30,509
Accounts receivable, net of allowance for doubtful accounts of $375 and $391, respectively	86,546		86,546
Inventories	249,243	5,412	254,655
Prepaid expenses and other current assets	14,186		14,186
Insurance receivable	73,860		73,860
Income tax receivable	25,273	6,094	31,367
Deferred income taxes	78,265	782	79,047
Total current assets	557,882	12,288	570,170
Property, plant, and equipment, net of accumulated depreciation	1,192,174		1,192,174
Intangible assets, net	473		473
Goodwill	83,775		83,775
Deferred financing costs, net	7,515		7,515
Insurance receivable	11,400		11,400
Other long-term assets	2,849		2,849
Total assets	$ 1,856,068	$ 12,288	$ 1,868,356
Liabilities and Equity			
Current liabilities:			
Current portion of long-term debt	$ 4,874		4,874
Note payable and capital lease obligations	11,640		11,640
Payable to swap counterparty	262,415		262,415
Accounts payable	159,142	23,083	182,225
Personnel accruals	36,659		36,659
Accrued taxes other than income taxes	14,732		14,732
Deferred revenue	13,161		13,161
Other current liabilities	33,820		33,820
Total current liabilities	536,443	23,083	559,526
Long-term liabilities:			
Long-term debt, less current portion	484,328		484,328
Accrued environmental liabilities	4,844		4,844

Deferred income taxes	286,986		286,986
Other long-term liabilities	1,122		1,122
Payable to swap counterparty	88,230		88,230
Total long-term liabilities	865,510		865,510
Commitments and contingencies			
Minority interest in subsidiaries	10,600		10,600
Management voting common units subject to redemption, 201,063 units issued and outstanding in 2006			
Stockholders equity/members equity			
Voting common units, 22,614,937 units issued and outstanding in 2006			
Management nonvoting override units, 2,976,353 units issued and outstanding in 2006			
Common Stock $0.01 par value per share, 350,000,000 shares authorized; 86,141,291 shares issued and outstanding	861		861
Additional paid-in-capital	460,551	(2,192)	458,359
Retained deficit	(17,897)	(8,603)	(26,500)
Total stockholders equity/members equity	443,515	(10,795)	432,720
Total liabilities and stockholders equity/members equity	$ 1,856,068	$ 12,288	$ 1,868,356

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following is a summary of the impact of the restatement described in Note 2(A) above on the Company s Consolidated Statements of Operations for the year ended December 31, 2007:

	December 31, 2007		
	Previously Reported	Adjustment	As Restated
Net sales	$ 2,966,865	$	$ 2,966,865
Operating costs and expenses:			
Cost of product sold (exclusive of depreciation and amortization)	2,291,069	17,671	2,308,740
Direct operating expenses (exclusive of depreciation and amortization)	276,138		276,138
Selling, general and administrative expenses (exclusive of depreciation and amortization)	93,122		93,122
Net costs associated with flood	41,523		41,523
Depreciation and amortization	60,779		60,779
Total operating costs and expenses	2,762,631	17,671	2,780,302
Operating income	204,234	(17,671)	186,563
Other income (expense):			
Interest expense and other financing costs	(61,126)		(61,126)
Interest income	1,100		1,100
Gain (loss) on derivatives	(281,978)		(281,978)
Loss on extinguishment of debt	(1,258)		(1,258)
Other income (expense)	356		356
Total other income (expense)	(342,906)		(342,906)
Income (loss) before income taxes and minority interest in subsidiaries	(138,672)	(17,671)	(156,343)
Income tax expense (benefit)	(81,639)	(6,876)	(88,515)
Minority interest in loss of subsidiaries	210		210
Net income (loss)	$ (56,823)	$ (10,795)	$ (67,618)
Unaudited Pro Forma Information (Note 13)			
Net earnings (loss) per share			
Basic	$ (0.66)	$ (0.12)	$ (0.78)
Diluted	$ (0.66)	$ (0.12)	$ (0.78)
Weighted average common shares outstanding:			
Basic	86,141,291		86,141,291

Diluted	86,141,291	86,141,291

(3) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying CVR consolidated financial statements include the accounts of CVR Energy, Inc. and its majority-owned direct and indirect subsidiaries. The ownership interest of minority investors in its subsidiaries are recorded as minority interest. All intercompany accounts and transactions have been eliminated in consolidation.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, CVR considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. In connection with CVR s initial public offering, $4.2 million of deferred offering costs in 2007 were presented in operating activities in the interim financial statements. Such amounts have now been reflected as financing activities for the 2007 period in the Consolidated Statements of Cash Flows. The impact on prior financial statements of this revision is not considered material.

Accounts Receivable

CVR grants credit to its customers. Credit is extended based on an evaluation of a customer s financial condition; generally, collateral is not required. Accounts receivable are due on negotiated terms and are stated at amounts due from customers, net of an allowance for doubtful accounts. Accounts outstanding longer than their contractual payment terms are considered past due. CVR determines its allowance for doubtful accounts by considering a number of factors, including the length of time trade accounts are past due, the customer s ability to pay its obligations to CVR, and the condition of the general economy and the industry as a whole. CVR writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. At December 31, 2006 and December 31, 2007, two customers individually represented greater than 10% and collectively represented 29% and 29%, respectively, of the total accounts receivable balance. The largest concentration of credit for any one customer at December 31, 2006 and December 31, 2007 was 16% and 15%, respectively, of the accounts receivable balance.

Inventories

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

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of prepayments for crude oil deliveries to the refinery for which title had not transferred, non-trade accounts receivables, current portions of prepaid insurance and deferred financing costs, and other general current assets.

Property, Plant, and Equipment

Additions to property, plant and equipment, including capitalized interest and certain costs allocable to construction and property purchases, are recorded at cost. Capitalized interest is added to any capital project over $1,000,000 in cost which is expected to take more than six months to complete. Depreciation is computed using principally the straight-line method over the estimated

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

useful lives of the various classes of depreciable assets. The lives used in computing depreciation for such assets are as follows:

Asset	Range of Useful Lives, in Years
Improvements to land	15 to 20
Buildings	20 to 30
Machinery and equipment	5 to 30
Automotive equipment	5
Furniture and fixtures	3 to 7

Our leasehold improvements are depreciated on the straight-line method over the shorter of the contractual lease term or the estimated useful life. Expenditures for routine maintenance and repair costs are expenses when incurred. Such expenses are reported in direct operating expenses (exclusive of depreciation and amortization) in the Company s consolidated statements of operations.

Goodwill and Intangible Assets

Goodwill represents the excess of the cost of an acquired entity over the fair value of the assets acquired less liabilities assumed. Intangible assets are assets that lack physical substance (excluding financial assets). Goodwill acquired in a business combination and intangible assets with indefinite useful lives are not amortized, and intangible assets with finite useful lives are amortized. Goodwill and intangible assets not subject to amortization are tested for impairment annually or more frequently if events or changes in circumstances indicate the asset might be impaired. CVR uses November 1 of each year as its annual valuation date for the impairment test. The annual review of impairment is performed by comparing the carrying value of the applicable reporting unit to its estimated fair value, using a combination of the discounted cash flow analysis and market approach. Our reporting units are defined as operating segments due to each operating segment containing only one component. As such all goodwill impairment testing is done at each operating segment.

Deferred Financing Costs

Deferred financing costs related to the term debt are amortized to interest expense and other financing costs using the effective-interest method over the life of the term debt. Deferred financing costs related to the revolving loan facility and the funded letters of credit facility are amortized to interest expense and other financing costs using the straight-line method through the termination date of each credit facility.

Planned Major Maintenance Costs

The direct-expense method of accounting is used for planned major maintenance activities. Maintenance costs are recognized as expense when maintenance services are performed. During the year ended December 31, 2006, the Coffeyville nitrogen plant completed a major scheduled turnaround. Costs of approximately $2,570,000 associated with the turnaround are included in direct operating expenses (exclusive of depreciation and amortization). The

Coffeyville refinery completed a major scheduled turnaround in 2007. Costs of approximately $3,984,000 and $76,393,000, associated with the 2007 turnaround, were included in direct operating expenses (exclusive of depreciation and amortization) for the year ended December 31, 2006 and December 31, 2007, respectively.

Planned major maintenance activities for the nitrogen plant generally occur every two years. The required frequency of the maintenance varies by unit, for the refinery, but generally is every four years.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Cost Classifications

Cost of product sold (exclusive of depreciation and amortization) includes cost of crude oil, other feedstocks, blendstocks, pet coke expense and freight and distribution expenses. Cost of product sold excludes depreciation and amortization of approximately $150,000, $1,061,000, $2,148,000, and $2,390,000 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 December 31, 2007, respectively.

Direct operating expenses (exclusive of depreciation and amortization) includes direct costs of labor, maintenance and services, energy and utility costs, environmental compliance costs as well as chemicals and catalysts and other direct operating expenses. Direct operating expenses exclude depreciation and amortization of approximately $907,000, $22,706,000, $47,714,000, and $57,367,000 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 December 31, 2007, respectively. Direct operating expenses also exclude depreciation of $7,627,000 for the year ended December 31, 2007 that is included in Net Costs Associated with Flood on the consolidated statement of operations as a result of the assets being idle due to the flood.

Selling, general and administrative expenses (exclusive of depreciation and amortization) consist primarily of legal expenses, treasury, accounting, marketing, human resources and maintaining the corporate offices in Texas and Kansas. Selling, general and administrative expenses excludes depreciation and amortization of approximately $71,000, $187,000, $1,143,000, and $1,022,000 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 December 31, 2007, respectively.

Income Taxes

CVR accounts for income taxes under the provision of Statement Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. SFAS 109 requires the asset and liability approach for accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the anticipated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred amounts are measured using enacted tax rates expected to apply to taxable income in the year those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

As discussed in Note 11 (Income Taxes), CVR adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB No. 109* (FIN 48) effective January 1, 2007.

Consolidation of Variable Interest Entities

In accordance with FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities*, (FIN 46R), management has reviewed the terms associated with its interests in the Partnership based upon the partnership agreement. Management has determined that the Partnership is a variable interest entity (VIE) and as such has evaluated the criteria under FIN 46R to determine that CVR is the primary beneficiary of the Partnership. FIN 46R requires the primary beneficiary of a variable interest entity s activities to consolidate the VIE. FIN 46R defines a variable interest entity as an entity in which the equity investors do not have substantive voting rights and where there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. As

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

the primary beneficiary, CVR absorbs the majority of the expected losses and/or receives a majority of the expected residual returns of the VIE s activities.

Impairment of Long-Lived Assets

CVR accounts for long-lived assets in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. In accordance with SFAS 144, CVR reviews long-lived assets (excluding goodwill, intangible assets with indefinite lives, and deferred tax assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future net cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of are reported at the lower of their carrying value or fair value less cost to sell. No impairment charges were recognized for any of the periods presented.

Revenue Recognition

Revenues for products sold are recorded upon delivery of the products to customers, which is the point at which title is transferred, the customer has the assumed risk of loss, and when payment has been received or collection is reasonably assumed. Deferred revenue represents customer prepayments under contracts to guarantee a price and supply of nitrogen fertilizer in quantities expected to be delivered in the next 12 months in the normal course of business. Excise and other taxes collected from customers and remitted to governmental authorities are not included in reported revenues.

Shipping Costs

Pass-through finished goods delivery costs reimbursed by customers are reported in net sales, while an offsetting expense is included in cost of product sold (exclusive of depreciation and amortization).

Derivative Instruments and Fair Value of Financial Instruments

CVR uses futures contracts, options, and forward swap contracts primarily to reduce the exposure to changes in crude oil prices, finished goods product prices and interest rates and to provide economic hedges of inventory positions. These derivative instruments have not been designated as hedges for accounting purposes. Accordingly, these instruments are recorded in the consolidated balance sheets at fair value, and each period s gain or loss is recorded as a component of gain (loss) on derivatives in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities.*

Financial instruments consisting of cash and cash equivalents, accounts receivable, and accounts payable are carried at cost, which approximates fair value, as a result of the short-term nature of the instruments. The carrying value of long-term and revolving debt approximates fair value as a result of the floating interest rates assigned to those financial instruments.

Share-Based Compensation

CVR, CALLC, CALLC II and CALLC III account for share-based compensation in accordance with SFAS No. 123(R), *Share-Based Payments* and EITF 00-12 Issue No. 00-12, *Accounting by an*

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee (EITF 00-12). CVR has been allocated non-cash share-based compensations expense from CALLC, CALLC II and CALLC III.

In accordance with SFAS 123(R), CVR, CALLC, CALLC II and CALLC III apply a fair-value based measurement method in accounting for share-based compensation. In accordance with EITF 00-12, CVR recognizes the costs of the share-based compensation incurred by CALLC, CALLC II and CALLC III on its behalf, primarily in selling, general, and administrative expenses (exclusive of depreciation and amortization), and a corresponding capital contribution, as the costs are incurred on its behalf, following the guidance in EITF Issue No. 96-18, *Accounting for Equity Investments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services*, which requires variable accounting in the circumstances.

Non-vested shares, when granted, are valued at the closing market price of CVR s common stock on the date of issuance and amortized to compensation expense on a straight-line basis over the vesting period of the stock. The fair value of the stock options is estimated on the date of grant using the Black Scholes option pricing model.

As of December 31, 2007, there had been 17,500 shares of non-vested common stock awarded. Although ownership of the shares does not transfer to the recipients until the shares have vested, recipients have voting and non-forfeitable dividend rights on these shares from the date of grant. See Note 4, Members Equity and Share-Based Compensation .

Environmental Matters

Liabilities related to future remediation costs of past environmental contamination of properties are recognized when the related costs are considered probable and can be reasonably estimated. Estimates of these costs are based upon currently available facts, internal and third-party assessments of contamination, available remediation technology, site-specific costs, and currently enacted laws and regulations. In reporting environmental liabilities, no offset is made for potential recoveries. Loss contingency accruals, including those for environmental remediation, are subject to revision as further information develops or circumstances change and such accruals can take into account the legal liability of other parties. Environmental expenditures are capitalized at the time of the expenditure when such costs provide future economic benefits.

Use of Estimates

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles, using management s best estimates and judgments where appropriate. These estimates and judgments affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates and judgments.

New Accounting Pronouncements

In September 2006, the FASB issued FAS No. 157, *Fair Value Measurements*, which establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. FAS 157 states that fair value is the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price) . The statement is effective for financial statements issued for

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the effect that this statement will have on its financial statements.

In February 2007, the FASB issued FAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159). Under this standard, an entity is required to provide additional information that will assist investors and other users of financial information to more easily understand the effect of the company s choice to use fair value on its earnings. Further, the entity is required to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. This standard does not eliminate the disclosure requirements about fair value measurements included in FAS 157 and FAS No. 107, *Disclosures about Fair Value of Financial Instruments*. FAS 159 is effective for fiscal years beginning after November 15, 2007, and early adoption is permitted as of January 1, 2007, provided that the entity makes that choice in the first quarter of 2007 and also elects to apply the provisions of FAS 157. We are currently evaluating the potential impact that FAS 159 will have on our financial condition, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*. This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination, establishes the acquisition date as the date that the acquirer achieves control and requires the acquirer to recognize the assets acquired, liabilities assumed and any noncontrolling interest at their fair values as of the acquisition date. This statement also requires that acquisition-related costs of the acquirer be recognized separately from the business combination and will generally be expensed as incurred. CVR will be required to adopt this statement as of January 1, 2009. The impact of adopting SFAS 141R will be limited to any future business combinations for which the acquisition date is on or after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51.* SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 must be applied prospectively. SFAS 160 is effective for us beginning January 1, 2009. The Company is currently evaluating the potential impact of the adoption of SFAS 160 on its consolidated financial statements.

(4) Members Equity and Share Based Compensation

Management of Immediate Predecessor was issued 11,152,941 nonvoting restricted common units for recourse promissory notes aggregating $63,000. Concurrent with the Acquisition at June 23, 2005, as described in Note 1, all of the restricted common units of management were fully vested. Immediate Predecessor recognized $3,986,000 in compensation expense for the 174-day period ended June 23, 2005, related to earned compensation.

On June 23, 2005, immediately prior to the Acquisition (see Note 1), the Immediate Predecessor used available cash balances to distribute a $52,211,000 dividend to the preferred and common unit holders pro rata according to their ownership percentages, as determined by the aggregate of the common and preferred units.

Successor issued 22,766,000 voting common units at $10 par value for cash to finance the Acquisition, as described in Note 1. An additional 50,000 voting common units at $10 par value were issued to a member of management for an unsecured recourse promissory note that accrued interest at 7% and required annual principal and interest payments through December 2009. The unpaid

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

balance of the unsecured recourse promissory note and all unpaid interest was forgiven September 25, 2006 (see Note 17).

As required by the term loan agreements to fund certain capital projects, on September 14, 2005 an additional $10,000,000 capital contribution was received in return for 1,000,000 voting common units and on May 23, 2006 an additional $20,000,000 capital contribution was received in return for 2,000,000 at $10 par value (Delayed Draw Capital).

Common units held by management contained put rights held by management and call rights held by CALLC exercisable at fair value in the event the management member became inactive. Accordingly, in accordance with EITF Topic No. D-98, *Classification and Measurement of Redeemable Securities*, common units held by management were initially recorded at fair value at the date of issuance and were classified in temporary equity as Management Voting Common Units Subject to Redemption (Capital Subject to Redemption) in the accompanying consolidated balance sheets. The put rights and call rights were eliminated in October 2007.

On November 30, 2006, an amendment to the Second Amended and Restated Limited Liability Company Agreement of Coffeyville Acquisition LLC was approved with a pro rata reduction among all holders of common units in order to effect a total reduction of the number of outstanding Common Units. This amendment reduced the number of outstanding Common Units by 11.62%. Because cash unit holder s value and ownership interest before and after the reallocation is unchanged and since no transfer of value occurred among the common unit holders, this pro rata reduction had no accounting consequence. At December 31, 2006, management held 201,063 of the 22,816,000 voting common units.

On December 28, 2006, successor refinanced its existing long-term debt with $775 million term loan and used the proceeds of the borrowings to repay the outstanding borrowings under its previous first and second lien credit facilities, pay related fees and expenses and pay a distribution of $250 million to its common unit holders at December 31, 2006.

The put rights with respect to management s common units, provide that following their termination of employment, they have the right to sell all (but not less than all) of their common units to Coffeyville Acquisition LLC at their Fair Market Value (as that term is defined in the LLC Agreement) if they were terminated without Cause , or as a result of death, Disability or resignation with Good Reason (each as defined in the LLC Agreement) or due to Retirement (as that term is defined in the LLC Agreement). Coffeyville Acquisition LLC has call rights with respect to the executives common units, so that following the executives termination of employment, Coffeyville Acquisition LLC has the right to purchase the common units at their Fair Market Value if the executive was terminated without Cause, or as a result of the executives death, Disability or resignation with Good Reason or due to Retirement. The call price will be the lesser of the common unit s Fair Market Value or Carrying Value (which means the capital contribution, if any, made by the executive in respect of such interest less the amount of distributions made in respect of such interest) if the executive is terminated for Cause or he resigns without Good Reason. For any other termination of employment, the call price will be at the Fair Market Value or Carrying Value of such common units, in the sole discretion of Coffeyville Acquisition LLC s board of directors. No put or call rights apply to override units following the executive s termination of employment unless Coffeyville Acquisition LL s board of directors (or the compensation committee thereof) determines in its discretion that put and call rights will apply.

CVR accounts for changes in redemption value of management common units in the period the changes occur and adjusts the carrying value of the Management Voting Common Units Subject to Redemption to equal the redemption value at the end of each reporting period with an equal and

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

offsetting adjustment to Members Equity. None of the Management Voting Common Units Subject to Redemption were redeemable at December 31, 2005 or December 31, 2006.

At December 31, 2005 the Management Voting Common Units Subject to Redemption were revalued through an independent appraisal process, and the value was determined to be $18.34 per unit. Accordingly, the carrying value of the Management Voting Common Units Subject to Redemption increased by $3,035,000 for the 233-day period ended December 31, 2005 with an equal and offsetting decrease to Members Equity.

At December 31, 2006, the Management Voting Common Units Subject to Redemption were revalued through an independent appraisal process, and the value was determined to be $34.72 per unit. The appraisal utilized a discounted cash flow (DCF) method, a variation of the income approach, and the guideline public company method, a variation of the market approach, to determine the fair value. The guideline public company method utilized a weighting of market multiples from publicly-traded petroleum refiners and fertilizer manufactures that are comparable to the Company. The recognition of the value of $34.72 per unit increased the carrying value of the Management Voting Common Units Subject to Redemption by $4,240,000 for the year ended December 31, 2006 with an equal and offsetting decrease to Members Equity. This increase was the result of higher forward market price assumptions, which were consistent with what was observed in the market during the period, in the refining business resulting in increased free cash flow projections utilized in the DCF method. The market multiples for the public-traded comparable companies also increased from December 31, 2005, resulting in increased value of the units.

Concurrent with the Subsequent Acquisition, Successor issued nonvoting override operating units to certain management members who hold common units. There were no required capital contributions for the override operating units.

Upon completion of the initial public offering on October 26, 2007, members equity, Management Voting Common Units Subject to Redemption, and Management Nonvoting Override Units were eliminated and replaced with Stockholders Equity to reflect the new corporate structure.

The following describes the share-based compensation plans of CALLC, CALLC II, CALLC III and CRLLC, CVR Energy s wholly owned subsidiary.

919,630 Override Operating Units at an Adjusted Benchmark Value of $11.31 per Unit

In June 2005, CALLC issued nonvoting override operating units to certain management members holding common units of CALLC. There were no required capital contributions for the override operating units. In accordance with SFAS 123(R), *Share Based Compensation*, using the Monte Carlo method of valuation, the estimated fair value of the override operating units on June 24, 2005 was $3,605,000. Pursuant to the forfeiture schedule described below, CVR Energy recognized compensation expense over the service period for each separate portion of the award for which the forfeiture restriction lapsed as if the award was, in-substance, multiple awards. Compensation expense was $602,000, $1,157,000, and $10,675,000 for the 191-day period ending December 31, 2005, and for the years ending December 31, 2006 and 2007, respectively. In connection with the split of CALLC into two entities on October 16, 2007, management s equity interest in CALLC was split so that half of management s equity interest is in CALLC and half is in CALLC II. The restructuring resulted in a modification of the existing awards under SFAS 123(R). However, because the fair value of the modified award equaled the fair value of the original award before the modification, there was no accounting consequence as a result of the modification. However, due to the restructuring, the employees of CVR Energy and CVR Partners no longer hold share-based awards in a parent company. Due to the change in status of the employees related to the awards, CVR Energy

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Notes to Consolidated Financial Statements (Continued)

recognized compensation expense for the newly measured cost attributable to the remaining vesting (service) period prospectively from the date of the change in status, which expense is included in the amounts noted above. Also, CVR Energy now accounts for these awards pursuant to EITF 00-12 following the guidance in EITF 96-18, which requires variable accounting in this circumstance. Using a binomial model and a probability-weighted expected return method which utilized CVR Energy s cash flow projections resulted in an estimated fair value of the override operating units as noted below.

Significant assumptions used in the valuation were as follows:

	Grant Date	Remeasurement Date
Estimated forfeiture rate	None	None
Explicit service period	Based on forfeiture schedule below	Based on forfeiture schedule below
Grant date; fair value controlling basis	$5.16 per share	
October 16, 2007 (date of modification) estimated fair value		$39.53
December 31, 2007 estimated fair value	N/A	$51.84 per share
Marketability and minority interest discounts	24% discount	15% discount
Volatility	37%	35.8%

72,492 Override Operating Units at a Benchmark Value of $34.72 per Unit

On December 28, 2006, CALLC issued additional nonvoting override operating units to a certain management member who holds common units of CALLC. There were no required capital contributions for the override operating units. In accordance with SFAS 123(R), a combination of a binomial model and a probability-weighted expected return method which utilized CVR Energy s cash flow projections resulted in an estimated fair value of the override operating units on December 28, 2006 of $473,000. Management believed that this method was preferable for the valuation of the override units as it allowed a better integration of the cash flows with other inputs, including the timing of potential exit events that impact the estimated fair value of the override units. These override operating units are being accounted for the same as the override operating units with the adjusted benchmark value of $11.31 per unit. In accordance with that accounting method noted above and pursuant to the forfeiture schedule described below, CVR recognized compensation expense of $3,000 and $877,000 for the periods ending December 31, 2006 and 2007, respectively. The amount included in the year ending December 31, 2007 includes compensation expense as a result of the restructuring and modification of the split of CALLC into two entities, as described above. Using a binomial model and a probability-weighted expected return method which utilized CVR Energy s cash flow projections resulted in an estimated fair value of the override operating units as described below.

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Notes to Consolidated Financial Statements (Continued)

Significant assumptions used in the valuation were as follows:

	Grant Date	Remeasurement Date
Estimated forfeiture rate	None	None
Explicit service period	Based on forfeiture schedule below	Based on forfeiture schedule below
Grant date; fair value controlling basis	$8.15 per share	
October 16, 2007 (date of modification) estimated fair value		$20.34
December 31, 2007 estimated fair value	N/A	$32.65 per share
Marketability and minority interest discounts	20% discount	15% discount
Volatility	41%	35.8%

Override operating units are forfeited upon termination of employment for cause. In the event of all other terminations of employment, the override operating units are initially subject to forfeiture with the number of units subject to forfeiture reducing as follows:

Minimum Period Held	Forfeiture Percentage
2 years	75%
3 years	50%
4 years	25%
5 years	0%

On the tenth anniversary of the issuance of override operating units, such units shall convert into an equivalent number of override value units.

1,839,265 Override Value Units at an Adjusted Benchmark Value of $11.31 per Unit

In June 2005, CALLC issued 1,839,265 nonvoting override value units to certain management members holding common units of CALLC. There were no required capital contributions for the override value units.

In accordance with SFAS 123(R), using the Monte Carlo method of valuation, the estimated fair value of the override value units on June 24, 2005 was $4,065,000. For the override value units, CVR Energy is recognizing compensation expense ratably over the implied service period of 6 years. These override value units are being accounted for the same as the override operating units with an adjusted benchmark value of $11.31 per unit. In accordance with that accounting method noted above, CVR recognized compensation expense of $395,000, $677,000, and $12,788,000 for the 191-day period ending December 31, 2005, and for the years ending December 31, 2006 and 2007, respectively. The amount included in the year ending December 31, 2007 includes compensation expense as a result of the restructuring and modification of the split of CALLC into two entities, as described above. Using a binomial model and a probability-weighted expected return method which utilized CVR Energy s cash

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Notes to Consolidated Financial Statements (Continued)

flow projections resulted in an estimated fair value of the override value units as described below. Significant assumptions used in the valuation were as follows:

	Grant Date	Remeasurement Date
Estimated forfeiture rate	None	None
Derived service period	6 years	6 years
Grant date; fair value controlling basis	$2.91 per share	
October 16, 2007 (date of modification) estimated fair value		$39.53
December 31, 2007 estimated fair value	N/A	$51.84 per share
Marketability and minority interest discounts	24% discount	15% discount
Volatility	37%	35.8%

144,966 Override Value Units at a Benchmark Value of $34.72 per Unit

On December 28, 2006, CALLC issued 144,966 additional nonvoting override value units to a certain management member who holds common units of CALLC. There were no required capital contributions for the override value units.

In accordance with SFAS 123(R), a combination of a binomial model and a probability-weighted expected return method which utilized CVR Energy s cash flow projections resulted in an estimated fair value of the override value units on December 28, 2006 of $945,000. Management believed that this method was preferable for the valuation of the override units as it allowed a better integration of the cash flows with other inputs, including the timing of potential exit events that impact the estimated fair value of the override units. For the override value units, CVR Energy is recognizing compensation expense ratably over the implied service period of 6 years. These override value units are being accounted for the same as the override operating units with the adjusted benchmark value of $11.31 per unit. In accordance with that accounting method noted above, CVR recognized compensation expense of $17,000, and $718,000 for the years ending December 31, 2006 and 2007, respectively. The amount included in the year ending December 31, 2007 includes compensation expense as a result of the restructuring and modification of the split of CALLC into two entities, as described above. Using a binomial model and a probability-weighted expected return method which utilized CVR Energy s cash flow projections resulted in an estimated fair value of the override value units as noted below.

Significant assumptions used in the valuation were as follows:

	Grant Date	Remeasurement Date
Estimated forfeiture rate	None	None
Derived service period	6 years	6 years
Grant date; fair value controlling basis	$8.15 per share	
		$20.34

October 16, 2007 (date of modification) estimated fair value		
December 31, 2007 estimated fair value	N/A	$32.65 per share
Marketability and minority interest discounts	20% discount	15% discount
Volatility	41%	35.8%

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Notes to Consolidated Financial Statements (Continued)

Unless the compensation committee of the board of directors of CVR Energy takes an action to prevent forfeiture, override value units are forfeited upon termination of employment for any reason except that in the event of termination of employment by reason of death or disability, all override value units are initially subject to forfeiture with the number of units subject to forfeiture reducing as follows:

Minimum Period Held	Forfeiture Percentage
2 years	75%
3 years	50%
4 years	25%
5 years	0%

At December 31, 2007, assuming no change in the estimated fair value at December 31, 2007, there was approximately $71.1 million of unrecognized compensation expense related to nonvoting override units. This is expected to be recognized over a period of five years as follows (in thousands):

Year Ending December 31,	Override Operating Units	Override Value Units
2008	$ 7,882	$ 16,924
2009	4,087	16,924
2010	1,217	16,924
2011		7,138
	$ 13,186	$ 57,910

Phantom Unit Appreciation Plan

CVR Energy, through a wholly-owned subsidiary, has a Phantom Unit Appreciation Plan whereby directors, employees, and service providers may be awarded phantom points at the discretion of the board of directors or the compensation committee. Holders of service phantom points have rights to receive distributions when holders of override operating units receive distributions. Holders of performance phantom points have rights to receive distributions when holders of override value units receive distributions. There are no other rights or guarantees, and the plan expires on July 25, 2015, or at the discretion of the compensation committee of the board of directors of CVR Energy. As of December 31, 2007, the issued Profits Interest (combined phantom plan and override units) represented 15% of combined common unit interest and Profits Interest of CVR Energy. The Profits Interest was comprised of 11.1% and 3.9% of override interest and phantom interest, respectively. In accordance with SFAS 123(R), using the December 31, 2007 CVR Energy stock closing price to determine the CVR Energy equity value, through an independent valuation process, the service phantom interest and the performance phantom interest were both valued at $51.84 per point. CVR has recorded compensation expense related to the Phantom Unit Plan of $95,000, $10,722,000, and $18,400,000 for the 191-day period ending December 31, 2005, and for the years ending December 31, 2006 and December 31, 2007, respectively. $10,817,000 and $29,217,000 were recorded in personnel accruals as of December 31, 2006 and 2007, respectively.

At December 31, 2007, and assuming no change in the estimated fair value at December 31, 2007, there was approximately $25.2 million of unrecognized compensation expense related to the Phantom Unit Plan. This is expected to be recognized over a remaining period of four years.

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Notes to Consolidated Financial Statements (Continued)

138,281 Override Units with a Benchmark Amount of $10

In October 2007, CALLC III issued non-voting override units to certain management members holding common units of CALLC III. There were no required capital contributions for the override units. In accordance with SFAS 123(R), *Share Based Compensation*, using a binomial and a probability-weighted expected return method which utilized the CALLC III s cash flows projections, the estimated fair value of the operating units at December 31, 2007 was $3,000. CVR Energy recognizes compensation costs for this plan based on the fair value of the awards at the end of each reporting period in accordance with EITF 00-12 using the guidance in EITF 96-18. In accordance with EITF 00-12, as a noncontributing investor, CVR Energy also recognized income equal to the amount that its interest in the investee s net book value has increased (that is, its percentage share of the contributed capital recognized by the investee) as a result of the disproportionate funding of the compensation costs. This amount equaled the compensation expense recognized for these awards for the year ended December 31, 2007. Pursuant to the forfeiture schedule reflected above, CVR Energy recognized compensation expense over this service period for each portion of the award for which the forfeiture restriction has lapsed.

Significant Assumptions used in the valuation were as follows:

Estimated forfeiture rate	None
Explicit Service Period	Based on forfeiture schedule above
December 31, 2007 estimated fair value	$0.02 per share
Marketability and minority interest discount	15% discount
Volatility	34.7%

In connection with the initial public offering, the fractional shares held by the Company s chief executive officer in the Successor s subsidiaries were exchanged at the fair value for 247,471 shares of CVR common stock. This exchange resulted in the elimination of the minority interest, the reversal of previous fair value adjustments of $1,053,000 in Members Equity, the step-up in property, plant and equipment of $974,000, and the recognition of a related deferred tax liability of $389,000.

In February 2008, CALLC III issued additional non-voting override units to management members.

Long Term Incentive Plan

The CVR Energy, Inc. 2007 Long Term Incentive Plan, or the LTIP, permits the grant of options, stock appreciation rights, or SARs, restricted stock, restricted stock units, dividend equivalent rights, share awards and performance awards (including performance share units, performance units and performance-based restricted stock). Individuals who are eligible to receive awards and grants under the LTIP include the Company s subsidiaries employees, officers, consultants, advisors and directors. A summary of the principal features of the LTIP is provided below. As of December 31, 2007, no awards had been made under the LTIP to any of the Company s executive officers.

Shares Available for Issuance. The LTIP authorizes a share pool of 7,500,000 shares of the Company s common stock, 1,000,000 of which may be issued in respect of incentive stock options. Whenever any outstanding award granted under the LTIP expires, is canceled, is settled in cash or is otherwise terminated for any reason without having been exercised or payment having been made in respect of the entire award, the number of shares available for issuance under the LTIP shall be increased by the number of shares previously allocable to the expired, canceled, settled or otherwise terminated portion of the award. As of December 31, 2007, 7,463,600 shares of common stock were available for issuance under the LTIP.

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Notes to Consolidated Financial Statements (Continued)

On October 24, 2007, 17,500 shares of non-vested stock having a fair value of $365,000 at the date of grant were issued to outside directors. Although ownership of the shares does not transfer to the recipients until the shares have vested, recipients have dividend and voting rights on these shares from the date of grant. The fair value of each share of non-vested stock was measured based on the market price of the common stock as of the date of grant and will be amortized over the respective vesting periods. One-third will vest on October 24, 2010.

Options to purchase 10,300 common shares at an exercise price of $19.00 per share were granted to outside directors on October 22, 2007. Options to purchase 8,600 common shares at an exercise price of $24.73 per share were granted to outside directors on December 21, 2007.

A summary of the status of CVR s non-vested shares as of December 31, 2007 and changes during the year ended December 31, 2007 is presented below:

Non-Vested Shares	Shares (In 000 s)	Weighted Average Grant-Date Fair Value
Non-vested at December 31, 2006	$	$
Granted	18	20.88
Vested		
Forfeited		
Non-vested at December 31, 2007	$ 18	$ 20.88

As of December 31, 2007, there was approximately $0.3 million of total unrecognized compensation cost related to non-vested shares to be recognized over a weighted-average period of approximately one year. Total compensation expense recorded in 2007 related to the nonvested stock was $42,000.

Activity and price information regarding CVR s stock options granted are summarized as follows:

Options	Shares (In 000 s)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding, December 31, 2006		$	
Granted	19	$ 21.61	9.89

Exercised				
Forfeited				
Expired				
Outstanding, December 31, 2007	19	$	21.61	9.89
Vested or expected to vest at December 31, 2007				
Exercisable at December 31, 2007				

The weighted average grant-date fair value of options granted during the year ended December 31, 2007 was $12.47 per share. Total compensation expense recorded in 2007 related to the stock options was $15,000.

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(5) Inventories

Inventories consisted of the following (in thousands):

	Successor	
	December 31, 2006	December 31, 2007 As restated( )
Finished goods	$ 59,722	$ 109,394
Raw materials and catalysts	60,810	92,104
In-process inventories	18,441	29,817
Parts and supplies	22,460	23,340
	$ 161,433	$ 254,655

( )See Note 2 to consolidated financial statements.

(6) Property, Plant, and Equipment

A summary of costs for property, plant, and equipment is as follows (in thousands):

	Successor	
	December 31, 2006	December 31, 2007
Land and improvements	$ 11,028	$ 13,058
Buildings	11,042	17,541
Machinery and equipment	864,140	1,108,858
Automotive equipment	4,175	5,171
Furniture and fixtures	5,364	6,304
Leasehold improvements	887	929
Construction in progress	184,531	182,046
	1,081,167	1,333,907
Accumulated depreciation	74,011	141,733
	$ 1,007,156	$ 1,192,174

Capitalized interest recognized as a reduction in interest expense for the years ended December 31, 2006, and December 31, 2007 totaled approximately $11,613,000 and $12,049,000, respectively.

(7) Goodwill and Intangible Assets

In connection with the Acquisition described in Note 1, Successor recorded goodwill of $83,775,000. SFAS No. 142, *Goodwill and Other Intangible Assets*, provides that goodwill and other intangible assets with indefinite lives shall not be amortized but shall be tested for impairment on an annual basis. In accordance with SFAS 142, Successor completed its annual test for impairment of goodwill as of November 1, 2006 and 2007. Based on the results of the test, no impairment of goodwill was recorded as of December 31, 2006 or December 31, 2007. The annual review of impairment is performed by comparing the carrying value of the applicable reporting unit to its estimated fair value using a combination of the discounted cash flow analysis and market approach. CVR s reporting units are defined as operating segments, as such all goodwill impairment testing is done at each operating segment.

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Contractual agreements with a fair market value of $1,322,000 were acquired in the Acquisition described in Note 1. The intangible value of these agreements is amortized over the life of the agreements through June 2025. Amortization expense of $313,000, $370,000, and $165,000 was recorded in depreciation and amortization for the 233-days ended December 31, 2005, and the years ended December 31, 2006, and December 31, 2007, respectively.

Estimated amortization of the contractual agreements is as follows (in thousands):

Year Ending December 31,	Contractual Agreements
2008	64
2009	33
2010	33
2011	33
2012	28
Thereafter	282
	473

(8) Deferred Financing Costs

Deferred financing costs of $10,009,000 were paid in conjunction with a debt financing in 2004. The unamortized amount of these deferred financing costs of $8,094,000 related to the May 10, 2004 refinancing were written off when the related debt was extinguished upon the Acquisition described in Note 1 and these costs were included in loss on extinguishment of debt for the 174 days ended June 23, 2005. For the 174 days ended June 23, 2005, amortization of deferred financing costs reported as interest expense and other financing costs was $812,000, using the effective-interest amortization method.

Deferred financing costs of $24,628,000 were paid in the Acquisition described in Note 1. Effective December 28, 2006, the Company amended and restated its credit agreement with a consortium of banks, additionally capitalizing $8,462,000 in debt issuance costs. This amendment and restatement was within the scope of the EITF 96-19, *Debtor s Accounting for Modification or Exchange of Debt Instruments*, as well as EITF 98-14, *Debtor s Accounting for Changes in Line-of-Credit or Revolving-Debt Arrangements*. In accordance with that guidance, a portion of the unamortized loan costs of $16,959,000 from the original credit facility as well as additional finance and legal charges associated with the second amended and restated credit facility of $901,000 were included in loss on extinguishment of debt for the year December 31, 2006. The remaining costs are being amortized over the life of the related debt instrument. Additionally, a prepayment penalty of $5,500,000 on the previous credit facility was also paid and expensed and included in loss on extinguishment of debt for the year ended December 31, 2006. For the 233 days ended December 31, 2005, the years ended December 31, 2006, and December 31, 2007, amortization of deferred financing costs reported as interest expense and other financing costs totaled $1,751,000, $3,337,000, and $1,947,000, respectively, using the effective-interest amortization method for the term debt and the straight-line method for the letter of credit facility and revolving loan facility.

Deferred financing costs of $2,088,000 were paid in conjunction with three new credit facilities entered into August 2007 as a result of the flood and crude oil discharge. The unamortized amount of these deferred financing costs of $1,258,000 were written off when the related debt was extinguished upon the consummation of the initial public offering and these costs were included in loss on extinguishment of debt for the year ended December 31, 2007. Amortization of deferred financing costs reported as interest expense and other financing costs was $831,000 using the effective-interest amortization method.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Deferred financing costs consisted of the following (in thousands):

	December 31, 2006	December 31, 2007
Deferred financing costs	$ 11,065	$ 12,278
Less accumulated amortization	21	2,778
Unamortized deferred financing costs	11,044	9,500
Less current portion	1,916	1,985
	$ 9,128	$ 7,515

Estimated amortization of deferred financing costs is as follows (in thousands):

Year Ending December 31,	Deferred Financing
2008	$ 1,985
2009	1,968
2010	1,953
2011	1,436
2012	1,426
Thereafter	732
	$ 9,500

(9) Note Payable and Capital Lease Obligations

The Company entered into an insurance premium finance agreement in July 2007 to finance the purchase of its property, liability, cargo and terrorism policies. The approximately $3.4 million note will be repaid in equal monthly installments of $0.8 million with final payment in April 2008.

The Company entered into two capital leases in 2007 to lease platinum required in the manufacturing of a new catalyst. The leases will terminate on the date an equal amount of platinum is returned to each lessor with the difference to be paid in cash. At December 31, 2007 the lease obligations were recorded at approximately $8.2 million on the consolidated balance sheet.

(10) Flood

On June 30, 2007, torrential rains in southeast Kansas caused the Verdigris River to overflow its banks and flood the town of Coffeyville, Kansas. As a result, the Company s refinery and nitrogen fertilizer plant were severely flooded resulting in significant damage to the refinery assets. The nitrogen fertilizer facility also sustained damage, but to a much lesser degree. The Company maintains property damage insurance which includes damage caused by a flood of up to $300 million per occurrence subject to deductibles and other limitations. The deductible associated with the property damage is $2.5 million.

Management is working closely with the Company s insurance carriers and claims adjusters to ascertain the full amount of insurance proceeds due to the Company as a result of the damages and losses. The Company has recognized a receivable of approximately $85.3 million from insurance at December 31, 2007 which management believes is probable of recovery from the insurance carriers. While management believes that the Company s property insurance should cover substantially all of the estimated total physical damage to the property, the Company s insurance carriers have cited potential coverage limitations and defenses that might preclude such a result.

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The Company s insurance policies also provide coverage for interruption to the business, including lost profits, and reimbursement for other expenses and costs the Company has incurred relating to the damages and losses suffered for business interruption. This coverage, however, only applies to losses incurred after a business interruption of 45 days. Because the fertilizer plant was restored to operation within this 45-day period and the refinery restarted its last operating unit in 48 days, a substantial portion of the lost profits incurred because of the flood cannot be claimed under insurance. The Company is assessing its policies to determine how much, if any, of its lost profits after the 45-day period are recoverable. No amounts for recovery of lost profits under the Company s business interruption policy have been recorded in the accompanying consolidated financial statements.

As of December 31, 2007, the Company has recorded pretax costs of approximately $41.5 million associated with the flood and related crude oil discharge as discussed in Note 15, Commitments and Contingent Liabilities , including $7.2 million in the fourth quarter of 2007. These amounts were net of anticipated insurance recoveries of approximately $105.3 million. The components of the net costs as of December 31, 2007 include $3.6 million for uninsured losses within the Company s insurance deductibles; $7.6 million for depreciation for the temporarily idled facilities; $6.8 million as a result of other uninsured expenses incurred which included salaries of $1.2 million, professional fees of $1.9 million and other miscellaneous amounts of $3.7 million. The $41.5 million net costs also included approximately $23.5 million recorded with respect to the environmental remediation and property damage as discussed in Note 15, Commitments and Contingent Liabilities . These costs are reported in Net costs associated with flood in the Consolidated Statements of Operations.

Total gross costs recorded due to the flood and related oil discharge that were included in the statement of operations for the year ended December 31, 2007 were approximately $146.8 million. Of these gross costs for the year ended December 31, 2007, approximately $101.9 million were associated with repair and other matters as a result of the flood damage to the Company s facilities. Included in this cost was $7.6 million of depreciation for temporarily idled facilities, $6.1 million of salaries, $2.2 million of professional fees and $86.0 million for other repair and related costs. There were approximately $44.9 million costs recorded for the year ended December 31, 2007 related to the third party and property damage remediation as a result of the crude oil discharge. Total anticipated insurance recoveries of approximately $105.3 million were recorded and netted with the gross costs as of December 31, 2007. As of December 31, 2007, CVR had received insurance proceeds of $10.0 million under its property insurance policy, and an additional $10.0 million under its environmental policies related to the recovery of certain costs associated with the crude oil discharge. Subsequent to December 31, 2007, CVR received insurance proceeds of $1.5 million under the Builder s Risk Insurance Policy. See Note 15, Commitments and Contingent Liabilities for additional information regarding environmental and other contingencies relating to the crude oil discharge that occurred on July 1, 2007. Accounts receivable from insurers for flood related matters approximated $85.3 million at December 31, 2007, for which we believe collection is probable, including $11.4 million related to the crude oil discharge and $73.9 million as a result of the flood damage to the Company s facilities.

The Company anticipates that approximately $6.0 million in additional third party costs related to the repair of flood damaged property will be recorded in future periods. Although the Company believes that it will recover substantial sums under its insurance policies, the Company is not sure of the ultimate amount or timing of such recovery because of the difficulty inherent in projecting the ultimate resolution of the Company s claims. The difference between what the Company ultimately receives under its insurance policies compared to what has been recorded and described above could be material to the consolidated financial statements.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(11) Income Taxes

Income tax expense (benefit) is comprised of the following (in thousands):

	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 As restated( )
Current				
Federal	$ 26,145	$ 29,000	$ 26,096	$ (26,814)
State	6,099	6,457	6,974	(4,017)
Total current	32,244	35,457	33,070	(30,831)
Deferred				
Federal	3,083	(80,500)	69,836	(21,434)
State	721	(17,925)	16,934	(36,250)
Total deferred	3,804	(98,425)	86,770	(57,684)
Total income tax expense (benefit)	$ 36,048	$ (62,968)	$ 119,840	$ (88,515)

The following is a reconciliation of total income tax expense (benefit) to income tax expense (benefit) computed by applying the statutory federal income tax rate (35%) to income before income tax expense (benefit) (in thousands):

	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 As restated( )
Tax computed at federal statutory rate	$ 30,956	$ (63,744)	$ 108,994	$ (54,720)
State income taxes, net of federal tax benefit (expense)	4,433	(7,454)	15,618	(6,382)
State tax incentives, net of deferred federal tax expense			(78)	(19,792)
Manufacturing activities deduction	(825)	(897)	(1,089)	

Federal tax credit for production of ultra-low sulfur diesel fuel						(4,462)		(17,259)
Loss on unexercised option agreements with no tax benefit to Successor				8,750				
Non-deductible share based compensation		1,395		349		649		8,771
Other, net		89		28		208		867
Total income tax expense (benefit)	$	36,048	$	(62,968)	$	119,840	$	(88,515)

( ) See Note 2 to consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Certain provisions of the American Jobs Creation Act of 2004 (the Act) are providing federal income tax benefits to CVR. The Act created Internal Revenue Code section 199 which provides an income tax benefit to domestic manufacturers. CVR recognized an income tax benefit related to this manufacturing deduction of approximately $825,000, $897,000, $1,089,000, and $0 for the 174 days ended June 23, 2005, the 233 days ended December 31, 2005, and the years ended December 31, 2006, and December 31, 2007, respectively.

The Act also provides for a $0.05 per gallon income tax credit on compliant diesel fuel produced up to an amount equal to the remaining 25% of the qualified capital costs. CVR recognized an income tax benefit of approximately $4,462,000 and $17,259,000 on a credit of approximately $6,865,000 and $26,552,000 related to the production of ultra low sulfur diesel for the years ended December 31, 2006, and December 31, 2007, respectively.

The loss on unexercised option agreements of $25,000,000 in 2005 occurred at Coffeyville Acquisition LLC, and the tax deduction related to the loss was passed through to the partners of Coffeyville Acquisition LLC in the 233 days ended December 31, 2005.

The income tax effect of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at December 31, 2006 and 2007 are as follows:

	December 31, 2006	December 31, 2007 As restated( )
	(in thousands)	
Deferred income tax assets:		
Allowance for doubtful accounts	$ 150	$ 156
Personnel accruals	5,072	12,757
Inventories	673	671
Unrealized derivative losses, net	40,389	85,650
Low sulfur diesel fuel credit carry forward		17,860
State net operating loss carry forwards, net of federal expense		4,158
Accrued expenses	249	1,713
Deferred revenue		3,403
State tax credit carryforward, net of federal expense		17,475
Other		353
Total Gross deferred income tax assets	46,533	144,196
Deferred income tax liabilities:		
Property, plant, and equipment	(309,472)	(348,902)
Prepaid Expenses	(1,140)	(3,233)
Other	(1,155)	
Total Gross deferred income tax liabilities	(311,767)	(352,135)

Net deferred income tax liabilities	$	(265,234)	$	(207,939)

( ) See Note 2 to consolidated financial statements.

At December 31, 2007, CVR has net operating loss carryforwards for state income tax purposes of approximately $86.9 million, which are available to offset future state taxable income. The net operating loss carryforwards, if not utilized, will expire between 2012 and 2027.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

At December 31, 2007, CVR has federal tax credit carryforwards related to the production of low sulfur diesel fuel of approximately $17.9 million, which are available to reduce future federal regular income taxes. These credits, if not used, will expire in 2027. CVR also has Kansas state income tax credits of approximately $26.9 million, which are available to reduce future Kansas state regular income taxes. These credits, if not used, will expire in 2017.

In assessing the realizability of deferred tax assets including net operating loss and credit carryforwards, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that CVR will realize the benefits of these deductible differences. Therefore, CVR has not recorded any valuation allowances against deferred tax assets as of December 31, 2006 or December 31, 2007.

CVR adopted FIN 48 effective January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements. If the probability of sustaining a tax position is at least more likely than not, then the tax position is warranted and recognition should be at the highest amount which is greater than 50% likely of being realized upon ultimate settlement. As of the date of adoption of FIN 48 and at December 31, 2007, CVR did not believe it had any tax positions that met the criteria for uncertain tax positions. As a result, no amounts were recognized as a liability for uncertain tax positions.

CVR recognizes interest and penalties on uncertain tax positions and income tax deficiencies in income tax expense. CVR did not recognize any interest or penalties in 2007 for uncertain tax positions or income tax deficiencies. At December 31, 2007, CVR s tax returns are open to examination for federal and various states for the 2004 to 2007 tax years.

A reconciliation of the unrecognized tax benefits for the year ended December 31, 2007, is as follows:

Balance as of January 1, 2007	$ 0
Increase and decrease in prior year tax positions	
Increases and decrease in current year tax positions	
Settlements	
Reductions related to expirations of statute of limitations	
Balance as of December 31, 2007	$ 0

(12) Long-Term Debt

Effective May 10, 2004, Immediate Predecessor entered into a term loan of $150,000,000 and a $75,000,000 revolving loan facility with a syndicate of banks, financial institutions, and institutional lenders. Both loans were secured by substantially all of the Immediate Predecessor s real and personal property, including receivables, contract rights, general intangibles, inventories, equipment, and financial assets. Outstanding borrowings on June 23, 2005 were repaid in connection with the Subsequent Acquisition as described in Note 1.

Effective June 24, 2005, Successor entered into a first lien credit facility and a guaranty agreement with two banks and one related party institutional lender (see Note 17). The credit facility was in an aggregate amount not to exceed $525,000,000, consisting of $225,000,000 Tranche B Term

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Loans; $50,000,000 of Delayed Draw Term Loans available for the first 18 months of the agreement and subject to accelerated payment terms; a $100,000,000 Revolving Loan Facility; and a Funded Letters of Credit Facility (Funded Facility) of $150,000,000. The credit facility was secured by substantially all of Successor s assets. Outstanding borrowings on December 28, 2006 were repaid in connection with the refinancing described below.

The Term Loans and Revolving Loan Facility provided CVR the option of a 3-month LIBOR rate plus 2.5% per annum (rounded up to the next whole multiple of 1/16 of 1%) or an Index Rate (to be based on the current prime rate plus 1.5%). Interest was paid quarterly when using the Index Rate and at the expiration of the LIBOR term selected when using the LIBOR rate; interest varied with the Index Rate or LIBOR rate in effect at the time of the borrowing. The annual fee for the Funded Facility was 2.725% of outstanding Funded Letters of Credit.

Effective June 24, 2005, Successor entered into a second lien $275,000,000 term loan and guaranty agreement with a bank and a related party institutional lender (see Note 17). CVR had the option of a 3-month LIBOR rate plus 6.75% per annum (rounded up to the next whole multiple of 1/16 of 1%) or an Index Rate (to be based on the current prime rate plus 5.75%). The loan was secured by a second lien on substantially all of CVR s assets. Outstanding borrowings on December 28, 2006 were repaid in connection with the refinancing described below.

On December 28, 2006, Successor entered into a second amended and restated credit and guaranty agreement (the credit and guaranty agreement) with two banks and one related party institutional lender (see Note 17). The credit facility was in an aggregate amount not to exceed $1,075,000,000, consisting of $775,000,000 Tranche D Term Loans; a $150,000,000 Revolving Loan Facility; and a Funded Facility of $150,000,000. The credit facility was secured by substantially all of CVR s assets. At December 31, 2006, and December 31, 2007, $775,000,000 and $489,202,000 of Tranche D Term Loans was outstanding, and there was no outstanding balance on the Revolving Loan Facility. At December 31, 2006, and December 31, 2007, Successor had $150,000,000 in Funded Letters of Credit outstanding to secure payment obligations under derivative financial instruments (see Note 16).

At December 31, 2006, the Term Loan and Revolving Loan Facility provided CVR the option of a 3-month LIBOR rate plus 3.0% per annum (rounded up to the next whole multiple of 1/16 of 1%) or an Index Rate (to be based on the current prime rate plus 2.0%). At December 31, 2007, the Term Loan and Revolving Loan Facility provide CVR the option of a 3-month LIBOR rate plus 2.75% per annum (rounded up to the next whole multiple of 1/16 of 1%) or an Index Rate (to be based on the current prime rate plus 1.75%). Interest is paid quarterly when using the Index Rate and at the expiration of the LIBOR term selected when using the LIBOR rate; interest varies with the Index Rate or LIBOR rate in effect at the time of the borrowing. The interest rate on December 31, 2006 and December 31, 2007 was 8.36%and 7.98%, respectively. The annual fee for the Funded Facility was 3.225% and 2.975%, respectively at December 31, 2006 and December 31, 2007 of outstanding Funded Letters of Credit.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The loan and security agreements contain customary restrictive covenants applicable to CVR, including limitations on the level of additional indebtedness, commodity agreements, capital expenditures, payment of dividends, creation of liens, and sale of assets. These covenants also require CVR to maintain specified financial ratios as follows:

First Lien Credit Facility

Fiscal Quarter Ending	Minimum Interest Coverage Ratio	Maximum Leverage Ratio
March 31, 2008	3.25:1.00	3.25:1.00
June 30, 2008	3.25:1.00	3.00:1.00
September 30, 2008	3.25:1.00	2.75:1.00
December 31, 2008	3.25:1.00	2.50:1.00
March 31, 2009 December 31, 2009	3.75:1.00	2.25:1.00
March 31, 2010 and thereafter	3.75:1.00	2.00:1.00

Failure to comply with the various restrictive and affirmative covenants of the loan agreements could negatively affect CVR s ability to incur additional indebtedness and/or pay required distributions. Successor is required to measure its compliance with these financial ratios and covenants quarterly and was in compliance with all covenants and reporting requirements under the terms of the agreement at December 31, 2006 and December 31, 2007. As required by the debt agreements, CVR has entered into interest rate swap agreements (as described in Note 16) that are required to be held for the remainder of the stated term.

Long-term debt at December 31, 2007 consisted of the following future maturities (in thousands):

	Year Ending December 31,	Amount
First lien Tranche D term loans; principal payments	2008	$ 4,874
of .25% of the principal balance due quarterly	2009	4,825
commencing April 2007, increasing to 23.5% of the	2010	4,777
principal balance due quarterly commencing April 2013,	2011	4,730
with a final payment of the aggregate remaining unpaid	2012	4,682
principal balance due December 2013	Thereafter	465,314
		$ 489,202

Commencing with fiscal year 2007, CVR shall prepay the loans in an aggregate amount equal to 75% of Consolidated Excess Cash Flow (as defined in the credit and guaranty agreement, which includes a formulaic calculation consisting of many financial statement items, starting with consolidated Earnings Before Interest Taxes Depreciation and

Amortization) less 100% of voluntary prepayments made during that fiscal year. Commencing with fiscal year 2008, the aggregate amount changes to 50% of Consolidated Excess Cash Flow provided the total leverage ratio is less than 1:50:1:00 or 25% of Consolidated Excess Cash Flow provided the total leverage ratio is less than 1:00:1:00.

At December 31, 2007, Successor had $5.8 million in letters of credit outstanding to collateralize its environmental obligations, $30.6 million in letters of credit outstanding to secure transportation services for crude oil, and $3.0 million in support of surety bonds in place to support state and federal

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

excise tax for refined fuels. These letters of credit were outstanding against the December 28, 2006 Revolving Loan Facility. The fee for the revolving letters of credit is 3.00%.

The Revolving Loan Facility has a current expiration date of December 28, 2012. The Funded Facility has a current expiration date of December 28, 2010.

As a result of the flood and crude oil discharge, the Company s subsidiaries entered into three new credit facilities in August 2007. Coffeyville Resources, LLC entered into a $25 million senior secured term loan (the $25 million secured facility). The facility was secured by the same collateral that secures the Company s existing Credit Facility. Interest was payable in cash, at the Company s option, at the base rate plus 1.00% or at the reserve adjusted Eurodollar rate plus 2.00%. Coffeyville Resources, LLC also entered into a $25 million senior unsecured term loan (the $25 million unsecured facility). Interest was payable in cash, at the Company s option, at the base rate plus 1.00% or at the reserve adjusted Eurodollar rate plus 2.00%. A subsidiary of Coffeyville Acquisition LLC, Coffeyville Refining & Marketing Holdings, Inc., entered into a $75 million senior unsecured term loan (the $75 million unsecured facility). Drawings could be made from time to time in amounts of at least $5 million. Interest accrued, at the Company s option, at the base rate plus 1.50% or at the reserve adjusted Eurodollar rate plus 2.50%. Interest was paid by adding such interest to the principal amount of loans outstanding. In addition, a commitment fee equal to 1.00% accrued and was paid by adding such fees to the principal amount of loans outstanding.

All indebtedness outstanding under the $25 million secured facility and the $25 million unsecured facility was repaid in October 2007 with the proceeds of the Company s initial public offering, and all three facilities were terminated at that time.

(13) Pro Forma Earnings Per Share

On October 26, 2007, the Company completed the initial public offering of 23,000,000 shares of its common stock. Also, in connection with the initial public offering, a reorganization of entities under common control was consummated whereby the Company became the indirect owner of the subsidiaries of CALLC and CALLC II and all of its refinery and fertilizer assets. This reorganization was accomplished by the Company issuing 62,866,720 shares of its common stock to CALLC and CALLC II, its majority stockholder, in conjunction with the merger of two newly formed direct subsidiaries of CVR. Immediately following the completion of the offering, there were 86,141,291 shares of common stock outstanding, excluding any non-vested shares issued. See Note 1, Organization and History of Company .

The computation of basic and diluted earnings per share for the years ended December 31, 2006 and December 31, 2007 are calculated on a pro forma basis assuming the capital structure in place after the completion of the offering was in place for the entire year for both 2006 and 2007.

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Notes to Consolidated Financial Statements (Continued)

Pro forma earnings (loss) per share for the years ended December 31, 2006 and December 31, 2007 is calculated as noted below. For the year ended December 31, 2007, 17,500 non-vested common shares and 18,900 of 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:

	December 31	
	2006 (unaudited)	2007 (unaudited) (As restated)( )
	(in thousands)	
Net income (loss)	$ 191,571	$ (67,618)
Pro forma weighted average shares outstanding:		
Original CVR common shares	100	100
Effect of 628,667.20 to 1 stock split	62,866,620	62,866,620
Issuance of common shares to management in exchange for subsidiary shares	247,471	247,471
Issuance of common shares to employees	27,100	27,100
Issuance of common shares in the initial public offering	23,000,000	23,000,000
Basic weighted average shares outstanding	86,141,291	86,141,291
Dilutive securities issuance of nonvested common shares to board of directors	17,500	
Diluted weighted average shares outstanding	86,158,791	86,141,291
Pro forma basic earnings (loss) per share	$ 2.22	$ (0.78)
Pro forma dilutive earnings (loss) per share	$ 2.22	$ (0.78)

( )See Note 2 to consolidated financial statements.

(14) Benefit Plans

CVR sponsors two defined-contribution 401(k) plans (the Plans) for all employees. Participants in the Plans may elect to contribute up to 50% of their annual salaries, and up to 100% of their annual income sharing. CVR matches up to 75% of the first 6% of the participant s contribution for the nonunion plan and 50% of the first 6% of the participant s contribution for the union plan. Both plans are administered by CVR and contributions for the union plan are determined in accordance with provisions of negotiated labor contracts. Participants in both Plans are immediately vested in their individual contributions. Both Plans have a three year vesting schedule for CVR s matching funds and contain a provision to count service with any predecessor organization. Successor s contributions under the Plans were $662,000, $447,000, $1,375,000, and $1,513,000 for the 174 days ended June 23, 2005, the 233 days ended December 31, 2005, and the years ended December 31, 2006 and December 31, 2007, respectively.

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Notes to Consolidated Financial Statements (Continued)

(15) Commitments and Contingent Liabilities

The minimum required payments for CVR s lease agreements and unconditional purchase obligations are as follows (in thousands):

Year Ending December 31,	Operating Leases	Unconditional Purchase Obligations
2008	4,207	25,235
2009	3,271	25,249
2010	1,679	52,781
2011	947	50,958
2012	195	48,352
Thereafter	10	366,363
	$ 10,309	$ 568,938

CVR leases various equipment and real properties under long-term operating leases. 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 December 31, 2007, lease expense totaled approximately $1,755,000, $1,737,000, $3,822,000, and $3,854,000, respectively. The lease agreements have various remaining terms. Some agreements are renewable, at CVR s option, for additional periods. It is expected, in the ordinary course of business, that leases will be renewed or replaced as they expire.

CVR licenses a gasification process from a third party associated with gasifier equipment used in the Nitrogen Fertilizer segment. The royalty fees for this license are incurred as the equipment is used and are subject to a cap which was paid in full in 2007. At December 31, 2006, approximately $1,615,000 was included in accounts payable for this agreement. Royalty fee expense reflected in direct operating expenses (exclusive of depreciation and amortization) 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 December 31, 2007 was $1,042,000, $915,000, $2,135,000, and $1,035,000, respectively.

CRNF has an agreement with the City of Coffeyville pursuant to which it must make a series of future payments for electrical generation transmission and city margin. As of December 31, 2007, the remaining obligations of CRNF totaled $19.6 million through December 31, 2019. Total minimum annual committed contractual payments under the agreement will be $1.7 million.

CRRM has a Pipeline Construction, Operation and Transportation Commitment Agreement with Plains Pipeline, L.P. (Plains Pipeline) pursuant to which Plains Pipeline constructed a crude oil pipeline from Cushing, Oklahoma to Caney, Kansas. The term of the agreement is 20 years from when the pipeline became operational on March 1, 2005. Pursuant to the agreement, CRRM must transport approximately 80,000 barrels per day of its crude oil requirements for the Coffeyville refinery at a fixed charge per barrel for the first five years of the agreement. For the final fifteen years of the agreement, CRRM must transport all of its non-gathered crude oil up to the capacity of the Plains Pipeline. The rate is subject to a Federal Energy Regulatory Commission (FERC) tariff and is subject to change on an annual basis per the agreement. Lease expense associated with this agreement and included in cost of product sold (exclusive of depreciation and amortization) 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 December 31, 2007 totaled approximately $2,603,000, $4,372,000, $8,751,000, and $7,214,000, respectively.

During 1997, Farmland (subsequently assigned to CRP) entered into an Agreement of Capacity Lease and Operating Agreement with Williams Pipe Line Company (subsequently assigned to Magellan Pipe Line Company, L.P. (Magellan)) pursuant to which CRP leases pipeline capacity in certain pipelines

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

between Coffeyville, Kansas and Caney, Kansas and between Coffeyville, Kansas and Independence, Kansas. Pursuant to this agreement, CRP was obligated to pay a fixed monthly charge to Magellan for annual leased capacity of 6,300,000 barrels until the expiration of the agreement on April 30, 2007. Lease expense associated with this agreement and included in cost of product sold (exclusive of depreciation and amortization) 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 December 31, 2007 totaled approximately $233,000, $194,000, $504,000, and $116,000, respectively.

During 2005, CRRM amended a Pipeline Capacity Lease Agreement with Mid-America Pipeline Company (MAPL) pursuant to which CRRM leases pipeline capacity in an outbound MAPL-operated pipeline between Coffeyville, Kansas and El Dorado, Kansas for the transportation of natural gas liquids (NGLs) and refined petroleum products. Pursuant to this agreement, CRRM is obligated to make fixed monthly lease payments. The agreement also obligates CRRM to reimburse MAPL a portion of certain permitted costs associated with obligations imposed by certain governmental laws. Lease expense associated with this agreement, included in cost of product sold (exclusive of depreciation and amortization) 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 December 31, 2007, totaled approximately $156,000, $208,000, $800,000, and $800,000, respectively. The lease expires September 30, 2011.

During 2005, CRRM entered into a Pipeage Contract with MAPL pursuant to which CRRM agreed to ship a minimum quantity of NGLs on an inbound pipeline operated by MAPL between Conway, Kansas and Coffeyville, Kansas. Pursuant to the contract, CRRM is obligated to ship 2,000,000 barrels (Minimum Commitment) of NGLs per year at a fixed rate per barrel through the expiration of the contract on September 30, 2011. All barrels above the Minimum Commitment are at a different fixed rate per barrel. The rates are subject to a tariff approved by the Kansas Corporation Commission (KCC) and are subject to change throughout the term of this contract as ordered by the KCC. Lease expense associated with this contract agreement and included in cost of product sold (exclusive of depreciation and amortization) for the 233-day period ended December 31, 2005, and the years ended December 31, 2006 and December 31, 2007, totaled approximately $173,000, $1,613,000, and $1,400,000, respectively.

During 2004, CRRM entered into a Pipeline Capacity Lease Agreement with ONEOK Field Services (OFS) and Frontier El Dorado Refining Company (Frontier) pursuant to which CRRM leases capacity in pipelines operated by OFS between Conway, Kansas and El Dorado, Kansas. Prior to the completion of a planned expansion project specified in the agreement, CRRM will be obligated to pay a fixed monthly charge which will increase after the expansion is complete. The lease expires September 30, 2011. Lease expense associated with this contract agreement and included in cost of product sold (exclusive of depreciation and amortization) for the year ended December 31, 2007 totaled approximately $444,000.

During 2004, CRRM entered into a Transportation Services Agreement with CCPS Transportation, LLC (CCPS) pursuant to which CCPS reconfigured an existing pipeline (Spearhead Pipeline) to transport Canadian sourced crude oil to Cushing, Oklahoma. The term of the agreement is 10 years from the time the pipeline becomes operational, which occurred March 1, 2006. Pursuant to the agreement and pursuant to options for increased capacity which CRRM has exercised, CRRM is obligated to pay an incentive tariff, which is a fixed rate per barrel for a minimum of 10,000 barrels per day. Lease expense associated with this agreement included in cost of product sold (exclusive of depreciation and amortization) for the years ended December 31, 2006 and December 31, 2007 totaled approximately $4,609,000 and $6,980,000, respectively.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

During 2004, CRRM entered into a Terminalling Agreement with Plains Marketing, LP (Plains) whereby CRRM has the exclusive storage rights for working storage, blending, and terminalling services at several Plains tanks in Cushing, Oklahoma. During 2007, CRRM entered into an Amended and Restated Terminalling Agreement with Plains that replaced the 2004 agreement. Pursuant to the Amended and Restated Terminalling Agreement, CRRM is obligated to pay fees on a minimum throughput volume commitment of 29,200,000 barrels per year. Fees are subject to change annually based on changes in the Consumer Price Index (CPI-U) and the Producer Price Index (PPI-NG). Expenses associated with this agreement, included in cost of product sold (exclusive of depreciation and amortization) 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 December 31, 2007, totaled approximately $812,000, $1,251,000, $2,406,000, and $2,396,000, respectively. The original term of the Amended and Restated Terminalling Agreement expires December 31, 2014, but is subject to annual automatic extensions of one year beginning two years and one day following the effective date of the agreement, and successively every year thereafter unless either party elects not to extend the agreement. Concurrently with the above-described Amended and Restated Terminalling Agreement, CRRM entered into a separate Terminalling Agreement with Plains whereby CRRM has obtained additional exclusive storage rights for working storage and terminalling services at several Plains tanks in Cushing, Oklahoma. CRRM is obligated to pay Plains fees based on the storage capacity of the tanks involved, and such fees are subject to change annually based on changes in the Producer Price Index (PPI-FG and PPI-NG). The term of the Terminalling Agreement is split up into two periods based on the tanks at issue, with the term for half of the tanks commencing once they are placed in service (but no later than January 1, 2008), and the term for the remaining half of the tanks commencing October 1, 2008. The original term of the Terminalling Agreement for both sets of tanks expires December 31, 2014, but is subject to annual automatic extensions of one year beginning two years and one day following the effective date of the agreement, and successively every year thereafter unless either party elects not to extend the agreement.

During 2005 CRNF entered into the Amended and Restated On-Site Product Supply Agreement with The Linde Group. Pursuant to the agreement, which expires in 2020, CRNF is required to take as available and pay approximately $300,000 per month, which amount is subject to annual inflation adjustments, for the supply of oxygen and nitrogen to the fertilizer operation. Expenses associated with this agreement, included in direct operating expenses (exclusive of depreciation and amortization) for the years ended December 31, 2006 and December 31, 2007, totaled approximately $3,521,000 and $3,136,000, respectively.

During 2006, CRRM entered into a Lease Storage Agreement with TEPPCO Crude Pipeline, L.P. (TEPPCO) whereby CRRM leases 400,000 barrels of shell capacity at TEPPCO s Cushing tank farm in Cushing, Oklahoma. In September 2006, CRRM exercised its option to increase the shell capacity leased at the facility subject to this agreement from 400,000 barrels to 550,000 barrels. Pursuant to the agreement, CRRM is obligated to pay a monthly per barrel fee regardless of the number of barrels of crude oil actually stored at the leased facilities. Expenses associated with this agreement included in cost of product sold (exclusive of depreciation and amortization) for the year ended December 31, 2007 totaled approximately $1,110,000.

During 2006, CRCT entered into a Pipeline Lease Agreement with Magellan whereby CRCT leases sixty-two miles of eight inch pipeline extending from Humboldt, Kansas to CRCT s facilities located in Broome, Kansas. Pursuant to the lease agreement, CRCT agrees to operate and maintain the leased pipeline and agrees to pay Magellan a fixed annual rental in advance. Expenses associated with this agreement, included in cost of product sold (exclusive of depreciation and amortization) for the years ended December 31, 2006 and December 31, 2007 totaled approximately $76,000 and

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

$183,000, respectively. Pursuant to an amendment entered into in 2007, the lease agreement expires on July 31, 2009 with, at the Company s option, up to two one year extensions.

During 2006, CRRM entered into a Transfer Agreement with Magellan pursuant to which CRRM obtained the right to capacity in a pipeline operated by Magellan between Coffeyville, Kansas and El Dorado, Kansas. Pursuant to the agreement, CRRM is obligated to pay a fixed monthly charge for the right to transfer up to 1,000,000 barrels per year through the pipeline. The initial term of the agreement expires on July 14, 2009; however the agreement contains two successive one year additional terms unless CRRM or Magellan provides termination notice as required in the agreement. Expenses associated with this agreement, included in cost of product sold (exclusive of depreciation and amortization) for the year ended December 31, 2007 totaled approximately $79,000.

During 2007, CRRM executed a Petroleum Transportation Service Agreement with TransCanada Keystone Pipeline, LP (TransCanada). TransCanada is proposing to construct, own and operate a pipeline system and a related extension and expansion of the capacity that would terminate near Cushing, Oklahoma. TransCanada has agreed to transport a contracted volume amount of at least 25,000 barrels per day with a Cushing Delivery Point as the contract point of delivery. The contract term is a 10 year period which will commence upon the completion of the pipeline system. The expected date of commencement is March 2010 with termination of the transportation agreement estimated to be February 2020. The Company will pay a fixed and variable toll rate beginning during the month of commencement.

CRNF entered into a sales agreement with Cominco Fertilizer Partnership on November 20, 2007 to purchase equipment and materials which comprise a nitric acid plant. CRNF s obligation related to the execution of the agreement in 2007 for the purchase of the assets was $3,500,000. As of December 31, 2007, $250,000 had been paid with $3,250,000 remaining as an accrued current obligation. Additionally, $3,000,000 was accrued related to the obligation to dismantle the unit. These amounts incurred are included in construction-in-progress at December 31, 2007. The total unpaid obligation at December 31, 2007 of $6,250,000 is included in other current liabilities on the Consolidated Balance Sheet.

As a result of the adoption of FIN 47 in 2005, CVR recorded a net asset retirement obligation of $636,000 which was included in other current liabilities at December 31, 2006 and December 31, 2007.

From time to time, CVR is involved in various lawsuits arising in the normal course of business, including matters such as those described below under, Environmental, Health, and Safety Matters, and those described above. Liabilities related to such litigation are recognized when the related costs are probable and can be reasonably estimated. Management believes the company has accrued for losses for which it may ultimately be responsible. It is possible management s estimates of the outcomes will change within the next year due to uncertainties inherent in litigation and settlement negotiations. In the opinion of management, the ultimate resolution of any other litigation matters is not expected to have a material adverse effect on the accompanying consolidated financial statements.

Crude oil was discharged from the Company s refinery on July 1, 2007 due to the short amount of time available to shut down and secure the refinery in preparation for the flood that occurred on June 30, 2007. As a result of the crude oil discharge, two putative class action lawsuits (one federal and one state) were filed seeking unspecified damages with class certification under applicable law for all residents, domiciliaries and property owners of Coffeyville, Kansas who were impacted by the oil release.

The Company filed a motion to dismiss the federal suit for lack of subject matter jurisdiction. On November 6, 2007, the judge in the federal class action lawsuit granted the Company s motion to dismiss for lack of subject matter jurisdiction and no appeal was taken.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The District Court of Montgomery County, Kansas conducted an evidentiary hearing on the issue of class certification on October 24 and 25, 2007 and ruled against the class certification leaving only the original two plaintiffs. To date no other lawsuits have been filed as a result of flood related damages.

As a result of the crude oil discharge that occurred on July 1, 2007, the Company entered into an administrative order on consent (the Consent Order) with the EPA on July 10, 2007. As set forth in the Consent Order, the EPA concluded that the discharge of oil from the Company s refinery caused and may continue to cause an imminent and substantial threat to the public health and welfare. Pursuant to the Consent Order, the Company agreed to perform specified remedial actions to respond to the discharge of crude oil from the Company s refinery. The Company is currently remediating the crude oil discharge and expects its remedial actions to continue until May 2008.

The Company engaged experts to assess and test the areas affected by the crude oil spill. The Company commenced a program on July 19, 2007 to purchase approximately 330 homes and other commercial properties in connection with the flood and the crude oil release. The costs recorded as of December 31, 2007 related to the obligation of the homes being purchased, were approximately $13.1 million, and are included in Net Costs Associated With Flood in the accompanying consolidated statement of operations. Costs recorded related to personal property claims were approximately $1.7 million as of December 31, 2007. The costs recorded related to estimated commercial property to be purchased and associated claims were approximately $3.6 million as of December 31, 2007. The total amount of gross costs recorded for the twelve months ended December 31, 2007 related to the residential and commercial purchase and property claims program were approximately $18.4 million.

As of December 31, 2007, the total gross costs recorded for obligations other than the purchase of homes, commercial properties, and related personal property claims, approximated $26.5 million. The Company has recorded as of December 31, 2007, total costs (net of anticipated insurance recoveries recorded of $21.4 million) associated with remediation and third party property damage claims resolution of approximately $23.5 million. The Company has not estimated or accrued for, because management does not believe it is probable that there will be any, potential fines, penalties or claims that may be imposed or brought by regulatory authorities or possible additional damages arising from class action lawsuits related to the flood.

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 the Company will ultimately be required to pay. The costs and damages that the Company will ultimately pay may be greater than the amounts described and projected above. Such excess costs and damages could be material to the consolidated financial statements.

The Company is seeking insurance coverage for this release and for the ultimate costs for remediation, property damage claims, cleanup, resolution of class action lawsuits, and other claims brought by regulatory authorities. Although the Company believes that it will recover substantial sums under its environmental and liability insurance policies, the Company is not sure of the ultimate amount or timing of such recovery because of the difficulty inherent in projecting the ultimate resolution of the Company s claims. The difference between what the Company receives under its insurance policies compared to what has been recorded and described above could be material to the consolidated financial statements. The Company has received $10 million of insurance proceeds under its environmental insurance policy as of December 31, 2007.

As a result of the 2007 flood the refinery was not able to meet the annual average sulfur standard required in its hardship waiver. Management had provided timely notice to the EPA that the Company would not be able to meet the waiver requirement for 2007. Ordinarily, a refiner would purchase sulfur credits to meet the standard requirement. However, the Company s hardship waiver

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

does not allow sulfur credits to be used in 2006 and 2007. The Company has been working with the EPA to resolve the matter. In anticipation of settlement, the refinery purchased $3.6 million worth of sulfur credits that would equal the amount of sulfur by which the Company exceeded the limit imposed by the hardship waiver. The Company will either use the credits by applying them towards its gasoline pool account or it will permanently retire the credits as part of the settlement. Because of the extraordinary nature of the 2007 flood, management does not anticipate the imposition of fines or penalties to resolve this matter.

Environmental, Health, and Safety (EHS) Matters

CVR is subject to various stringent federal, state, and local EHS rules and regulations. Liabilities related to EHS matters are recognized when the related costs are probable and can be reasonably estimated. Estimates of these costs are based upon currently available facts, existing technology, site-specific costs, and currently enacted laws and regulations. In reporting EHS liabilities, no offset is made for potential recoveries. Such liabilities include estimates of CVR s share of costs attributable to potentially responsible parties which are insolvent or otherwise unable to pay. All liabilities are monitored and adjusted regularly as new facts emerge or changes in law or technology occur.

CVR owns and/or operates manufacturing and ancillary operations at various locations directly related to petroleum refining and distribution and nitrogen fertilizer manufacturing. Therefore, CVR has exposure to potential EHS liabilities related to past and present EHS conditions at some of these locations.

Through an Administrative Order issued to Original Predecessor under the Resource Conservation and Recovery Act, as amended (RCRA), CVR is a potential party responsible for conducting corrective actions at its Coffeyville, Kansas and Phillipsburg, Kansas facilities. In 2005, CRNF agreed to participate in the State of Kansas Voluntary Cleanup and Property Redevelopment Program (VCPRP) to address a reported release of urea ammonium nitrate (UAN) at the Coffeyville UAN loading rack. As of December 31, 2006 and December 31, 2007, environmental accruals of $7,223,000 and $7,646,000, respectively, were reflected in the consolidated balance sheets for probable and estimated costs for remediation of environmental contamination under the RCRA Administrative Order and the VCPRP, including amounts totaling $1,828,000 and $2,802,000, respectively, included in other current liabilities. The Successor accruals were determined based on an estimate of payment costs through 2033, which scope of remediation was arranged with the EPA and are discounted at the appropriate risk free rates at December 31, 2006 and December 31, 2007, respectively. The accruals include estimated closure and post-closure costs of $1,857,000 and $1,549,000 for two landfills at December 31, 2006 and December 31, 2007, respectively. The estimated future payments for these required obligations are as follows (in thousands):

Year Ending December 31,	Amount
2008	$ 2,802
2009	687
2010	1,556
2011	313
2012	313
Thereafter	3,282

Undiscounted total		8,953
Less amounts representing interest at 3.90%		1,307
Accrued environmental liabilities at December 31, 2007	$	7,646

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Notes to Consolidated Financial Statements (Continued)

Management periodically reviews and, as appropriate, revises its environmental accruals. Based on current information and regulatory requirements, management believes that the accruals established for environmental expenditures are adequate.

The EPA has issued regulations intended to limit amounts of sulfur in diesel and gasoline. The EPA has granted petition for a technical hardship waiver with respect to the date for compliance in meeting the sulfur-lowering standards. Immediate Predecessor and Successor spent approximately $27 million in 2005, $79 million in 2006, and $17 million in 2007, and based on information currently available, CVR anticipates spending approximately $29 million in 2008, $11 million in 2009, and $6 million in 2010 to comply with the low-sulfur rules. The entire amounts are expected to be capitalized.

Environmental expenditures are capitalized when such expenditures are expected to result in future economic benefits. 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 December 31, 2007 capital expenditures were approximately $6,066,000, $20,165,000, $144,794,000, and $122,341,000, respectively, and were incurred to improve the environmental compliance and efficiency of the operations.

CVR believes it is in substantial compliance with existing EHS rules and regulations. There can be no assurance that the EHS matters described above or other EHS matters which may develop in the future will not have a material adverse effect on the business, financial condition, or results of operations.

(16) Derivative Financial Instruments

Gain (loss) on derivatives consisted of the following (in thousands):

	Predecessor	Successor		
	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007
Realized loss on swap agreements	$	$ (59,301)	$ (46,769)	$ (157,239)
Unrealized gain (loss) on swap agreements		(235,852)	126,771	(103,212)
Loss on termination of swap		(25,000)		
Realized gain (loss) on other agreements	(7,665)	(1,868)	8,361	(15,346)
Unrealized gain (loss) on other agreements		(1,696)	2,412	(1,348)
Realized gain (loss) on interest rate swap agreements		(104)	4,398	4,115
Unrealized gain (loss) on interest rate swap agreements		7,759	(680)	(8,948)
Total gain (loss) on derivatives	$ (7,665)	$ (316,062)	$ 94,493	$ (281,978)

CVR is subject to price fluctuations caused by supply conditions, weather, economic conditions, and other factors and to interest rate fluctuations. To manage price risk on crude oil and other inventories and to fix margins on certain future production, the Company may enter into various derivative transactions. In addition, the Successor, as further described below, entered into certain

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commodity derivate contracts and an interest rate swap as required by the long-term debt agreements.

CVR has adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* which imposes extensive record-keeping requirements in order to designate a derivative financial instrument as a hedge. CVR holds derivative instruments, such as exchange-traded crude oil futures, certain over-the-counter forward swap agreements, and interest rate swap agreements, which it believes provide an economic hedge on future transactions, but such instruments are not designated as hedges. Gains or losses related to the change in fair value and periodic settlements of these derivative instruments are classified as gain (loss) on derivatives.

At December 31, 2007, CVR s Petroleum Segment held commodity derivative contracts (swap agreements) for the period from July 1, 2005 to June 30, 2010 with a related party (see Note 17). The swap agreements were originally executed on June 16, 2005 in conjunction with the Acquisition of the Immediate Predecessor and required under the terms of the long-term debt agreements. The notional quantities on the date of execution were 100,911,000 barrels of crude oil; 2,348,802,750 gallons of unleaded gasoline and 1,889,459,250 gallons of heating oil. The swap agreements were executed at the prevailing market rate at the time of execution and Management believes the swap agreements provide an economic hedge on future transactions. At December 31, 2007 the notional open amounts under the swap agreements were 42,309,750 barrels of crude oil; 888,504,750 gallons of unleaded gasoline and 888,504,750 gallons of heating oil. These positions resulted in unrealized gains (losses) for the 233-day period ended December 31, 2005 and the years ended December 31, 2006 and December 31, 2007 of $(235,852,000), $126,771,000 and $(103,212,000), respectively, using a valuation method that utilizes quoted market prices and assumptions for the estimated forward yield curves of the related commodities in periods when quoted market prices are unavailable. The Petroleum Segment recorded $(59,301,000), $(46,769,000) and $(157,239,000) in realized (losses) on these swap agreements for the 233-day period ended December 31, 2005, and the years ended December 31, 2006 and December 31, 2007, respectively.

Successor entered certain crude oil, heating oil, and gasoline option agreements with a related party (see Notes 1 and 17) as of May 16, 2005. These agreements expired unexercised on June 16, 2005 and resulted in an expense of $25,000,000 reported in the accompanying consolidated statements of operations as gain (loss) on derivatives for the 233 days ended December 31, 2005.

The Petroleum Segment also recorded mark-to-market net gains (losses), exclusive of the swap agreements described above and the interest rate swaps described in the following paragraph, in gain (loss) on derivatives of $(7,665,000), $(3,564,000), $10,773,000, and $(16,694,000) for the 174-day period ended June 23, 2005, the 233-day period ended December 31, 2005, the years ended December 31, 2006, and December 31, 2007, respectively. All of the activity related to the commodity derivative contracts is reported in the Petroleum Segment.

At December 31, 2007, CVR held derivative contracts known as interest rate swap agreements that converted Successor s floating-rate bank debt (see Note 12) into 4.195% fixed-rate debt on a notional amount of $375,000,000. Half of the agreements are held with a related party (as described

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Notes to Consolidated Financial Statements (Continued)

in Note 17), and the other half are held with a financial institution that is a lender under CVR s long-term debt agreements. The swap agreements carry the following terms:

Period Covered	Notional Amount	Fixed Interest Rate
June 30, 2007 to March 31, 2008	325 million	4.195%
March 31, 2008 to March 31, 2009	250 million	4.195%
March 31, 2009 to March 31, 2010	180 million	4.195%
March 31, 2010 to June 30, 2010	110 million	4.195%

CVR pays the fixed rates listed above and receives a floating rate based on three-month LIBOR rates, with payments calculated on the notional amounts listed above. The notional amounts do not represent actual amounts exchanged by the parties but instead represent the amounts on which the contracts are based. The swap is settled quarterly and marked to market at each reporting date, and all unrealized gains and losses are currently recognized in income. Transactions related to the interest rate swap agreements were not allocated to the Petroleum or Nitrogen Fertilizer segments. Mark-to-market net gains (losses) on derivatives and quarterly settlements were $7,655,000, $3,718,000 and $(4,833,000) for the 233-day period ended December 31, 2005 and the years ended December 31, 2006 and December 31, 2007, respectively.

(17) Related Party Transactions

Pegasus Partners II, L.P. (Pegasus) was a majority owner of Immediate Predecessor.

On March 3, 2004, Immediate Predecessor entered into a services agreement with an affiliate company of Pegasus, Pegasus Capital Advisors, L.P. (Affiliate) pursuant to which Affiliate provided Immediate Predecessor with managerial and advisory services. An amount totaling approximately $1,000,000 relating to the agreement were expensed in selling, general, and administrative expenses (exclusive of depreciation and amortization) for the 174 days ended June 23, 2005.

GS Capital Partners V Fund, L.P. and related entities (GS or Goldman Sachs Funds) and Kelso Investment Associates VII, L.P. and related entity (Kelso or Kelso Funds) are majority owners of CVR.

CVR paid companies related to GS and Kelso each equal amounts totaling $6.0 million for transaction fees related to the Acquisition, as well as an additional $0.7 million paid to GS for reimbursed expenses related to the Acquisition. These expenditures were included in the cost of the Acquisition referred to in Note 1.

An affiliate of GS is one of the lenders in conjunction with the financing of the Acquisition. The Company paid this affiliate of GS a $22.1 million fee included in deferred financing costs. For the 233 days ended December 31, 2005, Successor made interest payments of $1.8 million recorded in interest expense and other financial costs and paid letter of credit fees of approximately $155,000 recorded in selling, general, and administrative expenses (exclusive of depreciation and amortization), to this affiliate of GS. Additionally, a fee in the amount of $125,000 was paid to this affiliate of GS for assistance with modification of the credit facility in June 2006.

An affiliate of GS is one of the lenders in conjunction with the refinancing that occurred on December 28, 2006. The Company paid this affiliate of GS a $8,063,000 million fee and expense reimbursements of $78,000 included in deferred financing costs.

On June 24, 2005, CALLC entered into management services agreements with each of GS and Kelso pursuant to which GS and Kelso agreed to provide CALLC with managerial and advisory services. In consideration for these services, an annual fee of $1.0 million each was paid to GS and

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Notes to Consolidated Financial Statements (Continued)

Kelso, plus reimbursement for any out-of-pocket expenses. The agreements had a term ending on the date GS and Kelso ceased to own any interests in CALLC. Relating to the agreements, $1,310,000, $2,316,000 and $1,704,000 were expensed in selling, general, and administrative expenses (exclusive of depreciation and amortization) for the 233 days ended December 31, 2005, and the years ended December 31, 2006 and December 31, 2007, respectively. The agreements terminated upon consummation of CVR s initial public offering on October 26, 2007. The Company paid a one-time fee of $5 million to each of GS and Kelso by reason of such termination on October 26, 2007.

CALLC entered into certain crude oil, heating oil, and gasoline swap agreements with a subsidiary of GS. The original swap agreements were entered into on May 16, 2005 (as described in note 1) and were terminated on June 16, 2005, resulting in a $25 million loss on termination of swap agreements for the 233 days ended December 31, 2005. Additional swap agreements with this subsidiary of GS were entered into on June 16, 2005, with an expiration date of June 30, 2010 (as described in Note 16). Amounts totaling $(297,011,000), $80,002,000, and $(260,451,000) were reflected in gain (loss) on derivatives related to these swap agreements for the 233 days ended December 31, 2005, and the years ended December 31, 2006 and December 31, 2007, respectively. In addition, the consolidated balance sheet at December 31, 2006 and December 31, 2007 includes liabilities of $36,895,000 and $262,415,000 included in current payable to swap counterparty and $72,806,000 and $88,230,000 included in long-term payable to swap counterparty, respectively.

On June 26, 2007, the Company entered into a letter agreement with the subsidiary of GS to defer a $45.0 million payment owed on July 8, 2007 to the GS subsidiary for the period ended September 30, 2007 until August 7, 2007. Interest accrued on the deferred amount of $45.0 million at the rate of LIBOR plus 3.25%.

As a result of the flood and the related temporary cessation of business operations, the Company entered into a subsequent letter agreement on July 11, 2007 in which the GS subsidiary agreed to defer an additional $43.7 million of the balance owed for the period ending June 30, 2007. This deferral was entered into on the conditions that each of GS and Kelso each agreed to guarantee one half of the payment and that interest accrued on the $43.7 million from July 9, 2007 to the date of payment at the rate of LIBOR plus 1.50%.

On July 26, 2007, the Company entered into a letter agreement in which the GS subsidiary agreed to defer to September 7, 2007 both the $45.0 million payment due August 7, 2007 along with accrued interest and the $43.7 million payment due July 25, 2007 with the related accrued interest. These payments were deferred on the conditions that GS and Kelso each agreed to guarantee one half of the payments. Additionally, interest accrues on the amount from July 26, 2007 to the date of payment at the rate of LIBOR plus 1.50%.

On August 23, 2007, the Company entered into an additional letter agreement in which the GS subsidiary agreed to further defer both deferred payment amounts and the related accrued interest with payment being due on January 31, 2008. Additionally, it was further agreed that the $35 million payment to settle hedged volumes through August 15, 2007 would be deferred with payment being due on January 31, 2008. Interest accrues on all deferral amounts through the payment due date at LIBOR plus 1.50%. GS and Kelso have each agreed to guarantee one half of all payment deferrals. The GS Subsidiary further agreed to defer these payment amounts to August 31, 2008 if the Company closed an initial public offering prior to January 31, 2008. Due to the consummation of the initial public offering on October 26, 2007, these payment amounts are now deferred until August 31, 2008; however, the company is required to use 37.5% of its consolidated excess cash flow for any quarter after January 31, 2008 to prepay the deferral amounts.

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Notes to Consolidated Financial Statements (Continued)

These deferred payment amounts are included in the consolidated balance sheet at December 31, 2007 in current payable to swap counterparty. Interest relating to the deferred payment amounts reflected in interest expense and other financial costs for the year ended December 31, 2007 was $3,625,000. $3,625,000 is also included in other current liabilities at December 31, 2007.

On June 30, 2005, CVR entered into three interest-rate swap agreements with the same subsidiary of GS (as described in Note 16). Amounts totaling $3,826,000, $1,858,000, and $(2,405,000) were recognized related to these swap agreements for the 233 days ended December 31, 2005, and the years ended December 31, 2006 and December 31, 2007, respectively, and are reflected in gain (loss) on derivatives. In addition, the consolidated balance sheet at December 31, 2006 and December 31, 2007 includes $1,534,000 and $0 in prepaid expenses and other current assets, $2,015,000 and $0 in other long-term assets, $0 and $371,000 in other current liabilities and $0 and $557,000 in other long-term liabilities related to the same agreements, respectively.

Effective December 30, 2005, CVR entered into a crude oil supply agreement with a subsidiary of GS (Supplier). Both parties will negotiate the cost of each barrel of crude oil to be purchased from a third party. CVR will pay Supplier a fixed supply service fee per barrel over the negotiated cost of each barrel of crude purchased. The cost is adjusted further using a spread adjustment calculation based on the time period the crude oil is estimated to be delivered to the refinery, other market conditions, and other factors deemed appropriate. The monthly spread quantity for any delivery month at any time shall not exceed approximately 3.1 million barrels. The initial term of the agreement was to December 31, 2006. CVR and Supplier agreed to extend the term of the Supply Agreement for an additional 12 month period, January 1, 2007 through December 31, 2007 and in connection with the extension amended certain terms and conditions of the Supply Agreement. On December 31, 2007, CVR and supplier entered into an amended and restated crude oil supply agreement. The terms of the agreement remained substantially the same. $1,623,000 and $360,000 were recorded on the consolidated balance sheet at December 31, 2006 and December 31, 2007, respectively, in prepaid expenses and other current assets for prepayment of crude oil. In addition, $31,751,000 and $43,773,000 were recorded in inventory and $13,459,000 and $42,666,000 were recorded in accounts payable at December 31, 2006 and December 31, 2007, respectively. Expenses associated with this agreement, included in cost of product sold (exclusive of depreciated and amortization) for the years ended December 31, 2006 and December 31, 2007 totaled $1,591,120,000 and $1,476,811,000 respectively. Interest expense associated with this agreement for the years ended December 31, 2006 and December 31, 2007 totaled $0 and $(376,000), respectively.

The Company had a note receivable with an executive member of management. During the period ended December 31, 2006, the board of directors approved to forgive the note receivable and related accrued interest receivable. The balance of the note receivable forgiven was $350,000. Accrued interest receivable forgiven was approximately $18,000. The total amount was charged to compensation expense.

On August 23, 2007, the Company entered into three new credit facilities, consisting of a $25 million secured facility, a $25 million unsecured facility and a $75 million unsecured facility. A subsidiary of GS was the sole lead arranger and sole bookrunner for each of these new credit facilities. These credit facilities and their arrangements are more fully described in Note 12, Long-Term Debt . The Company paid the subsidiary of GS a $1.3 million fee included in deferred financing costs. For the year ended December 31, 2007, interest expenses relating to these agreements were $867,000. The secured and unsecured facilities were paid in full on October 26, 2007 with proceeds from CVR s initial public offering, see Note 1, Organization and History of Company , and both facilities terminated. Additionally, in connection with the consummation of the initial public offering, the $75 million unsecured facility also terminated.

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As a result of the refinery turnaround in early 2007, CVR needed to delay the processing of quantities of crude oil that it purchased from various small independent producers. In order to facilitate this anticipated delay, CVR entered into a purchase, storage and sale agreement for gathered crude oil, dated March 20, 2007, with J. Aron, a subsidiary of GS. Pursuant to the terms of the agreement, J. Aron agreed to purchase gathered crude oil from CVR, store the gathered crude oil and sell CVR the gathered crude oil on a forward basis. As of December 31, 2007, there were no longer any open commitments with regard to the agreement. Interest expense associated with this agreement included in interest expense and other financing costs was $196,000.

Goldman, Sachs & Co. was the lead underwriter of CVR s initial public offering in October 2007. As lead underwriter, they were paid a customary underwriting discount of approximately $14.7 million, which includes $0.7 million of expense reimbursement.

On October 24, 2007, CVR paid a cash dividend, to its shareholders, including approximately $5.23 million that was ultimately distributed from CALLC II (Goldman Sachs Funds) and approximately $5.15 million distributed from CALLC to the Kelso Funds. Management collectively received approximately $0.13 million.

(18) Business Segments

CVR measures segment profit as operating income for Petroleum and Nitrogen Fertilizer, CVR s two reporting segments, based on the definitions provided in SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information*. All operations of the segments are located in the United States.

CVR changed its corporate selling, general and administrative allocation method 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.

Petroleum

Principal products of the Petroleum Segment are refined fuels, propane, and petroleum refining by-products including coke. CVR uses the coke in the manufacture of nitrogen fertilizer at the adjacent nitrogen fertilizer plant. (For CVR, a $15-per-ton transfer price is used to record intercompany sales on the part of the Petroleum Segment and corresponding intercompany cost of product sold (exclusive of depreciation and amortization) for the Nitrogen Fertilizer Segment through October 24, 2007.) After October 24, 2007, intercompany sales are recorded according to the interconnect agreement (see Note 1). The intercompany transactions are eliminated in the Other Segment. Intercompany sales included in Petroleum net sales were $2,445,000, $2,782,000, $5,340,000, and $5,195,000 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 December 31, 2007, respectively.

Nitrogen Fertilizer

The principal product of the Nitrogen Fertilizer Segment is nitrogen fertilizer. Intercompany cost of product sold (exclusive of depreciation and amortization) for the coke transfer described above was $2,778,000, $2,575,000, $5,242,000, and $4,528,000 for the 174-day period ended June 23, 2005,

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

the 233-day period ended December 31, 2005, and the years ended December 31, 2006, and December 31, 2007, respectively.

Other Segment

The Other Segment reflects intercompany eliminations, cash and cash equivalents, all debt related activities, income tax activities and other corporate activities that are not allocated to the operating segments.

	Predecessor	Successor	
	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006
		(in thousands)	
Net sales			
Petroleum	$ 903,803	$ 1,363,390	$ 2,880,442
Nitrogen Fertilizer	79,348	93,652	162,465
Other			
Intersegment elimination	(2,445)	(2,782)	(5,340)
Total	$ 980,706	$ 1,454,260	$ 3,037,567
Cost of product sold (exclusive of depreciation and amortization)			
Petroleum	$ 761,719	$ 1,156,208	$ 2,422,718
Nitrogen Fertilizer	9,126	14,504	25,898
Other			
Intersegment elimination	(2,778)	(2,575)	(5,242)
Total	$ 768,067	$ 1,168,137	$ 2,443,374
Direct operating expenses (exclusive of depreciation and amortization)			
Petroleum	$ 52,611	$ 56,159	$ 135,297
Nitrogen Fertilizer	$ 28,303	29,154	63,683
Other			
Total	$ 80,914	$ 85,313	$ 198,980
Depreciation and amortization			
Petroleum	$ 771	$ 15,567	$ 33,017
Nitrogen Fertilizer	316	8,361	17,126

Other		41		26		862
Total	$	1,128	$	23,954	$	51,005
Operating income (loss)						
Petroleum	$	76,654	$	123,045	$	245,578
Nitrogen Fertilizer		35,268		35,731		36,842
Other		333		(240)		(812)
Total	$	112,255	$	158,536	$	281,608

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Predecessor	Successor	
	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006
		(in thousands)	
Capital expenditures			
Petroleum	$ 10,790	$ 42,108	$ 223,552
Nitrogen fertilizer	1,435	2,017	13,258
Other	32	1,047	3,415
Total	$ 12,257	$ 45,172	$ 240,225
Total assets			
Petroleum			$ 907,315
Nitrogen Fertilizer			417,657
Other			124,508
Total			$ 1,449,480
Goodwill			
Petroleum			$ 42,806
Nitrogen Fertilizer			40,969
Other			
Total			$ 83,775

	Successor Year Ended December 31, 2007		
	Previously Reported	Adjustment	As Restated( )
		(in thousands)	
Net sales			
Petroleum	$ 2,806,205	$	$ 2,806,205
Nitrogen Fertilizer	165,855		165,855
Other			
Intersegment elimination	(5,195)		(5,195)
Total	$ 2,966,865	$	$ 2,966,865

Cost of product sold (exclusive of depreciation and amortization)			
Petroleum	$ 2,282,555	$ 17,671	$ 2,300,226
Nitrogen Fertilizer	13,042		13,042
Other			
Intersegment elimination	(4,528)		(4,528)
Total	$ 2,291,069	$ 17,671	$ 2,308,740

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Successor Year Ended December 31, 2007		
	Previously Reported	Adjustment (in thousands)	As Restated( )
Direct operating expenses (exclusive of depreciation and amortization)			
Petroleum	$ 209,475	$	$ 209,475
Nitrogen Fertilizer	66,663		66,663
Other			
Total	$ 276,138	$	$ 276,138
Net costs associated with flood			
Petroleum	$ 36,669	$	$ 36,669
Nitrogen Fertilizer	2,432		2,432
Other	2,422		2,422
Total	$ 41,523	$	$ 41,523
Depreciation and amortization			
Petroleum	$ 43,040	$	$ 43,040
Nitrogen Fertilizer	16,819		16,819
Other	920		920
Total	$ 60,779	$	$ 60,779
Operating income (loss)			
Petroleum	$ 162,547	$ (17,671)	$ 144,876
Nitrogen Fertilizer	46,593		46,593
Other	(4,906)		(4,906)
Total	$ 204,234	$ (17,671)	$ 186,563
Capital expenditures			
Petroleum	$ 261,562	$	$ 261,562
Nitrogen Fertilizer	6,488		6,488
Other	543		543
Total	$ 268,593	$	$ 268,593
Total assets			
Petroleum	$ 1,271,712	$ 5,412	$ 1,277,124

Nitrogen Fertilizer	446,763		446,763
Other	137,593	6,876	144,469
Total	$ 1,856,068	$ 12,288	$ 1,868,356
Goodwill			
Petroleum	$ 42,806	$	$ 42,806
Nitrogen Fertilizer	40,969		40,969
Other			
Total	$ 83,775	$	$ 83,775

( ) See Note 2 to consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(19) Major Customers and Suppliers

Sales to major customers were as follows:

	Predecessor	Successor		
	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007
Petroleum				
Customer A	17%	16%	2%	3%
Customer B	5%	6%	5%	5%
Customer C	17%	15%	15%	12%
Customer D	14%	17%	10%	7%
Customer E	11%	11%	10%	9%
Customer F	8%	7%	9%	10%
	72%	72%	51%	46%
Nitrogen Fertilizer				
Customer G	16%	10%	5%	3%
Customer H	9%	10%	7%	18%
	25%	20%	12%	21%

The Petroleum Segment maintains long-term contracts with one supplier for the purchase of its crude oil. The agreement with Supplier A expired in December 2005, at which time Successor entered into a similar arrangement with Supplier B, a related party (as described in Note 17). Purchases contracted as a percentage of the total cost of product sold (exclusive of depreciation and amortization) for each of the periods were as follows:

	Predecessor	Successor		
	174 Days Ended June 23, 2005	233 Days Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007 As restated( )
Supplier A	82%	73%		
Supplier B			67%	63%

	82%	73%	67%	63%

( ) See Note 2 to consolidated financial statements.

The Nitrogen Fertilizer Segment maintains long-term contracts with one supplier. Purchases from this supplier as a percentage of direct operating expenses (exclusive of depreciation and amortization) were as follows:

	Predecessor	Successor		
	174 Days Ended June 23, 2005	**233 Days Ended December 31, 2005**	**Year Ended December 31, 2006**	**Year Ended December 31, 2007**
Supplier	4%	5%	8%	5%

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(20) Selected Quarterly Financial and Information (Unaudited)

Summarized quarterly financial data for the December 31, 2006 and 2007.

	Year Ended December 31, 2006 Quarter			
	First	Second	Third	Fourth
	(in thousands except share amounts)			
Net sales	$ 669,727	$ 880,839	$ 778,587	$ 708,414
Operating costs and expenses:				
Cost of product sold (exclusive of depreciation and amortization)	539,539	663,910	644,627	595,298
Direct operating expenses (exclusive of depreciation and amortization)	44,288	43,478	56,696	54,518
Selling, general and administrative (exclusive of depreciation and amortization)	8,493	11,976	12,327	29,804
Net costs associated with flood				
Depreciation and amortization	12,004	12,018	12,788	14,195
Total operating costs and expenses	604,324	731,382	726,438	693,815
Operating income (loss)	65,403	149,457	52,149	14,599
Other income (expense):				
Interest expense and other financing costs	(12,207)	(10,129)	(10,681)	(10,863)
Interest income	590	1,093	1,091	676
Gain (loss) on derivatives	(17,615)	(108,847)	171,209	49,746
Loss on extinguishment of debt				(23,360)
Other income (expense)	58	(320)	573	(1,211)
Total other income (expense)	(29,174)	(118,203)	162,192	14,988
Income before income taxes and minority interest	36,229	31,254	214,341	29,587
Income tax expense (benefit)	14,106	11,620	85,302	8,812
Minority interest in (income) loss of subsidiaries				
Net income	$ 22,123	$ 19,634	$ 129,039	$ 20,775
Unaudited Pro Forma Information (Note 13)				

Net earnings per share				
Basic	$ 0.26	$ 0.23	$ 1.50	$ 0.24
Diluted	$ 0.26	$ 0.23	$ 1.50	$ 0.24
Weighted average common shares outstanding				
Basic	86,141,291	86,141,291	86,141,291	86,141,291
Diluted	86,158,791	86,158,791	86,158,791	86,158,791

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Quarterly Financial Information (Unaudited)

	Year Ended December 31, 2007 Quarter	
	First	Second
	(in thousands except share amounts)	
Net sales	$ 390,483	$ 843,413
Operating costs and expenses:		
Cost of product sold (exclusive of depreciation and amortization)	303,670	569,623
Direct operating expenses (exclusive of depreciation and amortization)	113,412	60,955
Selling, general and administrative (exclusive of depreciation and amortization)	13,150	14,937
Net costs associated with flood		2,139
Depreciation and amortization	14,235	17,957
Total operating costs and expenses	444,467	665,611
Operating income (loss)	(53,984)	177,802
Other income (expense):		
Interest expense and other financing costs	(11,857)	(15,763)
Interest income	452	161
Gain (loss) on derivatives	(136,959)	(155,485)
Loss on extinguishment of debt		
Other income (expense)	1	101
Total other income (expense)	(148,363)	(170,986)
Income (loss) before income taxes and minority interest	(202,347)	6,816
Income tax expense (benefit)	(47,298)	(93,669)
Minority interest in (income) loss of subsidiaries	676	(419)
Net income (loss)	$ (154,373)	$ 100,066
Unaudited Pro Forma Information (Note 13)		
Net earnings (loss) per share		
Basic	$ (1.79)	$ 1.16
Diluted	$ (1.79)	$ 1.16
Weighted average common shares outstanding		
Basic	86,141,291	86,141,291
Diluted	86,141,291	86,158,791

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Year Ended December 31, 2007 Quarter					
	Third			Fourth		
	Previously Reported	Adjustment	As Restated( )	Previously Reported	Adjustment	As Restated( )
	(in thousands except share amounts)					
Net sales	$ 585,978	$	$ 585,978	$ 1,146,991	$	$ 1,146,991
Operating costs and expenses:						
Cost of product sold (exclusive of depreciation and amortization)	446,170	7,072	453,242	971,606	10,599	982,205
Direct operating expenses (exclusive of depreciation and amortization)	44,440		44,440	57,331		57,331
Selling, general and administrative (exclusive of depreciation and amortization)	14,035		14,035	51,000		51,000
Net costs associated with flood	32,192		32,192	7,192		7,192
Depreciation and amortization	10,481		10,481	18,106		18,106
Total operating costs and expenses	547,318	7,072	554,390	1,105,235	10,599	1,115,834
Operating income (loss)	38,660	(7,072)	31,588	41,756	(10,599)	31,157
Other income (expense):						
Interest expense and other financing costs	(18,340)		(18,340)	(15,166)		(15,166)
Interest income	151		151	336		336
Gain (loss) on derivatives	40,532		40,532	(30,066)		(30,066)
Loss on extinguishment of				(1,258)		(1,258)

debt												
Other income (expense)		53				53		201				201
Total other income (expense)		22,396				22,396		(45,953)				(45,953)
Income (loss) before income taxes and minority interest		61,056		(7,072)		53,984		(4,197)		(10,599)		(14,796)
Income tax expense (benefit)		47,610		(4,879)		42,731		11,718		(1,997)		9,721
Minority interest in (income) loss of subsidiaries		(47)				(47)						
Net income (loss)	$	13,399	$	(2,193)	$	11,206	$	(15,915)	$	(8,602)	$	(24,517)
Unaudited Pro Forma Information (Note 13)												
Net earnings (loss) per share												
Basic	$	0.16	$	(0.03)	$	0.13	$	(0.18)	$	(0.10)	$	(0.28)
Diluted	$	0.16	$	(0.03)	$	0.13	$	(0.18)	$	(0.10)	$	(0.28)
Weighted average common shares outstanding												
Basic		86,141,291				86,141,291		86,141,291				86,141,291
Diluted		86,158,791				86,158,791		86,141,291				86,141,291

( ) See Note 2 to consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(21) Subsequent Events (unaudited)

On June 13, 2008, the Company announced that the managing general partner of the Partnership had decided to postpone indefinitely the Partnership s initial public offering. The Partnership has notified the SEC that it intends to withdraw the registration statement it filed in February 2008.

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CVR ENERGY, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	March 31, 2008 (unaudited)	December 31, 2007
	(in thousands of dollars)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,179	$ 30,509
Accounts receivable, net of allowance for doubtful accounts of $597 and $391, respectively	117,033	86,546
Inventories	288,415	254,655
Prepaid expenses and other current assets	13,071	14,186
Insurance receivable	74,275	73,860
Income tax receivable	26,166	31,367
Deferred income taxes	78,325	79,047
Total current assets	622,464	570,170
Property, plant, and equipment, net of accumulated depreciation	1,192,542	1,192,174
Intangible assets, net	450	473
Goodwill	83,775	83,775
Deferred financing costs, net	7,028	7,515
Insurance receivable	11,400	11,400
Other long-term assets	5,932	2,849
Total assets	$ 1,923,591	$ 1,868,356
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 4,862	$ 4,874
Note payable and capital lease obligations	11,209	11,640
Payable to swap counterparty	294,984	262,415
Accounts payable	170,194	182,225
Personnel accruals	34,954	36,659
Accrued taxes other than income taxes	22,073	14,732
Deferred revenue	29,784	13,161
Other current liabilities	32,953	33,820
Total current liabilities	601,013	559,526
Long-term liabilities:		
Long-term debt, less current portion	483,117	484,328
Accrued environmental liabilities	4,924	4,844
Deferred income taxes	287,974	286,986
Other long-term liabilities	4,447	1,122

Payable to swap counterparty	76,411	88,230
Total long-term liabilities	856,873	865,510
Commitments and contingencies		
Minority interest in subsidiaries	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
Additional paid-in-capital	458,523	458,359
Retained earning (deficit)	(4,279)	(26,500)
Total stockholders equity	455,105	432,720
Total liabilities and stockholders equity	$ 1,923,591	$ 1,868,356

See accompanying notes to the condensed consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

	Three Months Ended March 31, 2008	2007
	(unaudited) (in thousands except share amounts)	
Net sales	$ 1,223,003	$ 390,483
Operating costs and expenses:		
Cost of product sold (exclusive of depreciation and amortization)	1,036,194	303,670
Direct operating expenses (exclusive of depreciation and amortization)	60,556	113,412
Selling, general and administrative expenses (exclusive of depreciation and amortization)	13,497	13,150
Net costs associated with flood	5,763	
Depreciation and amortization	19,635	14,235
Total operating costs and expenses	1,135,645	444,467
Operating income (loss)	87,358	(53,984)
Other income (expense):		
Interest expense and other financing costs	(11,298)	(11,857)
Interest income	702	452
Loss on derivatives, net	(47,871)	(136,959)
Other income, net	179	1
Total other income (expense)	(58,288)	(148,363)
Income (loss) before income taxes and minority interest in subsidiaries	29,070	(202,347)
Income tax expense (benefit)	6,849	(47,298)
Minority interest in loss of subsidiaries		676
Net income (loss)	$ 22,221	$ (154,373)
Net earnings per share		
Basic	$ 0.26	
Diluted	$ 0.26	
Weighted average common shares outstanding		
Basic	86,141,291	
Diluted	86,158,791	
Pro Forma Information (note 11)		
Net (loss) per share		
Basic		$ (1.79)
Diluted		$ (1.79)
Weighted average common shares outstanding		
Basic		86,141,291

Diluted	86,141,291

See accompanying notes to the condensed consolidated financial statements.

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CVR ENERGY, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2008	2007
	(unaudited) (in thousands of dollars)	
Cash flows from operating activities:		
Net income (loss)	$ 22,221	$ (154,373)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	19,635	14,235
Provision for doubtful accounts	206	(235)
Amortization of deferred financing costs	495	473
Loss on disposition of fixed assets	16	24
Share-based compensation	(383)	3,742
Minority interest in loss of subsidiaries		(676)
Changes in assets and liabilities:		
Accounts receivable	(30,693)	44,627
Inventories	(31,642)	(22,986)
Prepaid expenses and other current assets	75	31
Insurance receivable	1,085	
Insurance proceeds from flood	(1,500)	
Other long-term assets	(3,159)	923
Accounts payable	(5,166)	46,357
Accrued income taxes	5,201	14,888
Deferred revenue	16,623	5,067
Other current liabilities	5,315	3,470
Payable to swap counterparty	20,750	129,344
Accrued environmental liabilities	80	485
Other long-term liabilities	3,325	
Deferred income taxes	1,710	(41,291)
Net cash provided by operating activities	24,194	44,105
Cash flows from investing activities:		
Capital expenditures	(26,156)	(107,363)
Net cash used in investing activities	(26,156)	(107,363)
Cash flows from financing activities:		
Revolving debt payments	(123,000)	
Revolving debt borrowings	123,000	29,500
Principal payments on long-term debt	(1,223)	
Deferred costs of CVR Energy, Inc. initial public offering		(553)

Deferred costs of CVR Partners, LP initial public offering	(2,145)	
Net cash (used in) provided by financing activities	(3,368)	28,947
Net decrease in cash and cash equivalents	(5,330)	(34,311)
Cash and cash equivalents, beginning of period	30,509	41,919
Cash and cash equivalents, end of period	$ 25,179	$ 7,608
Supplemental disclosures:		
Cash paid for income taxes, net of refunds (received)	$ (63)	$ (20,895)
Cash paid for interest	11,841	39
Non-cash investing and financing activities:		
Accrual of construction in progress additions	(6,237)	13,204

See accompanying notes to the condensed consolidated financial statements.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements
March 31, 2008
(unaudited)

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

Organization

The Company or CVR may be used to refer to CVR Energy, Inc. and, unless the context otherwise requires, its subsidiaries. Any references to the Company as of a date after June 24, 2005 and prior to October 16, 2007 (the date of the restructuring as further discussed in this note) are to Coffeyville Acquisition LLC (CALLC) and its subsidiaries.

The Company, through its wholly-owned subsidiaries, acts as an independent petroleum refiner and marketer in the mid-continental United States and a producer and marketer of upgraded nitrogen fertilizer products in North America. The Company s operations include two business segments: the petroleum segment and the nitrogen fertilizer segment.

CALLC formed CVR Energy, Inc. as a wholly owned subsidiary, incorporated in Delaware in September 2006, in order to effect an initial public offering. The initial public offering of CVR was consummated on October 26, 2007. In conjunction with the initial public offering, a restructuring occurred in which CVR became a direct or indirect owner of all of the subsidiaries of CALLC. Additionally, in connection with the initial public offering, CALLC was split into two entities: Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC (CALLC II).

Initial Public Offering of CVR Energy, Inc.

On October 26, 2007, CVR Energy, Inc. completed an initial public offering of 23,000,000 shares of its common stock. The initial public offering price was $19.00 per share.

The net proceeds to CVR from the initial public offering were approximately $408.5 million, after deducting underwriting discounts and commissions, but before deduction of offering expenses. The Company also incurred approximately $11.4 million of other costs related to the initial public offering. The net proceeds from this offering were used to repay $280.0 million of term debt under the Company s credit facility and to repay all indebtedness under the Company s $25.0 million unsecured facility and $25.0 million secured facility, including related accrued interest through the date of repayment of approximately $5.9 million. Additionally, $50.0 million of net proceeds were used to repay outstanding revolving loan indebtedness under the Company s credit facility.

In connection with the initial public offering, CVR became the indirect owner of the subsidiaries of CALLC and CALLC II. This was accomplished by CVR issuing 62,866,720 shares of its common stock to CALLC and CALLC II, its majority stockholders, in conjunction with the 628,667.20 for 1 stock split of CVR s common stock and the mergers of two newly formed direct subsidiaries of CVR into Coffeyville Refining & Marketing Holdings, Inc. (Refining Holdco) and Coffeyville Nitrogen Fertilizers, Inc. (CNF). Concurrent with the merger of the subsidiaries and in accordance with a previously executed agreement, the Company s chief executive officer received 247,471 shares of CVR common stock in exchange for shares that he owned of Refining Holdco and CNF. The shares were fully vested and were exchanged at fair market value.

The Company also issued 27,100 shares of common stock to its employees on October 24, 2007 in connection with the initial public offering. Immediately following the completion of the offering, there were 86,141,291 shares of common stock outstanding, which does not include the non-vested shares noted below.

On October 24, 2007, 17,500 shares of non-vested common stock having a value of $365,000 at the date of grant were issued to outside directors. Although ownership of the shares does not transfer

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

to the recipients until the shares have vested, recipients have dividend and voting rights with respect to these shares from the date of grant. The fair value of each share of non-vested stock was measured based on the market price of the common stock as of the date of grant and is being amortized over the respective vesting periods. One-third of the non-vested award will vest on October 24, 2008, one-third will vest on October 24, 2009, and the final one-third will vest on October 24, 2010. Options to purchase 10,300 shares of common stock at an exercise price of $19.00 per share were granted to outside directors on October 22, 2007. These awards will vest over a three year service period. Fair value was measured using an option-pricing model at the date of grant.

Nitrogen Fertilizer Limited Partnership

In conjunction with the consummation of CVR s initial public offering, CVR transferred Coffeyville Resources Nitrogen Fertilizer, LLC (CRNF), its nitrogen fertilizer business, to a newly created limited partnership (Partnership) in exchange for a managing general partner interest (managing GP interest), a special general partner interest (special GP interest, represented by special GP units) and a de minimis limited partner interest (LP interest, represented by special LP units). This transfer was not considered a business combination as it was a transfer of assets among entities under common control and, accordingly, balances were transferred at their historical cost. CVR concurrently sold the managing GP interest to Coffeyville Acquisition LLC III (CALLC III), an entity owned by CVR s controlling stockholders and senior management at fair market value. The board of directors of CVR determined, after consultation with management, that the fair market value of the managing general partner interest was $10.6 million. This interest has been reflected as minority interest in the Consolidated Balance Sheet.

CVR owns all of the interests in the Partnership (other than the managing general partner interest and the associated incentive distribution rights (IDRs)) and is entitled to all cash distributed by the Partnership. The managing general partner is not entitled to participate in Partnership distributions except with respect to its IDRs, which entitle the managing general partner to receive increasing percentages (up to 48%) of the cash the Partnership distributes in excess of $0.4313 per unit in a quarter. However, the Partnership is not permitted to make any distributions with respect to the IDRs until the aggregate Adjusted Operating Surplus, as defined in the amended and restated partnership agreement, generated by the Partnership through December 31, 2009 has been distributed in respect of the units held by CVR and any common units issued in the Partnership s initial public offering. The Partnership and its subsidiaries are currently guarantors under the credit facility of Coffeyville Resources, LLC (CRLLC), a wholly-owned subsidiary of CVR.

The Partnership is operated by CVR s senior management pursuant to a services agreement among CVR, the managing general partner, and the Partnership. The Partnership is managed by the managing general partner and, to the extent described below, CVR, as special general partner. As special general partner of the Partnership, CVR has joint management rights regarding the appointment, termination, and compensation of the chief executive officer and chief financial officer of the managing general partner, has the right to designate two members of the board of directors of the managing general partner, and has joint management rights regarding specified major business decisions relating to the Partnership. CVR, the Partnership, the managing general partner and various of their subsidiaries also entered into a number of agreements to regulate certain business relations between the parties.

At March 31, 2008, the Partnership had 30,333 special LP units outstanding, representing 0.1% of the total Partnership units outstanding, and 30,303,000 special GP interests outstanding, representing 99.9% of the total Partnership units outstanding. In addition, the managing general partner owned the managing general partner interest and the IDRs. The managing general partner contributed 1% of

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CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

CRNF s interest to the Partnership in exchange for its managing general partner interest and the IDRs.

On February 28, 2008, the Partnership filed a registration statement with the Securities and Exchange Commission (SEC) to effect the contemplated initial public offering of its common units representing limited partner interests. The registration statement provided that upon consummation of the Partnership s initial public offering, CVR will indirectly own the Partnership s special general partner and approximately 87% of the outstanding units of the Partnership. There can be no assurance that any such offering will be consummated on the terms described in the registration statement or at all. The offering is under review by the SEC and as a result the terms and resulting structure disclosed below could be materially different.

In connection with the Partnership s initial public offering, CRLLC will contribute all of its special LP units to the Partnership s special general partner and all of the Partnership s special general partner interests and special limited partner interests will be converted into a combination of GP units and subordinated GP units. Following the initial public offering, as currently structured, the Partnership is expected to have the following partnership interests outstanding:

5,250,000 common units representing limited partner interests, all of which the Partnership will sell in the initial public offering;

18,750,000 GP units representing special general partner interests, all of which will be held by the Partnership s special general partner;

18,000,000 subordinated GP units representing special general partner interests, all of which will be held by the Partnership s special general partner; and

a managing general partner interest, which is not entitled to any distributions, which is held by the Partnership s managing general partner, and incentive distribution rights representing limited partner interests, all of which will be held by the Partnership s managing general partner.

Effective with the Partnership s initial public offering, the partnership agreement will require that the Partnership distribute all of its cash on hand at the end of each quarter, less reserves established by its managing general partner, subject to a sustainability requirement in the event the Partnership elects to increase the quarterly distribution amount. The amount of available cash may be greater or less than the aggregate amount necessary to make the minimum quarterly distribution on all common units, GP units and subordinated units.

Subsequent to the initial public offering, as currently structured, the Partnership expects to make minimum quarterly distributions of $0.375 per common unit ($1.50 per common unit on an annualized basis) to the extent the Partnership has sufficient available cash. In general, cash distributions will be made each quarter as follows:

First, to the holders of common units and GP units until each common unit and GP unit has received a minimum quarterly distribution of $0.375 plus any arrearages from prior quarters;

Second, to the holders of subordinated units, until each subordinated unit has received a minimum quarterly distribution of $0.375; and

Third, to all unitholders, pro rata, until each unit has received a quarterly distribution of $0.4313.

If cash distributions exceed $0.4313 per unit in a quarter, the Partnership s managing general partner, as holder of the IDRs, will receive increasing percentages, up to 48%, of the cash the

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Partnership distributes in excess of $0.4313 per unit. However, the managing general partner will not be entitled to receive any distributions in respect of the IDRs until the Partnership has made cash distributions in an aggregate amount equal to the Partnership s adjusted operating surplus generated during the period from the closing of the Partnership s initial public offering until December 31, 2009.

During the subordination period, the subordinated units will not be entitled to receive any distributions until the common units and GP units have received the minimum quarterly distribution of $0.375 per unit plus any arrearages from prior quarters. The subordination period begins on the closing date of the Partnership s initial public offering and will end once the Partnership meets the financial tests in the partnership agreement. When the subordination period ends, all subordinated units will convert into GP units or common units on a one-for-one basis, and the common units and GP units will no longer be entitled to arrearages.

If the Partnership meets the financial tests in the partnership agreement for any three consecutive four-quarter periods ending on or after the first quarter whose last day is at least three years after the closing of Partnership Offering, 25% of the subordinated GP units will convert into GP units on a one-for-one basis. If the Partnership meets these financial tests for any three consecutive four-quarter periods ending on or after the first quarter whose last day is at least four years after the closing of the Partnership Offering, an additional 25% of the subordinated GP units will convert into GP units on a one-for-one basis. The early conversion of the second 25% of the subordinated GP units may not occur until at least one year following the end of the last four-quarter period in respect of which the first 25% of the subordinated GP units were converted. If the subordinated GP units have converted into subordinated LP units at the time the financial tests are met they will convert into common units, rather than GP units. In addition, the subordination period will end if the managing general partner is removed as the managing general partner where cause (as defined in the partnership agreement) does not exist and no units held by any holder of subordinated units or its affiliates are voted in favor of that removal.

The partnership agreement authorizes the Partnership to issue an unlimited number of additional units and rights to buy units for the consideration and on the terms and conditions determined by the managing general partner without the approval of the unitholders.

The Partnership will distribute all cash received by it or its subsidiaries in respect of accounts receivable existing as of the closing of the initial public offering exclusively to its special general partner.

The managing general partner, together with the special general partner, manages and operates the Partnership. Common unitholders will only have limited voting rights on matters affecting the Partnership. In addition, common unitholders will have no right to elect either of the general partners or the managing general partner s directors on an annual or other continuing basis.

If at any time the managing general partner and its affiliates own more than 80% of the common units, the managing general partner will have the right, but not the obligation, to purchase all of the remaining common units at a purchase price equal to the greater of (x) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (y) the highest per-unit price paid by the managing general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) and in accordance with the

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

rules and regulations of the SEC. The consolidated financial statements include the accounts of CVR Energy, Inc. and its majority-owned direct and indirect subsidiaries. The ownership interests of minority investors in its subsidiaries are recorded as minority interest. All intercompany accounts and transactions have been eliminated in consolidation. Certain information and footnotes required for the complete financial statements under GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the December 31, 2007 audited consolidated financial statements and notes thereto included in CVR s Annual Report on Form 10-K/A for the year ended December 31, 2007.

In the opinion of the Company s management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) that are necessary to fairly present the financial position of the Company as of March 31, 2008 and December 31, 2007, the results of operations for the three months ended March 31, 2008 and 2007, and the cash flows for the three months ended March 31, 2008 and 2007.

Results of operations and cash flows for the interim periods presented are not necessarily indicative of the results that will be realized for the year ending December 31, 2008 or any other interim period. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

In connection with CVR s initial public offering, $0.5 million of deferred offering costs for the three months ended March 31, 2007 were previously presented in operating activities in the interim financial statements. Such amounts have now been reflected as financing activities for the three months ended March 31, 2007 in the accompanying Consolidated Statements of Cash Flows. The impact on the prior financial statements of this revision is not considered material.

(2) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement on Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, which establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. SFAS 157 states that fair value is the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price) . The standard s provisions for financial assets and financial liabilities, which became effective January 1, 2008, had no material impact on the Company s financial position or results of operations. At March 31, 2008, the only financial assets and financial liabilities that are measured at fair value on a recurring basis are the Company s derivative instruments. See Note 14, Fair Value Measurements .

In February 2008, the FASB issued FASB Staff Position 157-2 which defers the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in an entity s financial statements on a recurring basis (at least annually). The Company will be required to adopt SFAS 157 for these nonfinancial assets and nonfinancial liabilities as of January 1, 2009. Management believes the adoption of SFAS 157 deferral provisions will not have a material impact on the Company s financial position or earnings.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. Under this standard, an entity is required to provide additional information that will assist investors and other users of financial information to more easily understand the effect of the Company s choice to use fair value on its earnings. Further, the entity is required to display the

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

fair value of those assets and liabilities for which the Company has chosen to use fair value on the face of the balance sheet. This standard does not eliminate the disclosure requirements about fair value measurements included in SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*. The provisions of SFAS 159 were effective for CVR as of January 1, 2008. The Company did not elect the fair value option under this standard upon adoption. Therefore, the adoption of SFAS 159 did not impact the Company s consolidated financial statements as of the quarter ended March 31, 2008.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*. This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination, establishes the acquisition date as the date that the acquirer achieves control and requires the acquirer to recognize the assets acquired, liabilities assumed and any non-controlling interest at their fair values as of the acquisition date. This statement also requires that acquisition-related costs of the acquirer be recognized separately from the business combination and will generally be expensed as incurred. CVR will be required to adopt this statement as of January 1, 2009. The impact of adopting SFAS 141R will be limited to any future business combinations for which the acquisition date is on or after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements an amendment of ARB No. 51.* SFAS 160 establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 must be applied prospectively. SFAS 160 is effective for CVR beginning January 1, 2009. The Company is currently evaluating the potential impact of the adoption of SFAS 160 on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133*. This statement will change the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity s financial position, net earnings, and cash flows. The Company will be required to adopt this statement as of January 1, 2009. The adoption of SFAS 161 is not expected to have a material impact on the Company s consolidated financial statements.

(3) Share Based Compensation

Prior to CVR s initial public offering, CVR s subsidiaries were held and operated by CALLC, a limited liability company. Management of CVR holds an equity interest in CALLC. CALLC had issued non-voting override units to certain management members who held common units of CALLC. There were no required capital contributions for the override operating units. In connection with CVR s initial public offering in October 2007, CALLC was split into two entities: CALLC and CALLC II. In connection with this split, management s equity interest in CALLC, including both their common units and non-voting override units, was split so that half of management s equity interest was in CALLC and half was in CALLC II. CALLC was historically the primary reporting company and CVR s predecessor. In connection with the restructuring of the Company related to the Partnership, CALLC III issued non-voting override units to certain management members of CALLC III.

CVR, CALLC, CALLC II and CALLC III account for share-based compensation in accordance with SFAS No. 123(R), *Share-Based Payments* and EITF 00-12, *Accounting by an Investor for Stock-*

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

Based Compensation Granted to Employees of an Equity Method Investee. CVR has recorded non-cash share-based compensation expense from CALLC, CALLC II and CALLC III.

In accordance with SFAS 123(R), CVR, CALLC, CALLC II and CALLC III apply a fair value based measurement method in accounting for share-based compensation. In accordance with EITF 00-12, CVR recognizes the costs of the share-based compensation incurred by CALLC, CALLC II and CALLC III on its behalf, primarily in selling, general, and administrative expenses (exclusive of depreciation and amortization), and a corresponding capital contribution, as the costs are incurred on its behalf, following the guidance in EITF 96-18, *Accounting for Equity Investments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services*, which requires remeasurement at each reporting period. At March 31, 2008, CVR s common stock closing price was utilized to determine the fair value of the override units of CALLC and CALLC II. The estimated fair value per unit reflects a ratio of override units to shares of common stock. The estimated fair value of the override units of CALLC III has been determined using a binomial and probability-weighted expected return method which utilizes CALLC III s cash flow projections, which are representative of the nature of interests held by CALLC III in the Partnership.

The following describes the share-based compensation plans of CALLC, CALLC II, CALLC III and CRLLC, CVR s indirect wholly owned subsidiary.

919,630 Override Operating Units at an Adjusted Benchmark Value of $11.31 per Unit

In June 2005, CALLC issued 919,630 non-voting override operating units to certain management members holding common units of CALLC. There were no required capital contributions for the override operating units.

In accordance with SFAS 123(R), *Share Based Compensation*, using the Monte Carlo method of valuation, the estimated fair value of the override operating units on June 24, 2005 was $3,605,000. Pursuant to the forfeiture schedule described below, CVR recognized compensation expense over the service period for each separate portion of the award for which the forfeiture restriction lapsed as if the award was, in substance, multiple awards. Compensation expense of $(558,000) and $285,000 was recognized for the three months ending March 31, 2008 and 2007, respectively.

In connection with the split of CALLC into two entities on October 16, 2007, management s equity interest in CALLC was split so that half of management s equity interest is in CALLC and half is in CALLC II. The restructuring resulted in a modification of the existing awards under SFAS 123(R). However, because the fair value of the modified award equaled the fair value of the original award before the modification, there was no accounting consequence as a result of the modification. However, due to the restructuring, the employees of CVR and the Partnership no longer hold share-based awards in a parent company. Due to the change in status of the employees related to the awards, CVR recognized compensation expense for the newly measured cost attributable to the remaining vesting (service) period prospectively from the date of the change in status.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

Significant assumptions used in the valuation were as follows:

	Grant Date	Remeasurement Date
Estimated forfeiture rate	None	None
Explicit service period	Based on forfeiture schedule below	Based on forfeiture schedule below
Grant date fair value	$5.16 per share	N/A
March 31, 2008 CVR closing stock price	N/A	$23.03
March 31, 2008 estimated fair value	N/A	$47.88 per share
Marketability and minority interest discounts	24% discount	15% discount
Volatility	37%	N/A

72,492 Override Operating Units at a Benchmark Value of $34.72 per Unit

On December 28, 2006, CALLC issued 72,492 additional non-voting override operating units to a management member who held common units of CALLC. There were no required capital contributions for the override operating units.

In accordance with SFAS 123(R), a combination of a binomial model and a probability-weighted expected return method which utilized CVR s cash flow projections resulted in an estimated fair value of the override operating units on December 28, 2006 of $473,000. Management believed that this method was preferable for the valuation of the override units as it allowed a better integration of the cash flows with other inputs, including the timing of potential exit events that impact the estimated fair value of the override units. These override operating units are being accounted for the same as the override operating units with the adjusted benchmark value of $11.31 per unit. In accordance with the accounting method noted above and pursuant to the forfeiture schedule described below, CVR recognized compensation expense of $6,000 and $100,000 for the periods ending March 31, 2008 and 2007, respectively.

Significant assumptions used in the valuation were as follows:

	Grant Date	Remeasurement Date
Estimated forfeiture rate	None	None
Explicit service period	Based on forfeiture schedule below	Based on forfeiture schedule below
Grant date fair value	$8.15 per share	N/A
March 31, 2008 CVR closing stock price	N/A	$23.03
March 31, 2008 estimated fair value	N/A	$28.68 per share
Marketability and minority interest discounts	20% discount	15% discount

Volatility	41%	N/A

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Override operating units are forfeited upon termination of employment for cause. In the event of all other terminations of employment, the override operating units are initially subject to forfeiture with the number of units subject to forfeiture reducing as follows:

Minimum Period Held	Forfeiture Rate
2 years	75%
3 years	50%
4 years	25%
5 years	0%

On the tenth anniversary of the issuance of override operating units, such units convert into an equivalent number of override value units.

1,839,265 Override Value Units at an Adjusted Benchmark Value of $11.31 per Unit

In June 2005, CALLC issued 1,839,265 non-voting override value units to certain management members who held common units of CALLC. There were no required capital contributions for the override value units.

In accordance with SFAS 123(R), using the Monte Carlo method of valuation, the estimated fair value of the override value units on June 24, 2005 was $4,065,000. For the override value units, CVR is recognizing compensation expense ratably over the implied service period of 6 years. These override value units are being accounted for the same as the override operating units with an adjusted benchmark value of $11.31 per unit. In accordance with the accounting method noted above, CVR recognized compensation expense of $533,000 and $169,000 for the three months ending March 31, 2008 and 2007, respectively.

Significant assumptions used in the valuation were as follows:

	Grant Date	Remeasurement Date
Estimated forfeiture rate	None	None
Derived service period	6 years	6 years
Grant date fair value	$2.91 per share	N/A
March 31, 2008 CVR closing stock price	N/A	$23.03
March 31, 2008 estimated fair value	N/A	$47.88 per share
Marketability and minority interest discounts	24% discount	15% discount
Volatility	37%	N/A

144,966 Override Value Units at a Benchmark Value of $34.72 per Unit

On December 28, 2006, CALLC issued 144,966 additional non-voting override value units to a management member who held common units of CALLC. There were no required capital contributions for the override value units.

In accordance with SFAS 123(R), a combination of a binomial model and a probability-weighted expected return method which utilized CVR s cash flow projections resulted in an estimated fair value of the override value units on December 28, 2006 of $945,000. Management believed that this method was preferable for the valuation of the override units as it allowed a better integration of the cash flows with other inputs, including the timing of potential exit events that impacted the estimated fair value of the override units. These override value units are being accounted for the same as the override

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operating units with the adjusted benchmark value of $11.31 per unit. In accordance with the accounting method noted above, CVR recognized compensation expense of $91,000, and $52,000 for the three months ending March 31, 2008 and 2007, respectively.

Significant assumptions used in the valuation were as follows:

	Grant Date	Remeasurement Date
Estimated forfeiture rate	None	None
Derived service period	6 years	6 years
Grant date fair value	$8.15 per share	N/A
March 31, 2008 CVR closing stock price	N/A	$23.03
March 31, 2008 estimated fair value	N/A	$28.68 per share
Marketability and minority interest discounts	20% discount	15% discount
Volatility	41%	N/A

Unless the compensation committee of the board of directors of CVR takes an action to prevent forfeiture, override value units are forfeited upon termination of employment for any reason except that in the event of termination of employment by reason of death or disability, all override value units are initially subject to forfeiture with the number of units subject to forfeiture reducing as follows:

Minimum Period Held	Subject to Forfeiture Percentage
2 years	75%
3 years	50%
4 years	25%
5 years	0%

At March 31, 2008, assuming no change in the estimated fair value at March 31, 2008, there was approximately $59.2 million of unrecognized compensation expense related to non-voting override units. This is expected to be recognized over a remaining period of four years as follows (in thousands):

	Override Operating Units	Override Value Units
Nine months ending December 31, 2008	$ 4,927	$ 11,688
Year ending December 31, 2009	3,762	15,585
Year ending December 31, 2010	1,120	15,584

Year ending December 31, 2011				6,569
	$	9,809	$	49,426

138,281 Override Units with a Benchmark Amount of $10

In October 2007, CALLC III issued 138,281 non-voting override units to certain management members who held common units of CALLC III. There were no required capital contributions for the override units.

In accordance with SFAS 123(R), *Share Based Compensation*, using a binomial and a probability-weighted expected return method which utilized CALLC III s cash flow projections, the estimated fair value of the operating units at March 31, 2008 was immaterial. CVR recognizes compensation

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Notes to the Condensed Consolidated Financial Statements (Continued)

costs for this plan based on the fair value of the awards at the end of each reporting period in accordance with EITF 00-12 using the guidance in EITF 96-18. In accordance with EITF 00-12, as a noncontributing investor, CVR also recognized income equal to the amount that its interest in the Partnership s net book value has increased (that is, its percentage share of the contributed capital recognized by the investee) as a result of the disproportionate funding of the compensation costs. This amount equaled the compensation expense recognized for these awards for the three months ended March 31, 2008. Pursuant to the forfeiture schedule reflected above, CVR recognized compensation expense over this service period for each portion of the award for which the forfeiture restriction has lapsed. As of March 31, 2008, these override units are fully vested.

Significant assumptions used in the valuation were as follows:

Estimated forfeiture rate	None
March 31, 2008 estimated fair value	$0.004 per share
Marketability and minority interest discount	15% discount
Volatility	36.2%

642,219 Override Units with a Benchmark Amount of $10

On February 15, 2008, CALLC III issued 642,219 non-voting override units to certain management members of CALLC III. There were no required capital contributions for the override units.

In accordance with SFAS 123(R), *Share Based Compensation,* using a binomial and a probability-weighted expected return method which utilized CALLC III s cash flows projections, the estimated fair value of the operating units at March 31, 2008 was immaterial. CVR recognizes compensation costs for this plan based on the fair value of the awards at the end of each reporting period in accordance with EITF 00-12 using the guidance in EITF 96-18. In accordance with EITF 00-12, as a noncontributing investor, CVR also recognized income equal to the amount that its interest in the investee s net book value has increased (that is, its percentage share of the contributed capital recognized by the investee) as a result of the disproportionate funding of the compensation costs. CVR recognized compensation expense of $600 for the three months ended March 31, 2008. Pursuant to the forfeiture schedule of the amended and restated partnership agreement of CALLC III, CVR recognized compensation expense over this service period for each portion of the award for which the forfeiture restriction has lapsed. Of the 642,219 units issued, 109,720 were immediately vested upon issuance and the remaining units are subject to the forfeiture schedule.

Significant assumptions used in the valuation were as follows:

Estimated forfeiture rate	None
Derived Service Period	Based on forfeiture schedule
March 31, 2008 estimated fair value	$0.004 per share
Marketability and minority interest discount	15% discount
Volatility	36.2%

Phantom Unit Appreciation Plan

The Company, through a wholly-owned subsidiary, has a Phantom Unit Appreciation Plan whereby directors, employees, and service providers may be awarded phantom points at the discretion of the board of directors or the compensation committee. Holders of service phantom points have rights to receive distributions when holders of override operating units receive distributions. Holders of performance phantom points have rights to receive distributions when holders of override value units receive distributions. There are no other rights or guarantees, and the plan expires on July 25, 2015 or at the discretion of the compensation committee of the board of directors. As of

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Notes to the Condensed Consolidated Financial Statements (Continued)

March 31, 2008, the issued Profits Interest (combined phantom plan and override units) represented 15% of combined common unit interest and Profits Interest of CALLC and CALLC II. The Profits Interest was comprised of 11.1% and 3.9% of override interest and phantom interest, respectively. In accordance with SFAS 123(R), using the March 31, 2008 CVR stock closing price to determine the Company s equity value, through an independent valuation process, the service phantom interest and performance phantom interest were both valued at $47.88 per point. CVR has recorded approximately $28,670,000 and $29,217,000 in personnel accruals as of March 31, 2008 and December 31, 2007, respectively. Compensation expense for the three month periods ending March 31, 2008 and 2007 related to the Phantom Unit Appreciation Plan was $(547,000) and $3,136,000, respectively.

At March 31, 2008, assuming no change in the estimated fair value at March 31, 2008, there was approximately $20.6 million of unrecognized compensation expense related to the Phantom Unit Appreciation Plan. This is expected to be recognized over a remaining period of four years.

Long Term Incentive Plan

CVR has a Long Term Incentive Plan. There were no awards granted under this plan in the first quarter of 2008.

On October 24, 2007, 17,500 shares of non-vested common stock having a fair value of $365,000 at the date of grant were issued to outside directors. Although ownership of the shares does not transfer to the recipients until the shares have vested, recipients have dividend and voting rights on these shares from the date of grant. The fair value of each share of non-vested common stock was measured based on the market price of the common stock as of the date of grant and will be amortized over the respective vesting periods. One-third will vest on October 24, 2008, 2009 and 2010, respectively.

Options to purchase 10,300 shares of common stock at an exercise price of $19.00 per share were granted to outside directors on October 22, 2007. Options to purchase 8,600 shares of common stock at an exercise price of $24.73 per share were granted to outside directors on December 21, 2007.

During the quarter there were no issuances, forfeitures or vesting of stock options or non-vested shares.

As of March 31, 2008, there was approximately $0.2 million of total unrecognized compensation cost related to non-vested shares to be recognized over a weighted-average period of approximately one year. Compensation expense recorded for the three month periods ending March 31, 2008 and 2007 related to the non-vested stock was $56,000 and $0, respectively. Compensation expense for the three month periods ending March 31, 2008 and 2007 related to stock options was $36,000 and $0, respectively.

(4) Inventories

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

FIFO, or market. The cost of inventories includes inbound freight costs.

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Notes to the Condensed Consolidated Financial Statements (Continued)

Inventories consisted of the following (in thousands):

	March 31, 2008	December 31, 2007
Finished goods	$ 123,814	$ 109,394
Raw materials and catalysts	123,042	92,104
In-process inventories	17,045	29,817
Parts and supplies	24,514	23,340
	$ 288,415	$ 254,655

(5) Property, Plant, and Equipment

A summary of costs for property, plant, and equipment is as follows (in thousands):

	March 31, 2008	December 31, 2007
Land and improvements	$ 13,170	$ 13,058
Buildings	19,351	17,541
Machinery and equipment	1,277,292	1,108,858
Automotive equipment	5,752	5,171
Furniture and fixtures	6,420	6,304
Leasehold improvements	929	929
Construction in progress	30,859	182,046
	1,353,773	1,333,907
Accumulated depreciation	161,231	141,733
	$ 1,192,542	$ 1,192,174

Capitalized interest recognized as a reduction in interest expense for the periods ended March 31, 2008, and March 31, 2007 totaled approximately $1,118,000 and $4,079,000, respectively.

(6) Planned Major Maintenance Costs

The direct-expense method of accounting is used for planned major maintenance activities. Maintenance costs are recognized as expense when maintenance services are performed. The Coffeyville nitrogen fertilizer plant last completed a major scheduled turnaround in the third quarter of 2006 and is scheduled to complete a turnaround in the fourth quarter of 2008. The Coffeyville refinery started a major scheduled turnaround in February 2007 with completion in April 2007. Costs of $66,003,000 associated with the 2007 refinery turnaround were included in direct operating expenses (exclusive of depreciation and amortization) for the three months ending March 31, 2007.

(7) Cost Classifications

Cost of product sold (exclusive of depreciation and amortization) includes cost of crude oil, other feedstocks, blendstocks, pet coke expense and freight and distribution expenses. Cost of product sold excludes depreciation and amortization of $600,000 and $619,000 for the three months ended March 31, 2008 and March 31, 2007, respectively.

Direct operating expenses (exclusive of depreciation and amortization) includes direct costs of labor, maintenance and services, energy and utility costs, environmental compliance costs as well as chemicals and catalysts and other direct operating expenses. Direct operating expenses excludes

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depreciation and amortization of $18,703,000 and $13,530,000 for the three months ended March 31, 2008 and March 31, 2007, respectively.

Selling, general and administrative expenses (exclusive of depreciation and amortization) consists primarily of legal expenses, treasury, accounting, marketing, human resources and maintaining the corporate offices in Texas and Kansas. Selling, general and administrative expenses excludes depreciation and amortization of $332,000 and $86,000 for the three months ended March 31, 2008 and March 31, 2007, respectively.

(8) Note Payable and Capital Lease Obligations

The Company entered into an insurance premium finance agreement with Cananwill, Inc. in July 2007 to finance the purchase of its property, liability, cargo and terrorism policies. The original balance of the note was $7.6 million and required repayment in nine equal installments with final payment due in April 2008. The balance due was paid in full in April 2008. As of March 31, 2008 and December 31, 2007, $0.8 and $3.4 million related to this insurance premium finance agreement was included in note payable and capital lease obligations on the Consolidated Balance Sheet, respectively.

The Company entered into two capital leases in 2007 to lease platinum required in the manufacturing of a new catalyst. The recorded lease obligations fluctuate with the platinum market price. The leases will terminate on the date an equal amount of platinum is returned to each lessor, with the difference to be paid in cash. One lease was settled and terminated in January 2008. At March 31, 2008 and December 31, 2007 the lease obligations were recorded at approximately $10.4 million and $8.2 million on the Consolidated Balance Sheets, respectively.

(9) Flood and Insurance Related Matters

On June 30, 2007, torrential rains in southeast Kansas caused the Verdigris River to overflow its banks and flood the town of Coffeyville, Kansas. As a result, the Company s refinery and nitrogen fertilizer plant were severely flooded, resulting in significant damage to the refinery assets. The nitrogen fertilizer facility also sustained damage, but to a much lesser degree. The Company maintained property damage insurance which included damage caused by a flood, of up to $300 million per occurrence, subject to deductibles and other limitations. The deductible associated with the property damage was $2.5 million.

Management continues to work closely with the Company s insurance carriers and claims adjusters to ascertain the full amount of insurance proceeds due to the Company as a result of the damages and losses. At March 31, 2008, total accounts receivable from insurance was $85.7 million. The receivable balance is segregated between current and long-term in the Company s Consolidated Balance Sheet in relation to the nature and classification of the items to be settled. Management believes the recovery of the receivable from the insurance carriers is probable. Approximately $11.4 million of the receivable recorded at March 31, 2008 relates to the crude oil discharge and the remaining $74.3 million relates to the flood damage to the Company s facilities. While management believes that the Company s property insurance should cover substantially all of the estimated total physical damage to the property, the Company s insurance carriers have cited potential coverage limitations and defenses that might preclude such a result.

The Company s insurance policies also provide coverage for interruption to the business, including lost profits, and reimbursement for other expenses and costs the Company has incurred relating to the damages and losses suffered for business interruption. This coverage, however, only applies to losses incurred after a business interruption of 45 days. Because the fertilizer plant was restored to operation within this 45-day period and the refinery restarted its last operating unit in

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48 days, a substantial portion of the lost profits incurred because of the flood cannot be claimed under insurance. The Company continues to assess its policies to determine how much, if any, of its lost profits after the 45-day period are recoverable. No amounts for recovery of lost profits under the Company s business interruption policy have been recorded in the accompanying consolidated financial statements.

The Company has recorded pretax costs in total of approximately $47.3 million associated with the flood and related crude oil discharge as discussed in Note 12, Commitments and Contingent Liabilities , including $5.8 million of net pretax costs in the first quarter of 2008. These amounts are net of anticipated insurance recoveries of $107.2 million including $1.8 million of recoveries for the first quarter of 2008. These costs are reported in Net costs associated with flood in the Consolidated Statements of Operations.

Total gross costs recorded due to the flood and related oil discharge that were included in the Consolidated Statements of Operations for the three months ended March 31, 2008 were $7.6 million. Of these gross costs for the three month period ended March 31, 2008, $3.8 million were associated with repair and other matters as a result of the flood 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 $3.8 million of costs recorded for the three month period ended March 31, 2008 related to the third party and property damage remediation as a result of the crude oil discharge.

Below is a summary of the gross cost and reconciliation of the insurance receivable (in millions):

	Total Costs	For the Three Months Ended March 31, 2008
Total gross costs incurred	$ 154.5	$ 7.6
Total insurance receivable	(107.2)	(1.8)
Net costs associated with the flood	$ 47.3	$ 5.8

	Receivable Reconciliation
Total insurance receivable	$ 107.2
Less insurance proceeds received	(21.5)
Insurance receivable	$ 85.7

The Company anticipates that approximately $2.1 million in additional third party costs related to the repair of flood damaged property will be recorded in future periods. Although the Company believes that it will recover substantial sums under its insurance policies, the Company is not sure of the ultimate amount or timing of such recovery because of the difficulty inherent in projecting the ultimate resolution of the Company s claims. The difference between what the Company ultimately receives under its insurance policies compared to what has been recorded and described above could be material to the consolidated financial statements.

In 2007, the Company had received insurance proceeds of $10.0 million under its property insurance policy and $10.0 million under its environmental policies related to recovery of certain costs associated with the crude oil discharge. In the first quarter of 2008, the Company received $1.5 million under its Builder s Risk Insurance Policy. See Note 12, Commitments and Contingent Liabilities for additional information regarding environmental and other contingencies relating to the crude oil discharge that occurred on July 1, 2007.

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Notes to the Condensed Consolidated Financial Statements (Continued)

(10) Income Taxes

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertain Tax Positions an interpretation of FASB No. 109* (FIN 48) on January 1, 2007. The adoption of FIN 48 did not affect the Company s financial position or results of operations. The Company does not have any unrecognized tax benefits as of March 31, 2008.

The Company did not accrue or recognize any amounts for interest or penalties in its financial statements for the three months ended March 31, 2008. The Company will classify interest to be paid on an underpayment of income taxes and any related penalties as income tax expense if it is determined, in a subsequent period, that a tax position is not more likely than not of being sustained.

CVR and its subsidiaries file U.S. federal and various state income tax returns. The Company is currently under a U.S. federal income tax examination for its 2005 tax year. The Company has not been subject to any other U.S. federal, state or local income tax examinations by tax authorities for any tax year. The U.S. federal and state tax years subject to examination are 2004 to 2007. As of March 31, 2008, no taxing authority has proposed any adjustments to the Company s tax positions.

The Company s effective tax rates for the three months ended March 31, 2008 and 2007 were 23.6% and 23.4%, respectively, as compared to the federal statutory tax rate of 35%. The effective tax rate is lower than the statutory rate due to federal income tax credits available to small business refiners related to the production of ultra low sulfur diesel fuel and Kansas state incentives generated under the High Performance Incentive Program (HPIP).

(11) Earnings (Loss) Per Share

On October 26, 2007, the Company completed the initial public offering of 23,000,000 shares of its common stock. Also, in connection with the initial public offering, a reorganization of entities under common control was consummated whereby the Company became the indirect owner of the subsidiaries of CALLC and CALLC II and all of their refinery and fertilizer assets. This reorganization was accomplished by the Company issuing 62,866,720 shares of its common stock to CALLC and CALLC II, its majority stockholders, in conjunction with a 628,667.20 for 1 stock split and the merger of two newly formed direct subsidiaries of CVR. Immediately following the completion of the offering, there were 86,141,291 shares of common stock outstanding, excluding non-vested shares issued. See Note 1, Organization and History of Company and Basis of Presentation .

Earnings per share for the three months ended March 31, 2008 is calculated as noted below.

	Earnings	Shares	Per Share
Basic earnings per share	$ 22,221,000	86,141,291	$ 0.26
Diluted earnings per share	$ 22,221,000	86,158,791	$ 0.26

Outstanding stock options totaling 18,900 common shares were excluded from the diluted earnings per share calculation for the three months ended March 31, 2008 as they were antidilutive.

The computation of basic and diluted loss per share for the quarter ended March 31, 2007 is calculated on a pro forma basis assuming the capital structure in place after the completion of the offering was in place for the entire period.

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Pro forma loss per share for the three months ended March 31, 2007 is calculated as noted below. For the three months ended March 31, 2007, 17,500 non-vested shares of common stock 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:

	March 31, 2007 (unaudited)
Net (loss)	$ (154,373,000)
Pro forma weighted average shares outstanding:	
Original CVR shares of common stock	100
Effect of 628,667.20 to 1 stock split	62,866,620
Issuance of shares of common stock to management in exchange for subsidiary shares	247,471
Issuance of shares of common stock to employees	27,100
Issuance of shares of common stock in the initial public offering	23,000,000
Basic weighted average shares outstanding	86,141,291
Dilutive securities issuance of non-vested shares of common stock to board of directors	
Diluted weighted average shares outstanding	86,141,291
Pro forma basic loss per share	$ (1.79)
Pro forma dilutive loss per share	$ (1.79)

(12) Commitments and Contingent Liabilities

The minimum required payments for the Company s lease agreements and unconditional purchase obligations are as follows (in thousands):

	Operating Leases	Unconditional Purchase Obligations
Nine months ending December 31, 2008	$ 2,833	$ 20,757
Year ending December 31, 2009	3,266	28,229
Year ending December 31, 2010	1,680	55,762
Year ending December 31, 2011	948	53,939
Year ending December 31, 2012	196	51,333
Thereafter	10	372,325
	$ 8,933	$ 582,345

The Company leases various equipment and real properties under long-term operating leases. For the three months ended March 31, 2008 and 2007, lease expense totaled $1,071,000 and $1,007,000, respectively. The lease agreements have various remaining terms. Some agreements are renewable, at the Company s option, for additional periods. It is expected, in the ordinary course of business, that leases will be renewed or replaced as they expire.

From time to time, the Company is involved in various lawsuits arising in the normal course of business, including matters such as those described below under Environmental, Health, and Safety Matters . Liabilities related to such lawsuits are recognized when the related costs are probable and can be reasonably estimated. It is possible that Management s estimates of the outcomes will change within the next year due to uncertainties inherent in litigation and settlement negotiations. In the

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

opinion of management, the ultimate resolution of the Company s litigation matters is not expected to have a material adverse effect on the accompanying consolidated financial statements. There can be no assurance that management s beliefs or opinions with respect to liability for potential litigation matters are accurate.

Crude oil was discharged from the Company s refinery on July 1, 2007 due to the short amount of time available to shut down and secure the refinery in preparation for the flood that occurred on June 30, 2007. As a result of the crude oil discharge, two putative class action lawsuits (one federal and one state) were filed seeking unspecified damages with class certification under applicable law for all residents, domiciliaries and property owners of Coffeyville, Kansas who were impacted by the oil release.

The Company filed a motion to dismiss the federal suit for lack of subject matter jurisdiction. On November 6, 2007, the judge in the federal class action lawsuit granted the Company s motion to dismiss for lack of subject matter jurisdiction and no appeal was taken.

With respect to the state suit, the District Court of Montgomery County, Kansas conducted an evidentiary hearing on the issue of class certification on October 24 and 25, 2007 and ruled against the class certification leaving only the original two plaintiffs. To date no other lawsuits have been filed as a result of flood related damages.

As a result of the crude oil discharge that occurred on July 1, 2007, the Company entered into an administrative order on consent (Consent Order) with the Environmental Protection Agency (EPA) on July 10, 2007. As set forth in the Consent Order, the EPA concluded that the discharge of oil from the Company s refinery caused and may continue to cause an imminent and substantial threat to the public health and welfare. Pursuant to the Consent Order, the Company agreed to perform specified remedial actions to respond to the discharge of crude oil from the Company s refinery. The Company is currently remediating the crude oil discharge and expects its primary remedial actions to continue through May 2008 with continuing minor activities for a period thereafter.

The Company engaged experts to assess and test the areas affected by the crude oil spill. The Company commenced a program on July 19, 2007 to purchase approximately 330 homes and other commercial properties in connection with the flood and the crude oil release. Total costs recorded to date are $13.4 million, which include costs incurred in 2007 of $13.1 million and costs for the three months ended March 31, 2008 of $0.3 million. Total costs recorded related to personal property claims were approximately $1.7 million, which were all recorded in 2007. Total costs recorded related to estimated commercial property to be purchased and associated claims were approximately $3.6 million, which were all recorded in 2007. The total amount of gross costs recorded for the three months ended March 31, 2008 related to the residential and commercial purchase and property claims program were approximately $0.3 million. As the crude oil spill took place in the second and third quarter of 2007, no costs associated with the spill were incurred in the first quarter of 2007.

As of March 31, 2008, the total costs recorded for obligations other than the purchase of homes, commercial properties and related personal property claims approximated $30.0 million. The Company has recorded as of March 31, 2008 total costs (net of anticipated insurance recoveries recorded of $21.4 million) associated with remediation and third party property damage claims resolution of approximately $27.3 million. The Company has not estimated or accrued for, because management does not believe it is probable that there will be any potential fines, penalties or claims that may be imposed or brought by regulatory authorities or possible additional damages arising from class action lawsuits related to the flood.

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 the Company will ultimately be required

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Notes to the Condensed Consolidated Financial Statements (Continued)

to pay. The costs and damages that the Company will ultimately pay may be greater than the amounts described and projected above. Such excess costs and damages could be material to the consolidated financial statements.

The Company is seeking insurance coverage for this release and for the ultimate costs for remediation, property damage claims, cleanup, resolution of class action lawsuits, and other claims brought by regulatory authorities. Although the Company believes that it will recover substantial sums under its environmental and liability insurance policies, the Company is not sure of the ultimate amount or timing of such recovery because of the difficulty inherent in projecting the ultimate resolution of the Company s claims. The difference between what the Company receives under its insurance policies compared to what has been recorded and described above could be material to the consolidated financial statements. The Company received $10.0 million of insurance proceeds under its environmental insurance policy in 2007.

Environmental, Health, and Safety (EHS) Matters

CVR is subject to various stringent federal, state, and local EHS rules and regulations. Liabilities related to EHS matters are recognized when the related costs are probable and can be reasonably estimated. Estimates of these costs are based upon currently available facts, existing technology, site-specific costs, and currently enacted laws and regulations. In reporting EHS liabilities, no offset is made for potential recoveries. Such liabilities include estimates of the Company s share of costs attributable to potentially responsible parties which are insolvent or otherwise unable to pay. All liabilities are monitored and adjusted regularly as new facts emerge or changes in law or technology occur.

CVR owns and/or operates manufacturing and ancillary operations at various locations directly related to petroleum refining and distribution and nitrogen fertilizer manufacturing. Therefore, CVR has exposure to potential EHS liabilities related to past and present EHS conditions at some of these locations.

Through an Administrative Order issued under the Resource Conservation and Recovery Act, as amended (RCRA), CVR is a potential party responsible for conducting corrective actions at its Coffeyville, Kansas and Phillipsburg, Kansas facilities. In 2005, CRNF agreed to participate in the State of Kansas Voluntary Cleanup and Property Redevelopment Program (VCPRP) to address a reported release of urea ammonium nitrate (UAN) at the Coffeyville UAN loading rack. As of March 31, 2008 and December 31, 2007, environmental accruals of $7,713,000 and $7,646,000, respectively, were reflected in the consolidated balance sheets for probable and estimated costs for remediation of environmental contamination under the RCRA Administrative Order and the VCPRP, including amounts totaling $2,789,000 and $2,802,000, respectively, included in other current liabilities. The Company s accruals were determined based on an estimate of payment costs through 2033, which scope of remediation was arranged with the EPA and are discounted at the appropriate risk free rates at March 31, 2008 and December 31, 2007, respectively. The accruals include estimated closure and post-closure costs of $1,580,000 and $1,549,000 for two landfills at March 31, 2008 and December 31,

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Notes to the Condensed Consolidated Financial Statements (Continued)

2007, respectively. The estimated future payments for these required obligations are as follows (in thousands):

	Amount
Nine months ending December 31, 2008	2,617
Year ending December 31, 2009	687
Year ending December 31, 2010	1,556
Year ending December 31, 2011	313
Year ending December 31, 2012	313
Thereafter	3,282
Undiscounted total	8,768
Less amounts representing interest at 3.13%	1,055
Accrued environmental liabilities at March 31, 2008	$ 7,713

Management periodically reviews and, as appropriate, revises its environmental accruals. Based on current information and regulatory requirements, management believes that the accruals established for environmental expenditures are adequate.

The EPA has issued regulations intended to limit amounts of sulfur in diesel and gasoline. The EPA has granted the Company a petition for a technical hardship waiver with respect to the date for compliance in meeting the sulfur-lowering standards. CVR spent approximately $17 million in 2007, $79 million in 2006 and $27 million in 2005 to comply with the low-sulfur rules. CVR has spent $2 million in the first three months of 2008 and based on information currently available, anticipates spending approximately $17 million in the last nine months of 2008 and $26 million in 2009 to comply with the low-sulfur rules. The entire amounts are expected to be capitalized.

Environmental expenditures are capitalized when such expenditures are expected to result in future economic benefits. For the three month periods ended March 31, 2008 and 2007, capital expenditures were $15,473,000 and $50,687,000, respectively, and were incurred to improve the environmental compliance and efficiency of the operations.

CVR believes it is in substantial compliance with existing EHS rules and regulations. There can be no assurance that the EHS matters described above or other EHS matters which may develop in the future will not have a material adverse effect on the Company s business, financial condition, or results of operations.

(13) Derivative Financial Instruments

Loss on derivatives consisted of the following (in thousands):

Three Months Ended March 31,

	2008	2007
Realized loss on swap agreements	$ (21,516)	$ (8,534)
Unrealized loss on swap agreements	(13,907)	(119,704)
Realized loss on other agreements	(7,993)	(2,763)
Unrealized gain (loss) on other agreements	1,157	(5,332)
Realized gain on interest rate swap agreements	522	1,241
Unrealized loss on interest rate swap agreements	(6,134)	(1,867)
Total loss on derivatives	$ (47,871)	$ (136,959)

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CVR is subject to price fluctuations caused by supply conditions, weather, economic conditions, and other factors and to interest rate fluctuations. To manage price risk on crude oil and other inventories and to fix margins on certain future production, CVR may enter into various derivative transactions. In addition, CALLC, as further described below, entered into certain commodity derivate contracts and an interest rate swap as required by the long-term debt agreements.

CVR has adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS 133 imposes extensive record-keeping requirements in order to designate a derivative financial instrument as a hedge. CVR holds derivative instruments, such as exchange-traded crude oil futures, certain over-the-counter forward swap agreements and interest rate swap agreements, which it believes provide an economic hedge on future transactions, but such instruments are not designated as hedges. Gains or losses related to the change in fair value and periodic settlements of these derivative instruments are classified as loss on derivatives, net in the Consolidated Statements of Operations.

At March 31, 2008, CVR s Petroleum Segment held commodity derivative contracts (swap agreements) for the period from July 1, 2005 to June 30, 2010 with a related party (see Note 15, Related Party Transactions). The swap agreements were originally executed by CALLC on June 16, 2005 and were required under the terms of the Company s long-term debt agreements. The notional quantities on the date of execution were 100,911,000 barrels of crude oil, 1,889,459,250 gallons of heating oil and 2,348,802,750 gallons of unleaded gasoline. The swap agreements were executed at the prevailing market rate at the time of execution and management believes the swap agreements provide an economic hedge on future transactions. At March 31, 2008 the notional open amounts under the swap agreements were 36,190,000 barrels of crude oil, 759,990,000 gallons of heating oil and 759,990,000 gallons of unleaded gasoline. These positions resulted in unrealized losses for the three months ended March 31, 2008 and 2007 of $13,907,000 and $119,704,000, respectively. The Petroleum Segment recorded $21,516,000 and $8,534,000 in realized losses on these swap agreements for the three month periods ended March 31, 2008 and 2007, respectively.

The Petroleum Segment also recorded mark-to-market net losses, in loss on derivatives, net exclusive of the swap agreements described above and the interest rate swaps described in the following paragraph, of $6,836,000 and $8,095,000, for the three month periods ended March 31, 2008 and 2007, respectively. All of the activity related to the commodity derivative contracts is reported in the Petroleum Segment.

At March 31, 2008, CRLLC held derivative contracts known as interest rate swap agreements that converted CRLLC s floating-rate bank debt into 4.195% fixed-rate debt on a notional amount of $325,000,000. Half of the agreements are held with a related party (as described in Note 15, Related Party Transactions), and the other half are held with a financial institution that is a lender under CRLLC s long-term debt agreements. The swap agreements carry the following terms:

Period Covered	Notional Amount	Fixed Interest Rate
June 30, 2007 to March 31, 2008	325 million	4.195%
March 31, 2008 to March 30, 2009	250 million	4.195%
March 31, 2009 to March 30, 2010	180 million	4.195%
March 31, 2010 to June 29, 2010	110 million	4.195%

CVR pays the fixed rates listed above and receives a floating rate based on three-month LIBOR rates, with payments calculated on the notional amounts listed above. The notional amounts do not represent actual amounts exchanged by the parties but instead represent the amounts on which the contracts are based. The swap is settled quarterly and marked-to-market at each reporting date, and

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Notes to the Condensed Consolidated Financial Statements (Continued)

all unrealized gains and losses are currently recognized in income. Transactions related to the interest rate swap agreements were not allocated to the Petroleum or Nitrogen Fertilizer segments. Mark-to-market net losses on derivatives and quarterly settlements were $5,612,000 and $626,000 for the three month periods ended March 31, 2008 and 2007, respectively.

(14) Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This statement established a single authoritative definition of fair value when accounting rules require the use of fair value, set out a framework for measuring fair value, and required additional disclosures about fair value measurements. SFAS 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Company adopted SFAS 157 on January 1, 2008 with the exception of nonfinancial assets and nonfinancial liabilities that were deferred by FASB Staff Position 157-2 as discussed in Note 2 to the Condensed Consolidated Financial Statements. As of March 31, 2008, the Company has not applied SFAS 157 to goodwill and intangible assets in accordance with FASB Staff Position 157-2.

SFAS 157 discusses valuation techniques, such as the market approach (prices and other relevant information generated by market conditions involving identical or comparable assets or liabilities), the income approach (techniques to convert future amounts to single present amounts based on market expectations including present value techniques and option-pricing), and the cost approach (amount that would be required to replace the service capacity of an asset which is often referred to as replacement cost). SFAS 157 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1 Quoted prices in active market for identical assets and liabilities

Level 2 Other significant observable inputs (including quoted prices in active markets for similar assets or liabilities)

Level 3 Significant unobservable inputs (including the Company s own assumptions in determining the fair value)

The following table sets forth the assets and liabilities measured at fair value on a recurring basis, by input level, as of March 31, 2008 (in thousands):

	Level 1	Level 2	Level 3	Total
Cash Flow Swap		$ (13,907)		$ (13,907)
Interest Rate Swap		(6,134)		(6,134)
Other Derivative Agreements		1,157		1,157

The Company s derivative contracts giving rise to assets or liabilities under Level 2 are valued using pricing models based on other significant observable inputs.

(15) Related Party Transactions

GS Capital Partners V Fund, L.P. and related entities (GS) and Kelso Investment Associates VII, L.P. and related entity (Kelso) are majority owners of CVR.

On June 24, 2005, CALLC entered into management services agreements with each of GS and Kelso pursuant to which GS and Kelso agreed to provide CALLC with managerial and advisory services.

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In consideration for these services, an annual fee of $1.0 million was paid to each of GS and Kelso, plus reimbursement for any out-of-pocket expenses. The agreements terminated upon consummation of CVR s initial public offering on October 26, 2007. Relating to the agreements, $0 and $538,000 were expensed in selling, general, and administrative expenses (exclusive of depreciation and amortization) for the three months ended March 31, 2008 and March 31, 2007, respectively. The Company paid a one-time fee of $5.0 million to each of GS and Kelso by reason of the termination of the agreements on October 26, 2007.

CALLC entered into certain crude oil, heating oil and gasoline swap agreements with a subsidiary of GS. Additional swap agreements with this subsidiary of GS were entered into on June 16, 2005, with an expiration date of June 30, 2010 (as described in Note 13, Derivative Financial Instruments). These agreements were assigned to Coffeyville Resources LLC, a subsidiary of CVR. Losses totaling $35,423,000 and $128,238,000 were recognized related to these swap agreements for the three months ended March 31, 2008 and 2007, respectively, and are reflected in loss on derivatives, net in the Consolidated Statements of Operations. In addition, the Consolidated Balance Sheet at March 31, 2008 and December 31, 2007 includes liabilities of $294,984,000 and $262,415,000, respectively, included in current payable to swap counterparty and $76,411,000 and $88,230,000, respectively, included in long-term payable to swap counterparty.

On June 26, 2007, the Company entered into a letter agreement with the subsidiary of GS to defer a $45.0 million payment owed on July 8, 2007 to the GS subsidiary for the period ended September 30, 2007 until August 7, 2007. Interest accrued on the deferred amount of $45.0 million at the rate of LIBOR plus 3.25%.

As a result of the flood and the related temporary cessation of business operations, the Company entered into a subsequent letter agreement on July 11, 2007 in which the GS subsidiary agreed to defer an additional $43.7 million of the balance owed for the period ending June 30, 2007. This deferral was entered into on the conditions that each of GS and Kelso agreed to guarantee one half of the payment and that interest accrued on the $43.7 million from July 9, 2007 to the date of payment at the rate of LIBOR plus 1.50%.

On July 26, 2007, the Company entered into a letter agreement in which the GS subsidiary agreed to defer to September 7, 2007 both the $45.0 million payment due August 7, 2007 along with accrued interest and the $43.7 million payment due July 25, 2007 with the related accrued interest. These payments were deferred on the conditions that GS and Kelso each agreed to guarantee one half of the payments. Additionally, interest accrues on the amount from July 26, 2007 to the date of payment at the rate of LIBOR plus 1.50%.

On August 23, 2007, the Company entered into an additional letter agreement in which the GS subsidiary agreed to further defer both deferred payment amounts and the related accrued interest with payment being due on January 31, 2008. Additionally, it was further agreed that the $35 million payment to settle hedged volumes through August 15, 2007 would be deferred with payment being due on January 31, 2008. Interest accrues on all deferral amounts through the payment due date at LIBOR plus 1.50%. GS and Kelso have each agreed to guarantee one half of all payment deferrals. The GS subsidiary further agreed to defer these payment amounts to August 31, 2008 if the Company closed an initial public offering prior to January 31, 2008. Due to the consummation of the initial public offering on October 26, 2007, these payment amounts are now deferred until August 31, 2008; however, the company is required to use 37.5% of its consolidated excess cash flow for any quarter after January 31, 2008 to prepay the deferral amounts. As of March 31, 2008 the Company was not required to pay any portion of the deferred amount.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

These deferred payment amounts are included in the Consolidated Balance Sheet at March 31, 2008 in current payable to swap counterparty. The deferred balance owed to GS, excluding accrued interest payable, totalled $123.7 million at March 31, 2008. Approximately $4,874,000 of accrued interest payable related to the deferred payments is included in other current liabilities at March 31, 2008.

On June 30, 2005, CALLC entered into three interest-rate swap agreements with the same subsidiary of GS (as described in Note 13, Derivative Financial Instruments). Losses totaling $2,813,000 and $313,000 were recognized related to these swap agreements for the three months ended March 31, 2008 and 2007, respectively, and are reflected in loss on derivatives, net in the Consolidated Statements of Operations. In addition, the Consolidated Balance Sheet at March 31, 2008 and December 31, 2007 includes $1,778,000 and $371,000, respectively, in other current liabilities and $2,223,000 and $557,000, respectively, in other long-term liabilities related to the same agreements.

Effective December 30, 2005, the Company entered into a crude oil supply agreement with a subsidiary of GS (Supplier). Under the agreement, the parties agreed to negotiate the cost of each barrel of crude oil to be purchased from a third party, and CVR agreed to pay Supplier a fixed supply service fee per barrel over the negotiated cost of each barrel of crude purchased. The cost is adjusted further using a spread adjustment calculation based on the time period the crude oil is estimated to be delivered to the refinery, other market conditions, and other factors deemed appropriate. The initial term of the agreement was to December 31, 2006. CVR and Supplier agreed to extend the term of the supply agreement for an additional 12 month period, from January 1, 2007 through December 31, 2007, and in connection with the extension amended certain terms and conditions of the supply agreement. On December 31, 2007, CVR and supplier entered into an amended and restated crude oil supply agreement. The terms of the agreement remained substantially the same. $241,000 and $360,000 were recorded on the consolidated balance sheet at March 31, 2008 and December 31, 2007, respectively, in prepaid expenses and other current assets for prepayment of crude oil. In addition, $62,039,000 and $43,773,000 were recorded in inventory and $27,909,000 and $42,666,000 were recorded in accounts payable at March 31, 2008 and December 31, 2007, respectively. Expenses associated with this agreement, included in cost of product sold (exclusive of depreciation and amortization) for the three month period ended March 31, 2008 and 2007 totaled $766,213,000 and $176,307,000, respectively. Interest expense associated with this agreement for the three month period ended March 31, 2008 and 2007 totaled $14,000 and $(1,029,000), respectively.

As a result of the refinery turnaround in early 2007, CVR needed to delay the processing of quantities of crude oil that it purchased from various small independent producers. In order to facilitate this anticipated delay, CVR entered into a purchase, storage and sale agreement for gathered crude oil, dated March 20, 2007, with J. Aron, a subsidiary of GS. Pursuant to the terms of the agreement, J. Aron agreed to purchase gathered crude oil from CVR, store the gathered crude oil and sell CVR the gathered crude oil on a forward basis.

(16) Business Segments

CVR measures segment profit as operating income for Petroleum and Nitrogen Fertilizer, CVR s two reporting segments, based on the definitions provided in SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*. All operations of the segments are located within the United States.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

Petroleum

Principal products of the Petroleum Segment are refined fuels, propane, and petroleum refining by-products including pet coke. CVR sells the pet coke to the Partnership for use in the manufacturing of nitrogen fertilizer at the adjacent nitrogen fertilizer plant. For CVR, a per-ton transfer price is used to record intercompany sales on the part of the Petroleum Segment and corresponding intercompany cost of product sold (exclusive of depreciation and amortization) for the Nitrogen Fertilizer Segment. The per ton transfer price paid, pursuant to the coke supply agreement that became effective October 24, 2007, is based on the lesser of a coke price derived from the priced received by the fertilizer segment for UAN (subject to a UAN based price ceiling and floor) and a coke price index for pet coke. Prior to October 25, 2007 intercompany sales were based upon a price of $15 per ton. The intercompany transactions are eliminated in the Other Segment. Intercompany sales included in petroleum net sales were $2,806,000 and $580,000 for the three months ended March 31, 2008 and 2007, respectively.

Intercompany cost of product sold (exclusive of depreciation and amortization) for the hydrogen sales described below under Nitrogen Fertilizer was $5,291,000 and $2,829,000 for the three months ended March 31, 2008 and 2007, respectively.

Nitrogen Fertilizer

The principal product of the Nitrogen Fertilizer Segment is nitrogen fertilizer. Intercompany cost of product sold (exclusive of depreciation and amortization) for the coke transfer described above was $2,545,000 and $850,000 for the three months ended March 31, 2008 and 2007, respectively.

Beginning in 2008, the Nitrogen Fertilizer Segment made a change as to the classification of intercompany hydrogen sales to the Petroleum Segment. In 2008, these amounts are reflected as Net Sales for the fertilizer plant. Prior to 2008, the Nitrogen Fertilizer Segment reflected these transactions as a reduction of cost of product sold (exclusive of depreciation and amortization). For the quarters ended March 31, 2008 and 2007, the net sales generated from intercompany hydrogen sales were $5,291,000 and $2,829,000, respectively. As noted above, the net sales of $2,829,000 were included as a reduction to the cost of product sold (exclusive of depreciation and amortization) for 2007. As these intercompany sales are eliminated, there is no financial statement impact on the consolidated financial statements.

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

Other Segment

The Other Segment reflects intercompany eliminations, cash and cash equivalents, all debt related activities, income tax activities and other corporate activities that are not allocated to the operating segments.

	Three Months Ended March 31, 2008	2007
	(in thousands)	
Net sales		
Petroleum	$ 1,168,500	$ 352,488
Nitrogen Fertilizer	62,600	38,575
Intersegment eliminations	(8,097)	(580)
Total	$ 1,223,003	$ 390,483
Cost of product sold (exclusive of depreciation and amortization) Petroleum	$ 1,035,085	$ 298,460
Nitrogen Fertilizer	8,945	6,060
Intersegment eliminations	(7,836)	(850)
Total	$ 1,036,194	$ 303,670
Direct operating expenses (exclusive of depreciation and amortization) Petroleum	$ 40,290	$ 96,674
Nitrogen Fertilizer	20,266	16,738
Other		
Total	$ 60,556	$ 113,412
Net costs associated with flood		
Petroleum	$ 5,533	$
Nitrogen Fertilizer	(17)	
Other	247	
Total	$ 5,763	$
Depreciation and amortization		
Petroleum	$ 14,877	$ 9,794
Nitrogen Fertilizer	4,477	4,394
Other	281	47
Total	$ 19,635	$ 14,235

Operating income (loss)				
Petroleum	$	63,618	$	(63,468)
Nitrogen Fertilizer		26,017		9,319
Other		(2,277)		165
Total	$	87,358	$	(53,984)
Capital expenditures				
Petroleum	$	22,541	$	106,501
Nitrogen Fertilizer		2,817		402
Other		798		460
Total	$	26,156	$	107,363

CVR ENERGY, INC. AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements (Continued)

	Three Months Ended March 31, 2008	Year Ended December 31, 2007
Total assets		
Petroleum	$ 1,352,961	$ 1,277,124
Nitrogen Fertilizer	496,326	446,763
Other	74,304	144,469
Total	$ 1,923,591	$ 1,868,356
Goodwill		
Petroleum	$ 42,806	$ 42,806
Nitrogen Fertilizer	40,969	40,969
Other		
Total	$ 83,775	$ 83,775

(17) Subsequent Events

On June 13, 2008, the Company announced that the managing general partner of the Partnership had decided to postpone indefinitely the Partnership s initial public offering. The Partnership has notified the SEC that it intends to withdraw the registration statement it filed in February 2008.

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the notes offered hereby, but only under circumstances where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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$125,000,000

CVR Energy, Inc.
% Convertible Senior
Notes Due 2013

PROSPECTUS

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

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution.***

The following table sets forth the costs and expenses to be paid by the Registrant in connection with the sale of the shares of common stock being registered hereby. All amounts are estimates except for the SEC registration fee, the Financial Industry Regulatory Authority (FINRA) filing fee.

SEC registration fee	$	5,650
FINRA filing fee		14,875
Accounting fees and expenses		
Legal fees and expenses		
Printing and engraving expenses		
Transfer agent and registrar fees and expenses		
Miscellaneous expenses		
Total	$	

Item 14. ***Indemnification of Directors and Officers.***

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation s board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the Securities Act).

As permitted by the Delaware General Corporation Law, the Registrant s Certificate of Incorporation includes a provision that eliminates the personal liability of its directors for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director s duty of loyalty to the Registrant or its stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under section 174 of the Delaware General Corporation Law regarding unlawful dividends and stock purchases; or
- for any transaction for which the director derived an improper personal benefit.

As permitted by the Delaware General Corporation Law, the Registrant s Bylaws provide that:

- the Registrant is required to indemnify its directors and officers to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions;

the Registrant may indemnify its other employees and agents to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions;

the Registrant is required to advance expenses, as incurred, to its directors and officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions;

the Registrant may advance expenses, as incurred, to its employees and agents in connection with a legal proceeding; and

the rights conferred in the Bylaws are not exclusive.

The Registrant may enter into Indemnity Agreements with each of its current directors and officers to give these directors and officers additional contractual assurances regarding the scope of the

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indemnification set forth in the Registrant s Certificate of Incorporation and to provide additional procedural protections. At present, there is no pending litigation or proceeding involving a director, officer or employee of the Registrant regarding which indemnification is sought, nor is the Registrant aware of any threatened litigation that may result in claims for indemnification.

The indemnification provisions in the Registrant s Certificate of Incorporation and Bylaws and any Indemnity Agreements entered into between the Registrant and each of its directors and officers may be sufficiently broad to permit indemnification of the Registrant s directors and officers for liabilities arising under the Securities Act.

CVR Energy, Inc. and its subsidiaries are covered by liability insurance policies which indemnify their directors and officers against loss arising from claims by reason of their legal liability for acts as such directors, officers or trustees, subject to limitations and conditions as set forth in the policies.

The underwriting agreement to be entered into among the company, and the underwriters will contain indemnification and contribution provisions.

Item 15. ***Recent Sales of Unregistered Securities.***

We issued 100 shares of common stock to Coffeyville Acquisition LLC in September 2006 for nominal consideration. The issuance was exempt from registration in accordance with Section 4(2) of the Securities Act of 1933, as amended. We issued 247,471 shares of common stock to our chief executive officer in October 2007 in exchange for shares he owned in Coffeyville Nitrogen Fertilizer, Inc. and Coffeyville Refining and Marketing Holdings, Inc. The issuance was exempt from registration in accordance with Rule 701 under the Securities Act of 1933, as amended.

Item 16. ***Exhibits and Financial Statement Schedules.***

(a) The exhibits to this Registration Statement are listed on the Exhibit Index page hereof, which is incorporated by reference in this Item 16.

(b) The financial statement schedules are omitted because they are inapplicable or the requested information is shown in the consolidated financial statements of CVR Energy, Inc. or related notes thereto.

Item 17. ***Undertakings.***

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in Sugar Land, State of Texas, on this 19th day of June 2008.

CVR ENERGY, INC.

By: /s/ John J. Lipinski
John J. Lipinski
Chief Executive Officer and President

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints John J. Lipinski, James T. Rens and Edmund S. Gross, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this Registration Statement, including post-effective amendments and registration statements filed pursuant to Rule 462(b) and otherwise, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John J. Lipinski John J. Lipinski	Chief Executive Officer, President and Director (Principal Executive Officer)	June 19, 2008
/s/ James T. Rens James T. Rens	Chief Financial Officer (Principal Financial and Accounting Officer)	June 19, 2008
/s/ Scott L. Lebovitz Scott L. Lebovitz	Director	June 19, 2008
/s/ Regis B. Lippert Regis B. Lippert	Director	June 19, 2008

/s/ George E. Matelich	Director	June 19, 2008
George E. Matelich		
/s/ Steve A. Nordaker	Director	June 19, 2008
Steve A. Nordaker		

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Signature	Title	Date
/s/ Stanley de J. Osborne Stanley de J. Osborne	Director	June 19, 2008
/s/ Kenneth A. Pontarelli Kenneth A. Pontarelli	Director	June 19, 2008
/s/ Mark Tomkins Mark Tomkins	Director	June 19, 2008

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EXHIBIT INDEX

Number	Exhibit Title
1.1*	Form of Underwriting Agreement.
3.1**	Amended and Restated Certificate of Incorporation of CVR Energy, Inc. (filed as Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
3.2**	Amended and Restated Bylaws of CVR Energy, Inc. (filed as Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
4.1**	Specimen Common Stock Certificate (filed as Exhibit 4.1 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
4.2*	Form of Indenture for the Convertible Senior Notes due 2013.
4.3*	Form of Convertible Senior Notes due 2013 (see 4.2).
5.1*	Form of opinion of Fried, Frank, Harris, Shriver & Jacobson LLP.
10.1**	Second Amended and Restated Credit and Guaranty Agreement, dated as of December 28, 2006, among Coffeyville Resources, LLC and the other parties thereto (filed as Exhibit 10.1 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.1.1**	First Amendment to Second Amended and Restated Credit and Guaranty Agreement, dated as of August 23, 2007, among Coffeyville Resources, LLC and the other parties thereto (filed as Exhibit 10.1.1 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.2**	Amended and Restated First Lien Pledge and Security Agreement, dated as of December 28, 2006, among Coffeyville Resources, LLC, CL JV Holdings, LLC, Coffeyville Pipeline, Inc., Coffeyville Refining and Marketing, Inc., Coffeyville Nitrogen Fertilizers, Inc., Coffeyville Crude Transportation, Inc., Coffeyville Terminal, Inc., Coffeyville Resources Pipeline, LLC, Coffeyville Resources Refining & Marketing, LLC, Coffeyville Resources Nitrogen Fertilizers, LLC, Coffeyville Resources Crude Transportation, LLC and Coffeyville Resources Terminal, LLC, as grantors, and Credit Suisse, as collateral agent (filed as Exhibit 10.2 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.3 **	Swap agreements with J. Aron & Company (filed as Exhibit 10.5 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.3.1**	Letter agreements between Coffeyville Resources, LLC and J. Aron & Company, dated as of June 26, 2007, July 11, 2007, July 26, 2007 and August 23, 2007 (filed as Exhibit 10.5.1 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.4 **	License Agreement For Use of the Texaco Gasification Process, Texaco Hydrogen Generation Process, and Texaco Gasification Power Systems, dated as of May 30, 1997 by and between Texaco Development Corporation and Farmland Industries, Inc., as amended (filed as Exhibit 10.4 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.5 **	Amended and Restated On-Site Product Supply Agreement dated as of June 1, 2005, between The Linde Group (f/k/a The BOC Group, Inc.) and Coffeyville Resources Nitrogen Fertilizers, LLC (filed as Exhibit 10.6 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.6 **	

Amended and Restated Crude Oil Supply Agreement, dated as of December 31, 2007, between J. Aron & Company and Coffeyville Resources Refining and Marketing, LLC (filed as Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on January 7, 2008 and incorporated by reference herein).

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Number	Exhibit Title
10.7 **	Pipeline Construction, Operation and Transportation Commitment Agreement, dated February 11, 2004, as amended, between Plains Pipeline, L.P. and Coffeyville Resources Refining & Marketing, LLC (filed as Exhibit 10.14 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.8**	Electric Services Agreement dated January 13, 2004, between Coffeyville Resources Nitrogen Fertilizers, LLC and the City of Coffeyville, Kansas (filed as Exhibit 10.15 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.9**	Purchase, Storage and Sale Agreement for Gathered Crude, dated as of March 20, 2007, between J. Aron & Company and Coffeyville Resources Refining & Marketing, LLC (filed as Exhibit 10.22 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.10**	Stockholders Agreement of CVR Energy, Inc., dated as of October 16, 2007, by and among CVR Energy, Inc., Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC (filed as Exhibit 10.20 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.11**	Registration Rights Agreement, dated as of October 16, 2007, by and among CVR Energy, Inc., Coffeyville Acquisition LLC and Coffeyville Acquisition II LLC (filed as Exhibit 10.21 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.12**	Management Registration Rights Agreement, dated as of October 24, 2007, by and between CVR Energy, Inc. and John J. Lipinski (filed as Exhibit 10.27 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.13**	Stock Purchase Agreement, dated as of May 15, 2005 by and between Coffeyville Group Holdings, LLC and Coffeyville Acquisition LLC (filed as Exhibit 10.23 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.13.1**	Amendment No. 1 to the Stock Purchase Agreement, dated as of June 24, 2005 by and between Coffeyville Group Holdings, LLC and Coffeyville Acquisition LLC (filed as Exhibit 10.23.1 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.13.2**	Amendment No. 2 to the Stock Purchase Agreement, dated as of July 25, 2005 by and between Coffeyville Group Holdings, LLC and Coffeyville Acquisition LLC (filed as Exhibit 10.23.2 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.14**	First Amended and Restated Agreement of Limited Partnership of CVR Partners, LP, dated as of October 24, 2007, by and among CVR GP, LLC, CVR Special GP, LLC and Coffeyville Resources, LLC (filed as Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.15**	Coke Supply Agreement, dated as of October 25, 2007, by and between Coffeyville Resources Refining & Marketing, LLC and Coffeyville Resources Nitrogen Fertilizers, LLC (filed as Exhibit 10.5 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.16**	Cross Easement Agreement, dated as of October 25, 2007, by and between Coffeyville Resources Refining & Marketing, LLC and Coffeyville Resources Nitrogen Fertilizers, LLC (filed as Exhibit 10.6 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended

	September 30, 2007 and incorporated by reference herein).
10.17**	Environmental Agreement, dated as of October 25, 2007, by and between Coffeyville Resources Refining & Marketing, LLC and Coffeyville Resources Nitrogen Fertilizers, LLC (filed as Exhibit 10.7 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).

Number	Exhibit Title
10.17.1**	Supplement to Environmental Agreement, dated as of February 15, 2008, by and between Coffeyville Resources Refining and Marketing, LLC and Coffeyville Resources Nitrogen Fertilizers, LLC (filed as Exhibit 10.17.1 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).
10.18**	Feedstock and Shared Services Agreement, dated as of October 25, 2007, by and between Coffeyville Resources Refining & Marketing, LLC and Coffeyville Resources Nitrogen Fertilizers, LLC (filed as Exhibit 10.8 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.19**	Raw Water and Facilities Sharing Agreement, dated as of October 25, 2007, by and between Coffeyville Resources Refining & Marketing, LLC and Coffeyville Resources Nitrogen Fertilizers, LLC (filed as Exhibit 10.9 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.20**	Services Agreement, dated as of October 25, 2007, by and among CVR Partners, LP, CVR GP, LLC, CVR Special GP, LLC, and CVR Energy, Inc. (filed as Exhibit 10.10 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.21**	Omnibus Agreement, dated as of October 24, 2007 by and among CVR Energy, Inc., CVR GP, LLC, CVR Special GP, LLC and CVR Partners, LP (filed as Exhibit 10.11 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.22**	Contribution, Conveyance and Assumption Agreement, dated as of October 24, 2007, by and among Coffeyville Resources, LLC, CVR GP, LLC, CVR Special GP, LLC, and CVR Partners, LP (filed as Exhibit 10.26 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.23**	Registration Rights Agreement, dated as of October 24, 2007, by and among CVR Partners, LP, CVR Special GP, LLC and Coffeyville Resources, LLC (filed as Exhibit 10.24 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.24**	Amended and Restated Employment Agreement, dated as of January 1, 2008, by and between CVR Energy, Inc. and John J. Lipinski (filed as Exhibit 10.24 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).
10.25**	Amended and Restated Employment Agreement, dated as of December 29, 2007, by and between CVR Energy, Inc. and Stanley A. Riemann (filed as Exhibit 10.25 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).
10.26**	Amended and Restated Employment Agreement, dated as of December 29, 2007, by and between CVR Energy, Inc. and James T. Rens (filed as Exhibit 10.26 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).
10.27**	Employment Agreement, dated as of October 23, 2007, by and between CVR Energy, Inc. and Daniel J. Daly, Jr. (filed as Exhibit 10.27 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).
10.27.1**	First Amendment to Employment Agreement, dated as of November 30, 2007, by and between CVR Energy, Inc. and Daniel J. Daly, Jr. (filed as Exhibit 10.27.1 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).
10.28**	

Amended and Restated Employment Agreement, dated as of December 29, 2007, by and between CVR Energy, Inc. and Robert W. Haugen (filed as Exhibit 10.28 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).

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Number	Exhibit Title
10.29**	CVR Energy, Inc. 2007 Long Term Incentive Plan (filed as Exhibit 10.13 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.29.1**	Form of Nonqualified Stock Option Agreement (filed as Exhibit 10.33.1 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.29.2**	Form of Director Stock Option Agreement (filed as Exhibit 10.33.2 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.29.3**	Form of Director Restricted Stock Agreement (filed as Exhibit 10.33.3 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.30**	Coffeyville Resources, LLC Phantom Unit Appreciation Plan (Plan I), as amended (filed as Exhibit 10.3 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.31**	Coffeyville Resources, LLC Phantom Unit Appreciation Plan (Plan II) (filed as Exhibit 10.12 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.32**	Stockholders Agreement of Coffeyville Nitrogen Fertilizer, Inc., dated as of March 9, 2007, by and among Coffeyville Nitrogen Fertilizers, Inc., Coffeyville Acquisition LLC and John J. Lipinski (filed as Exhibit 10.17 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.33**	Stockholders Agreement of Coffeyville Refining & Marketing Holdings, Inc., dated as of August 22, 2007, by and among Coffeyville Refining & Marketing Holdings, Inc., Coffeyville Acquisition LLC and John J. Lipinski (filed as Exhibit 10.18 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.34**	Subscription Agreement, dated as of March 9, 2007, by Coffeyville Nitrogen Fertilizers, Inc. and John J. Lipinski (filed as Exhibit 10.19 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.35**	Subscription Agreement, dated as of August 22, 2007, by Coffeyville Refining & Marketing Holdings, Inc. and John J. Lipinski (filed as Exhibit 10.20 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated herein by reference).
10.36**	Amended and Restated Recapitalization Agreement, dated as of October 16, 2007, by and among Coffeyville Acquisition LLC, Coffeyville Refining & Marketing Holdings, Inc., Coffeyville Refining & Marketing, Inc., Coffeyville Nitrogen Fertilizers, Inc. and CVR Energy, Inc. (filed as Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the quarterly period September 30, 2007 and incorporated by reference herein).
10.37**	Subscription Agreement, dated as of October 16, 2007, by and between CVR Energy, Inc. and John J. Lipinski (filed as Exhibit 10.21 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.38**	Redemption Agreement, dated as of October 16, 2007, by and among Coffeyville Acquisition LLC and the Redeemed Parties signatory thereto (filed as Exhibit 10.19 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.39**	Third Amended and Restated Limited Liability Company Agreement of Coffeyville Acquisition LLC, dated as of October 16, 2007 (filed as Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).

Number	Exhibit Title
10.39.1**	Amendment No. 1 to the Third Amended and Restated Limited Liability Company Agreement of Coffeyville Acquisition LLC, dated as of October 16, 2007 (filed as Exhibit 10.15 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.40**	First Amended and Restated Limited Liability Company Agreement of Coffeyville Acquisition II LLC, dated as of October 16, 2007 (filed as Exhibit 10.16 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.40.1**	Amendment No. 1 to the First Amended and Restated Limited Liability Company Agreement of Coffeyville Acquisition II LLC, dated as of October 16, 2007 (filed as Exhibit 10.17 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.41**	Amended and Restated Limited Liability Company Agreement of Coffeyville Acquisition III LLC, dated as of February 15, 2008 (filed as Exhibit 10.41 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).
10.42**	Letter Agreement, dated as of October 24, 2007, by and among Coffeyville Acquisition LLC, Goldman, Sachs & Co. and Kelso & Company, L.P. (filed as Exhibit 10.23 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 and incorporated by reference herein).
10.43**	Collective Bargaining Agreement, effective as of March 3, 2004, by and between Coffeyville Resources Refining & Marketing, LLC and various unions of the Metal Trades Department (filed as Exhibit 10.46 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.44**	Collective Bargaining Agreement, effective as of March 3, 2004, by and between Coffeyville Resources Crude Transportation, LLC and the Paper, Allied-Industrial, Chemical & Energy Workers International Union (filed as Exhibit 10.47 to the Company s Original Registration Statement on Form S-1, File No. 333-137588 and incorporated by reference herein).
10.45**	Consulting Agreement dated May 2, 2008, by and between General Wesley Clark and CVR Energy, Inc. (filed as Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 and incorporated by reference herein).
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1**	List of Subsidiaries of CVR Energy, Inc. (filed as Exhibit 21.1 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated by reference herein).
23.1	Consent of KPMG LLP.
23.2*	Consent of Fried, Frank, Harris, Shriver & Jacobson LLP (included in Exhibit 5.1).
23.3	Consent of Blue, Johnson & Associates.

* To be filed by amendment.

** Previously filed.

Confidential treatment has been granted for certain provisions of this exhibit by the Securities and Exchange Commission.