CVR ENERGY INC
Form 424B4
October 24, 2007

Table of Contents

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

20,000,000 Shares

CVR Energy, Inc.

Common Stock

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

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

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

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

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

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

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

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

Prospectus dated October 22, 2007.

Table of Contents

Table of Contents

Table of Contents

PROSPECTUS SUMMARY

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

Our Business

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

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

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

We generated combined net sales of $1.7 billion, $2.4 billion, $3.0 billion and $2.7 billion and operating income of $111.2 million, $270.8 million, $281.6 million and $190.5 million for the fiscal years ended December 31, 2004, 2005 and 2006 and the twelve months ended June 30, 2007,

Table of Contents

respectively. Our petroleum business generated $1.6 billion, $2.3 billion, $2.9 billion and $2.6 billion of our combined net sales, respectively, over these periods, with the nitrogen fertilizer business generating substantially all of the remainder. In addition, during these periods, our petroleum business contributed $84.8 million, $199.7 million, $245.6 million and $170.5 million, respectively, of our combined operating income, with substantially all of the remainder contributed by the nitrogen fertilizer business.

Significant Milestones Since the Change of Control in June 2005

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

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

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

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

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

Key Market Trends

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

For the refining industry, these factors include the following:

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

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

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

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

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

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

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

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

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

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

Our Competitive Strengths

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

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

Access to and Ability to Process Multiple Crude Oils. Since June 2005 we have significantly expanded the variety of crude grades processed in any given month. While our proximity to the Cushing crude oil trading hub minimizes the likelihood of an interruption to our supply, we intend to further diversify our sources of crude oil. Among other initiatives in this regard, we have secured shipper rights on the newly built Spearhead pipeline, which connects Chicago to the Cushing hub. We have also committed to additional pipeline capacity on the proposed Keystone pipeline

Table of Contents

project currently under development by TransCanada Keystone Pipeline, LP which will provide us with access to incremental oil supplies from Canada. We also own and operate a crude gathering system serving northern Oklahoma, central Kansas and southwest Nebraska, which allows us to acquire quality crudes at a discount to WTI.

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

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

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

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

Table of Contents

Our Business Strategy

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

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

Nitrogen Fertilizer Limited Partnership

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

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

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

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

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

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

Flood and Crude Oil Discharge

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

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

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

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

6

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

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

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

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

Cash Flow Swap

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

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

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

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

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

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

Our History

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

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

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

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

Table of Contents

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

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

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

Risks Relating to Our Business

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

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

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

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

Table of Contents

Organizational Structure

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

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

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

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

Table of Contents

The Offering

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

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

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

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

Table of Contents

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

Table of Contents

Summary Consolidated Financial Information

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

Table of Contents

	Successor		Pro Forma
	Six Months Ended June 30, 2006 (unaudited)	Six Months Ended June 30, 2007 (unaudited)	Six Months Ended June 30, 2007 (unaudited)
	(in millions, except as otherwise indicated)		
Statement of Operations Data:			
Net sales	$ 1,550.6	$ 1,233.9	$ 1,233.9
Cost of product sold (exclusive of depreciation and amortization)	1,203.4	873.3	873.3
Direct operating expenses (exclusive of depreciation and amortization)	87.8	174.4	174.4
Selling, general and administrative expenses (exclusive of depreciation and amortization)	20.5	28.1	28.1
Costs associated with flood(1)		2.1	2.1
Depreciation and amortization	24.0	32.2	32.2
Operating income	$ 214.9	$ 123.8	$ 123.8
Other income	1.4	0.7	0.7
Interest (expense)	(22.3)	(27.6)	(15.9)
Loss on derivatives	(126.5)	(292.4)	(292.4)
Income (loss) before income taxes and minority interest in subsidiaries	$ 67.5	$ (195.5)	$ (183.8)
Income tax (expense) benefit	(25.7)	141.0	136.3
Minority interest in (income) loss of subsidiaries		0.2	0.2
Net income (loss)(2)	$ 41.8	$ (54.3)	$ (47.3