UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 9, 2011

CVR ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-33492**	**61-1512186**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

2277 Plaza Drive, Suite 500
Sugar Land, Texas 77479

(Address of principal executive offices, including zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure

On December 9, 2011, CVR Energy, Inc. (the "Company") announced that its wholly-owned subsidiaries, Coffeyville Resources, LLC ("CRLLC") and Coffeyville Finance Inc., have commenced a private offering (the "Private Offering") of $200,000,000 aggregate principal amount of first lien senior secured notes due 2015 (the "Notes"). The Notes have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Portions of the summary and business sections of the offering memorandum the Company and CRLLC prepared in connection with the Private Offering are attached hereto as Exhibit 99.1. The information filed in this Current Report on Form 8-K pursuant to Item 7.01, including the information contained in Exhibit 99.1, is neither an offer to sell nor a solicitation of an offer to buy any of the Notes in the Private Offering.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 7.01 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto are being furnished pursuant to Item 7.01 of Form 8-K and will not, except to the extent required by applicable law or regulation, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor will any of such information or exhibits be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as expressly set forth by specific reference in such filing.

Item 8.01. Other Events

As previously announced, the Company and CRLLC have entered into a Stock Purchase and Sale Agreement (the "Purchase Agreement") with The Gary-Williams Company, Inc., a Delaware corporation ("Seller Parent"), GWEC Holding Company, Inc., a Delaware corporation and a wholly-owned subsidiary of Seller Parent ("Seller"), and Gary-Williams Energy Corporation, a Delaware corporation and a wholly-owned subsidiary of Seller ("GWEC"), pursuant to which CRLLC has agreed to acquire from Seller all of the issued and outstanding shares of GWEC, subject to the terms and conditions contained therein, for a purchase price of $525,000,000 in cash (less a $26,250,000 purchase price deposit already paid), plus an amount equal to GWEC's working capital at the closing, as of now estimated to be $69,000,000 (the "Acquisition").

GWEC's audited consolidated financial statements and related notes (i) as of and for the years ended December 31, 2010 and 2009 and (ii) as of December 31, 2009 and for each of the years in the two-year period then ended are attached hereto as Exhibits 99.2 and 99.3, respectively, and incorporated by reference herein. GWEC's unaudited consolidated financial statements as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010 are attached hereto as Exhibit 99.4, and incorporated by reference herein. In addition, the Company's unaudited pro forma condensed consolidated financial statements as of and for the nine months ended September 30, 2011 and for the year ended December 31, 2010, which give effect to the Acquisition and related transactions, are attached hereto as Exhibit 99.5 and incorporated by reference herein. Finally, certain risk factors related to the combined company are attached hereto as Exhibit 99.6 and incorporated by reference herein.

Forward-Looking Statements

This Current Report on Form 8-K (including information included or incorporated by reference herein) includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, statements about the benefits of the proposed acquisition of GWEC by the Company, including future financial and operating results, the combined company’s plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the Company’s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the failure to successfully integrate the businesses of the Company and GWEC in the expected time frame; the substantial expenses incurred related to the Acquisition and the integration of GWEC; a loss of management personnel and other key employees as a result of uncertainties associated with the Acquisition; the failure of the unaudited pro forma condensed consolidated financial information to be representative of the combined results of the Company and GWEC after the consummation of the Acquisition; and unforeseen liabilities associated with the Acquisition. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of Deloitte & Touche LLP, independent auditor for GWEC
23.2	Consent of KPMG LLP, independent auditor for GWEC
99.1	Portions of the summary and business sections of the offering memorandum dated December 9, 2011 prepared in connection with the Private Offering
99.2	GWEC audited consolidated financial statements and related notes as of and for the years ended December 31, 2010 and 2009
99.3	GWEC audited consolidated financial statements and related notes as of the year ended December 31, 2009 and for each of the years in the two-year period then ended
99.4	GWEC unaudited consolidated financial statements as of September 30, 2011 and for the nine months ended September 30, 2011 and 2010
99.5	Unaudited pro forma condensed consolidated financial statements as of and for the nine months ended September 30, 2011 and for the year ended December 31, 2010
99.6	Risk Factors

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 hereunto duly authorized.

Date: December 9, 2011

CVR ENERGY, INC.

By: /s/ Edward A. Morgan
Edward A. Morgan
Chief Financial Officer and Treasurer

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement No. 333-151787 on Form S-3 of CVR Energy, Inc., and in the Registration Statements Nos. 333-146907 and 333-148783 on Form S-8 of CVR Energy, Inc., of our report dated March 31, 2011, related to the consolidated financial statements of Gary-Williams Energy Corporation as of and for the year ended December 31, 2010, which report appears in this Current Report on Form 8-K.

/s/ Deloitte & Touche LLP
Denver, Colorado
December 9, 2011

Consent of Independent Auditors

The Board of Directors
CVR Energy, Inc.

We consent to the incorporation by reference in the registration statements of CVR Energy, Inc. (no. 333-151787) on Form S-3, and (nos. 333-146907 and 333-148783) on Form S-8, of our report dated March 30, 2010, with respect to the consolidated balance sheet of Gary-Williams Energy Corporation and subsidiaries as of December 31, 2009, and the related consolidated statements of operations, changes in shareholder's equity, comprehensive income (loss), and cash flows for each of the years in the two-year period then ended, which report appears in this Current Report on Form 8-K.

/s/ KPMG LLP

Denver, Colorado
December 9, 2011

Our Company

We are an independent petroleum refiner and marketer of high value transportation fuels in the mid-continental United States. In addition, we own the general partner and approximately 70% of the common units of CVR Partners, LP, a publicly-traded limited partnership that is an independent producer and marketer of upgraded nitrogen fertilizers in the form of ammonia and urea ammonia nitrate, or UAN.

Our petroleum business includes a 115,000-barrel per day, or bpd, complex full coking medium-sour crude oil refinery in Coffeyville, Kansas and, following consummation of the Acquisition, a 70,000 bpd refinery in Wynnewood, Oklahoma. In addition, we own and operate supporting businesses that include:

- a crude oil gathering system, serving Kansas, Oklahoma, western Missouri and southwestern Nebraska, that has gathered as much as approximately 37,500 bpd in September 2011;
- a 145,000 bpd pipeline system that transports crude oil to our Coffeyville refinery with 1.2 million barrels of associated company-owned storage tanks and an additional 2.7 million barrels of leased storage capacity located at Cushing, Oklahoma (with an additional 1.0 million barrels of company-owned storage tanks in Cushing under construction, which are expected to be completed in the first quarter of 2012); and
- a rack marketing division supplying product through tanker trucks directly to customers located in close geographic proximity to Coffeyville and to customers at throughput terminals on refined products distribution systems run by Magellan Midstream Partners L.P., or Magellan, and NuStar Energy, LP, or NuStar.

Our Coffeyville refinery is situated approximately 100 miles from Cushing, Oklahoma, one of the largest crude oil trading and storage hubs in the United States, which provides us with access to virtually any crude oil variety in the world capable of being transported by pipeline. We sell our products through rack sales (sales which are made at terminals into third-party tanker trucks) and bulk sales (sales through third-party pipelines) into the mid-continent region via Magellan and into Colorado and other destinations utilizing the product pipeline networks owned by Magellan, Enterprise Products Operating, L.P., or Enterprise, and NuStar.

CVR Partners' nitrogen fertilizer business operates a dual-train coke gasifier plant that produces high-purity hydrogen, most of which is subsequently converted to ammonia and upgraded to urea ammonium nitrate, or UAN. The nitrogen fertilizer business is the only operation in North America that utilizes a pet coke gasification process to produce ammonia (based on data provided by Blue, Johnson & Associates, or Blue Johnson). The nitrogen fertilizer manufacturing facility includes a 1,225 ton-per-day ammonia unit, a 2,025 ton-per-day UAN unit, and a gasifier complex with built-in redundancy having a capacity of 84 million standard cubic feet per day. In addition, CVR Partners is building 10,000 tons of UAN storage tank capacity in Phillipsburg, Kansas which is expected to be completed in the third quarter of 2012. A majority of the ammonia which the nitrogen fertilizer business produces is upgraded to higher margin UAN fertilizer, an aqueous solution of urea and ammonium nitrate which has historically commanded a premium price over ammonia. In 2010, the nitrogen fertilizer business produced 392,745 tons of ammonia, of which approximately 60% was upgraded into 578,272 tons of UAN. During the past five years, over 70% of the pet coke utilized by the nitrogen fertilizer plant was produced and supplied by CVR Energy's crude oil refinery pursuant to a renewable long-term agreement.

Gary-Williams Energy Corporation ("GWEC") Acquisition

On November 2, 2011, we entered into a Stock Purchase and Sale Agreement (the "Purchase Agreement") to acquire all of the issued and outstanding shares of GWEC for $525.0 million in cash, plus an adjustment for inventory and other working capital on the closing date (currently estimated to be $69.0 million as of the date hereof). GWEC owns a 70,000 bpd refinery in Wynnewood, Oklahoma that includes approximately 2.0 million barrels of company-owned storage tanks. Located in the PADD II Group 3 distribution area, the Wynnewood refinery is a dual crude unit facility that processes a variety of crudes and produces high-value fuel products (including gasoline, ultra-low sulfur diesel, jet fuel and solvent) as well as liquefied petroleum gas and a variety of asphalts.

We believe the acquisition of GWEC will provide us with the following benefits:

- ***We are acquiring high quality, recently upgraded assets***. We believe the Wynnewood refinery is in excellent operating condition after significant recent capital improvements. Since January 1, 2007, GWEC has invested over $250.0 million for maintenance projects and improvements to the safety, complexity and operational performance of the Wynnewood refinery. The Wynnewood refinery is fully compliant with current ultra-low sulfur diesel and gasoline regulations.
- ***The acquisition will increase our scale and operational diversity***. After the acquisition, we will have 185,000 bpd of crude throughput capacity across two facilities located in two different states.
- ***We expect to generate significant operating synergies.*** We have identified over $30.0 million in annual processing synergies that we expect to generate from operating the two refineries together.
- ***The acquired business should contribute significant operating cash flow.*** The GWEC acquisition is also expected to contribute significant operating cash flow to our combined business. We believe expanding our processing capacity and diversifying our asset base will improve our credit profile.

Pro forma for the Acquisition debt financing and the GWEC Acquisition, we would have had net sales, operating income, net income and Adjusted EBITDA of $7,755.5 million, $826.3 million, $382.2 million and $892.1 million for the twelve months ended September 30, 2011 and ratios of pro forma net debt to Adjusted EBITDA and Adjusted EBITDA to pro forma interest expense of 0.95x and 11.41x, respectively, during such period. See "Summary Pro Forma Condensed Consolidated Financial Information."

Key Market Trends

We have identified several key factors that we believe influence the long-term outlook for the refining and nitrogen fertilizer industries generally and in the areas where we operate and sell our products.

For the refining industry, these factors include the following:

- ***Reduced refining capacity.*** High capital costs, historical excess refining capacity and incremental regulatory requirements have limited the construction of new refineries in the United States over the past 30 years. Although certain regions in the U.S. continue to have excess capacity, consolidation and closure of existing domestic and international refineries accelerated beginning in 2009 and is expected to continue, which we believe should reduce refining capacity as compared to current levels.

- ***Higher Brent crude prices.*** Currently, the spread between Brent crude oil and West Texas Intermediate, or WTI crude oil, is in excess of historical norms. This higher spread is caused by increasing Asian crude demand, global political uncertainty and lower supplies of Brent crude oil, which have driven up its price, as well as by increased Canadian and US Bakken crude flowing to Cushing without pipeline access to the U.S. Gulf Coast, which has put downward pressure on WTI pricing. As refined products are priced off of a Brent crude oil base, refined product margins for refineries that use WTI crude and can capture the Brent-WTI differential, such as CVR Energy, have increased. This trend may be mitigated in the future as a result of Enbridge's purchase of 50% of the Seaway pipeline and intent to reverse the pipeline to make it flow from Cushing to the U.S. Gulf Coast, as well as from other potential projects planned for the coming years.
- ***Net importing of refined products in PADD II Group 3.*** Even in a cyclically low demand environment, refining capacity in the mid-continent region where both our existing refinery in Coffeyville, Kansas and GWEC's refinery in Wynnewood, Oklahoma operate is insufficient to meet required product demand in this region. As a result, the region has historically required U.S. Gulf Coast imports to meet demand. We believe that this should result in PADD II Group 3 refiners earning higher margins on mid-continent product sales than their U.S. Gulf Coast competitors by virtue of their lower transportation costs.
- ***Increasing demand for sweet crude.*** Increasing demand for sweet crude oils and higher incremental production of lower-cost sour crude are expected to provide a cost advantage to sour crude processing refiners.
- ***U.S. fuel specifications.*** U.S. fuel specifications, including reduced sulfur content and reduced vapor pressure, which accommodates ethanol blending and reduces fuel volatility, should benefit refiners who are able to efficiently produce fuels that meet these specifications.

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

- ***Increased global fertilizer and grain demand.*** Global demand for fertilizers is driven primarily by population growth, dietary changes in the developing world and increased consumption of bio-fuels. According to the International Fertilizer Industry Association, or IFA, from 1972 to 2010, global fertilizer demand grew 2.1% annually. Fertilizer use is projected to increase by 45% between 2005 and 2030 to meet global food demand, according to a study funded by the Food and Agriculture Organization of the United Nations. Additionally, over the five-year period ending December 31, 2010, world grain demand increased 11%, leading to a tight grain supply environment and significant increases in grain prices, which is highly supportive of fertilizer prices.
- ***U.S. demand for fertilizer.*** The United States is the world's largest exporter of coarse grains, accounting for 46% of world exports and 31% of total world production, according to the USDA. The United States is also the world's third largest consumer of nitrogen fertilizer and historically the world's largest importer of nitrogen fertilizer, importing approximately 48% of its nitrogen fertilizer needs. North American producers have a significant and sustainable cost advantage over European producers that export to the United States.
- ***Increased demand for UAN.*** The convenience of UAN fertilizer has led to an 8.5% increase in its consumption from 2000 through 2010 (estimated) on a nitrogen content

basis, whereas ammonia fertilizer consumption decreased by 2.4% for the same period, according to data supplied by Blue Johnson. Unlike ammonia and urea, UAN can be applied throughout the growing season and can be applied in tandem with pesticides and fungicides, providing farmers with flexibility and cost savings. UAN is not widely traded globally because it is costly to transport (it is approximately 68% water). As a result of these factors, UAN commands a premium price to urea and ammonia, on a nitrogen equivalent basis.

Both of our businesses are cyclical and volatile and have experienced downturns in the past. See “Risk Factors” filed as Exhibit 99.6 to this Current Report on Form 8-K.

Our Strengths

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

Access to Advantaged WTI Priced Crudes. Refineries in the PADD II Group 3 region, where both the Coffeyville and Wynnewood refineries are located, are advantaged over U.S. coastal refiners due to their access to WTI benchmarked crudes. These crudes are currently trading at a historically wide differential to coastal or imported crudes such as Brent and LLS. This spread has increased due to rising Asian crude demand, global political uncertainty, and increased Canadian and U.S. Bakken crude flowing to Cushing without similar pipeline access to the U.S. Gulf Coast. As refined products are priced off of a Brent crude oil base, refined product margins for refineries that use WTI crude and can capture the Brent-WTI differential, such as CVR Energy, have increased.

Access to and Ability to Process Multiple Crude Oils. In recent years, CVR Energy has significantly expanded the variety of crude grades processed in any given month to optimize the profitability of and enhance security of supply to the Coffeyville refinery. The Wynnewood refinery has a complexity of 9.3 and is also capable of processing a variety of crudes, including West Texas Sour, West Texas Intermediate, sweet and sour Canadian and United States Gulf Coast crudes. CVR Energy maintains capacity on the Spearhead pipeline, which connects Chicago to the Cushing hub. We maintain leased storage in Cushing to facilitate optimal crude purchasing and blending and own and operate a crude gathering system serving Kansas, Oklahoma, western Missouri and southwestern Nebraska, which allows us to acquire quality crudes at a discount to West Texas Intermediate crude oil, or WTI, which is used as a benchmark for other crude oils. The Coffeyville and Wynnewood refineries also have the ability to receive crude oil directly by rail.

High Quality, Upgraded Refineries with Solid Track Record. For the year ended December 31, 2010, approximately 89% of the Coffeyville and Wynnewood refineries’ liquid production consisted of higher value transportation fuels (gasoline and distillate). Substantial investments have been made in both refineries to increase their complexity, which is a measure of a refinery’s ability to process lower quality crude in an economic manner. From 2005 through September 2011, CVR Energy has invested over $685.0 million to modernize the Coffeyville oil refinery and to meet more stringent U.S. environmental, health and safety requirements. As a result, the Coffeyville refinery’s complexity increased from approximately 10.0 in 2005 to its current complexity of 12.9, we significantly improved our assets’ reliability and redundancy and we enhanced the profitability of the Coffeyville refinery during periods of high crack spreads while enabling the refinery to operate more profitably at lower crack spreads than was previously possible. In addition, we achieved significant increases in our refinery's total throughput, from an average of approximately 98,300 bpd in June 2005 to an average in excess of 120,000 bpd for the year ended December 31, 2010. Similarly, in 2007 and 2008, the Wynnewood refinery completed approximately $100.0 million in capital projects and an approximately $60.0 million four-year turnaround, which increased crude throughput capacity 27% to 70,000 bpd and sour crude processing capacity by approximately 80%.

Nitrogen Fertilizer Cost Advantage Through Use of Pet Coke Gasification Process. CVR Partners operates the only nitrogen fertilizer production facility in North America that uses pet coke gasification to produce nitrogen fertilizer, which has historically given it a cost advantage over competitors that use natural gas-based production methods. Its costs are approximately 86% fixed and relatively stable, which allows it to benefit directly from increases in nitrogen fertilizer prices, and its variable costs consist primarily of pet coke. Pet coke costs have historically remained relatively stable, averaging $26 per ton since a pet coke supply and pricing agreement was put in place between CVR Partners and CVR Energy in October 2007, with an annual high of $31 per ton in 2008 and an annual low of $17 per ton in 2010. Third-party pet coke is readily available, and CVR Partners has paid an average cost of $43 per ton for third-party pet coke during the five years ended September 30, 2011. Substantially all of the nitrogen fertilizer business' competitors use natural gas as their primary raw material feedstock (with natural gas constituting approximately 85-90% of their production costs based on historical data) and are therefore heavily impacted by changes in natural gas prices.

Fertilizer Business Transportation Cost Advantage. The nitrogen fertilizer business and other competitors located in the U.S. farm belt share a transportation cost advantage when compared to out-of-region competitors in serving the U.S. farm belt agricultural market. As a result, the nitrogen fertilizer business is able to cost-effectively sell substantially all of its products in the higher margin agricultural market, whereas, according to publicly available information prepared by competitors, a significant portion of the nitrogen fertilizer business competitors' revenues are derived from the lower margin industrial market. Because the U.S. farm belt consumes more nitrogen fertilizer than is produced in the region, it must import nitrogen fertilizer from the U.S. Gulf Coast and international producers. Accordingly, U.S. farm belt producers may offer nitrogen fertilizers at prices that factor in those out-of-region transportation costs without incurring such costs. In addition, the nitrogen fertilizer business' products leave the plant either in trucks for direct shipment to customers (in which case no transportation costs are incurred) or in railcars for destinations located principally on the Union Pacific Railroad. Accordingly, the nitrogen fertilizer business does not incur any intermediate transfer, storage, barge freight or pipeline freight charges.

Highly Reliable Pet Coke Gasification Fertilizer Plant with Low Capital Requirements. The nitrogen fertilizer plant was completed in 2000 and is the newest fertilizer plant built in North America. Prior to the plant's construction in 2000, the last ammonia plant built in the United States was constructed in 1977. The nitrogen fertilizer facility was built with the dual objectives of being low cost and reliable. It has low maintenance costs, with maintenance capital expenditures ranging between approximately $3 million and $9 million per year from 2007 through 2010, and has been configured to have a dual-train gasifier complex to provide redundancy and improve reliability.

Experienced Management Team. Our senior management team averages over 29 years of refining and fertilizer industry experience and, in coordination with our broader management team, has successfully improved the overall reliability and production capabilities of our businesses. John J. Lipinski, CVR Energy's Chief Executive Officer and CVR Partners' Executive Chairman, has over 38 years of experience in the refining and chemicals industries, and prior to joining us in June 2005 was in charge of a 550,000 bpd refining system and a multi-plant fertilizer system. Byron R. Kelley, CVR Partners' Chief Executive Officer, has over 41 years of experience in energy-related companies, including executive, management and engineering positions in natural gas and pipeline companies. Stanley A. Riemann, our Chief Operating Officer, has over 37 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. Edward A. Morgan, our Chief Financial Officer, has over 19 years of finance experience, including 9 years in the energy industry, and prior to joining us in May 2009, was the chief financial officer of a New York Stock Exchange-listed downstream energy company. CVR Partners is managed by CVR Energy's management pursuant to a services agreement and, other than Mr. Kelley, CVR Energy's management team divides its time between both businesses.

Our Strategy

The primary business objective for our refining business is to strengthen 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, the primary business objective of the nitrogen fertilizer business is to maximize the production and efficiency of its nitrogen fertilizer facilities as well as to add complementary assets. We intend to accomplish these objectives through the following strategies:

Maintain and increase cash flow with minimal need for significant capital expenditure projects. Our Coffeyville refinery and the Wynnewood refinery are located in a region of the United States in which refined product demand exceeds production. In recent years, significant investments have been made to modernize both refineries and to increase the volume and quality of their output. In addition, there is high demand for the products produced by the nitrogen fertilizer business, which operates the newest fertilizer plant in North America. We believe our significant capital expenditures to date combined with demand for our products will allow us to maintain a recurring stream of revenue with minimal need for significant large capital projects. We continually evaluate likely levels of future demand and will endeavor to make future capital expenditures in order to increase future recurring revenues and cash flow.

Capitalize on low operating cost advantage. Increasing demand for sweet crude oils and higher incremental production of lower-cost sour crude are expected to provide a cost advantage to sour crude processing refiners and the location of our Coffeyville refinery and the Wynnewood refinery provides us or is expected to provide us with a reliable supply of crude oil and a transportation cost advantage over other refiners. In addition, we believe the nitrogen fertilizer business is one of the lowest cost producers and marketers of ammonia and UAN fertilizers in North America. We continually review on an ongoing basis efficiency-based and other projects that could reduce overall operating costs.

Continue productivity improvements and capacity optimization. We continually strive to improve our operating efficiency. We completed the greenfield construction of a new continuous catalytic reformer in 2008 to increase the profitability of our petroleum business through increased refined product yields and the elimination of scheduled downtime associated with the catalytic reformer that was replaced. In addition, this project reduced the dependence of our Coffeyville refinery on hydrogen supplied by the fertilizer facility, thereby allowing the nitrogen fertilizer business to generate higher margins by increasing its capacity to produce ammonia and UAN rather than hydrogen.

We have increased utilization of our crude oil gathering system. Our gathered barrels have increased from approximately 7,000 bpd in 2005 to approximately 37,500 bpd in September 2011. This increased capacity has provided higher margins and a base supply of feedstock for the Coffeyville refinery that is an attractive and competitive supply of crude oil. We plan to continue to increase the capacity of our crude oil gathering system so that we may eventually utilize this asset to provide crude oil to other buyers of crude oil, including the Wynnewood refinery.

Increase UAN production at the nitrogen fertilizer business. In 2011, the nitrogen fertilizer business began a significant expansion project to increase its UAN production capacity by approximately 400,000 tons, or 50%, per year. Approximately $35.7 million had been spent on this project through September 30, 2011, and we estimate an additional $95.0 million will be spent through completion, which is currently forecasted to occur by the end of 2012. This project is expected to provide the flexibility to upgrade all of CVR Partners' ammonia production when market conditions favor UAN. It is expected that this additional UAN production capacity will improve fertilizer business margins, as UAN has historically been a higher margin product than ammonia.

Focus on safe, reliable and environmentally responsible operations. Our petroleum business, the nitrogen fertilizer business and GWEC have all made substantial investments in our respective facilities to improve their safety and reduce their environmental impact. In addition, we continually strive to maximize the production of our oil refining and nitrogen fertilizer facilities in order to meet demand, and we seek to minimize downtime at our facilities through a diligent planning process that takes into account the margin environment, the availability of resources to perform the needed maintenance, feedstock logistics and other factors.

Provide high level of customer service. We focus on providing our customers with the highest level of service. Both refineries have significantly expanded the variety of crude grades they can process, allowing us to offer customers consistent and reliable service across a wide range of products. The fertilizer plant has demonstrated consistent levels of production while operating at close to full capacity. Substantially all of the fertilizer plant's product shipments are targeted to freight advantaged destinations located in the U.S. farm belt, allowing the fertilizer business to quickly and reliably service customer demand. We believe a continued focus on customer service will allow us to maintain relationships with existing customers and grow our business.

Selectively consider strategic acquisitions. We intend to continue to selectively consider strategic acquisitions within the energy industry. We will seek acquisition opportunities in our existing areas of operation that have the potential for operational efficiencies. We may also examine opportunities in the energy industry outside of our existing areas of operation and in new geographic regions. In addition, working on behalf of the Partnership, management may pursue strategic acquisitions within the fertilizer industry, including opportunities in different geographic regions, and where appropriate will seek to acquire complementary assets divested by larger, diversified enterprises. While we are continuously engaged in discussions with respect to potential transactions, at the present time, other than the GWEC acquisition, we have no agreements or understandings with respect to any acquisitions.

Summary Pro Forma Condensed Consolidated Financial Information

The summary pro forma condensed consolidated financial information presented below for the year ended December 31, 2010 and the nine and twelve months ended September 30, 2011 and as of September 30, 2011 have been derived from the pro forma condensed consolidated statements of operations for the year ended December 31, 2010 and the nine and twelve months ended September 30, 2011 and the pro forma condensed consolidated balance sheet as of September 30, 2011 appearing elsewhere in Exhibit 99.5 to this Current Report on Form 8-K. The pro forma statements of operations give effect to the Acquisition-related debt financing and the Acquisition (including the acquisition of GWEC's working capital) as if they had occurred at the beginning of the periods presented, and the pro forma balance sheet as of September 30, 2011 gives effect to the Acquisition-related debt financing and the Acquisition (including the acquisition of GWEC's working capital) as if they had occurred on September 30, 2011. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The summary pro forma condensed consolidated financial information is for informational purposes only and does not purport to represent what our results of operation or financial position actually would have been if the Acquisition had occurred at any date, and such data does not purport to project our financial position as of any future date or our results of operations for any future period. See Exhibit 99.5 for a complete description of the adjustments and assumptions underlying this summary pro forma consolidated financial information. The summary pro forma consolidated financial information should be read in conjunction with the financial statements and related notes of both CVR Energy and GWEC and Management's Discussion and Analysis of Financial Condition and Results of Operations for CVR Energy.

	Year Ended December 31, 2010	Nine Months Ended September 30, 2011	Twelve Months Ended September 30, 2011
		(in millions) (Unaudited)	
Statements of Operations Data:			
Net sales	$6,220.8	$6,008.2	$7,755.5
Cost of product sold	5,536.7	4,785.6	6,313.1
Direct operating expenses	329.9	284.3	372.0
Insurance recovery-business interruption	—	(3.4)	(3.4)
Selling, general and administrative expenses	106.9	82.1	129.1
Depreciation and amortization	117.0	88.8	118.4
Operating income	130.3	770.8	826.3
Other income (expense), net	1.3	0.6	0.5
Interest expense, net	(72.7)	(58.9)	(78.2)
Loss on extinguishment of debt	(16.6)	(2.1)	(3.7)
Gain (loss) on derivatives, net	(1.5)	(85.9)	(95.2)
Income (loss) before income taxes and noncontrolling interest	40.8	624.5	649.7
Income tax (expense) benefit	(18.8)	(232.7)	(247.2)
Net income attributable to noncontrolling interest	—	20.3	20.3
Net income (loss)	22.0	371.5	382.2

	Year Ended December 31, 2010	Nine Months Ended September 30, 2011	Twelve Months Ended September 30, 2011
		(in millions) (Unaudited)	
Other Financial Data:			
Adjusted EBITDA (1)	$241.7	$837.3	$ 892.7
Pro forma debt (2)			851.0
Pro forma interest expense (3)			78.2
Ratio of pro forma debt to Adjusted EBITDA			0.95x
Ratio of Adjusted EBITDA to pro forma interest expense			11.41x

	As of September 30, 2011
	(in millions) (Unaudited)
Balance Sheet Data:	
Cash and cash equivalents	$ 438.6
Working capital	729.2
Total assets	2,984.6
Total debt, including current portion	851.0
Noncontrolling interest	148.0
Total CVR Energy stockholders' equity	1,076.7

(1) For all periods presented, pro forma Adjusted EBITDA is equal to the sum of (1) CVR Energy's historical Adjusted EBITDA plus (2) GWEC's historical Adjusted EBITDA plus (3) costs associated with GWEC's airplane that will not be an ongoing expense as a result of the distribution of the airplane to GWEC's stockholders prior to the closing of the Acquisition. See "—Summary Consolidated Financial Information—CVR Energy, Inc.," "—Summary Consolidated Financial Information—GWEC," and the Unaudited Pro Forma Condensed Consolidated Financial Statements filed as Exhibit 99.5 to this Current Report on Form 8-K.

(2) Pro forma debt reflects CVR Energy's total debt as of September 30, 2011, as adjusted to give pro forma effect to the debt financing and the Acquisition (including the acquisition of GWEC's working capital).

(3) Pro forma interest expense reflects CVR Energy's total cash interest expense as of September 30, 2011, net of interest income, as adjusted to give pro forma effect to the debt financing and the Acquisition (including the acquisition of GWEC's working capital).

Summary Consolidated Financial Information—CVR Energy, Inc.

This financial information should be read in conjunction with, and is qualified in its entirety by reference to, CVR Energy's financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2008	2009	2010	2010	2011	2011
				(Unaudited)		(Unaudited)
	(in millions, except for production data)					
Statements of Operations Data:						
Net sales	$ 5,016.1	$ 3,136.3	$ 4,079.8	$ 2,931.6	$ 3,966.9	$ 5,115.1
Cost of product sold (1)	4,461.8	2,547.7	3,568.1	2,584.4	3,086.2	4,069.9
Direct operating expenses (1)	237.5	226.0	240.8	176.5	209.3	273.6
Insurance recovery-business interruption	—	—	—	—	(3.4)	(3.4)
Selling, general and administrative expenses (1)	35.2	68.9	92.0	48.6	69.0	112.4
Net costs associated with flood (2)	7.9	0.6	(1.0)	(1.0)	—	—
Depreciation and amortization	82.2	84.9	86.8	64.8	66.1	88.1
Goodwill impairment (3)	42.8	—	—	—	—	—
Operating income	$ 148.7	$ 208.2	$ 93.1	$ 58.3	$ 539.7	$ 574.5
Other income (expense), net (4)	(5.9)	(0.1)	(13.2)	(12.7)	(0.7)	(1.2)
Interest expense	(40.3)	(44.2)	(50.3)	(36.6)	(41.2)	(54.9)
Gain (loss) on derivatives, net	125.3	(65.3)	(1.5)	7.8	(25.1)	(34.4)
Income (loss) before income taxes and noncontrolling interest	$ 227.8	$ 98.6	$ 28.1	16.8	472.7	484.0
Income tax (expense) benefit	(63.9)	(29.2)	(13.8)	(4.8)	(172.5)	(181.5)
Noncontrolling interest	—	—	—	—	(20.3)	(20.3)
Net income (loss) (5)	$ 163.9	$ 69.4	14.3	12.0	279.9	282.2

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2008	2009	2010	2010	2011	2011
				(Unaudited)		(Unaudited)
	(in millions, except for production data)					
Other Financial Data:						
Net cash flow provided by (used in):						
Operating activities	83.2	85.3	225.4	151.1	345.9	420.2
Investing activities	(86.5)	(48.3)	(31.3)	(23.0)	(43.8)	(52.1)
Financing activities	(18.3)	(9.0)	(31.0)	(2.6)	396.3	367.9
Capital expenditures for property, plant and equipment	86.5	48.8	32.4	23.0	46.6	56.0
Adjusted EBITDA (6)	220.1	212.4	193.8	142.7	603.5	657.0
Production Data:						
NYMEX 2-1-1 crack spread (dollars per barrel)	$ 12.50	$ 8.54	$ 10.07	$ 9.76	$ 27.27	$ 23.16
Coffeyville refinery total throughput (barrels per day)	117,719	120,239	123,715	121,316	112,741	117,264
Refining margin (per crude oil throughput barrel) (7)	8.39	10.65	8.84	7.63	23.77	20.71
Ammonia production (gross produced) (thousand tons)	359.1	435.2	392.7	322.9	310.4	380.3
Ammonia production (net available for sale) (thousand tons)	112.5	156.6	155.6	117.9	89.3	127.0
UAN Production (thousand tons)	599.2	677.7	578.3	500.5	535.8	613.6
Product Pricing (plant gate) (dollars per ton)						
Ammonia	$ 557.0	$ 314.0	$ 361.0	$ 305.0	$ 569.0	$ 540.0
UAN	$ 303.0	$ 198.0	$ 179.0	$ 180.0	$ 266.0	$ 255.0
Balance Sheet Data:						
Cash and cash equivalents	$ 8.9	$ 36.9	$ 200.0	$ 162.4	$ 898.5	$ 898.5
Working capital	128.5	235.4	333.6	309.8	1,059.4	1,059.4
Total assets	1,610.5	1,614.5	1,740.2	1,684.1	2,508.3	2,508.3
Total debt, including current portion	495.9	491.3	477.0	506.1	591.8	591.8
Noncontrolling interest (8)	10.6	10.6	10.6	10.6	148.0	148.0
Total CVR Energy stockholders' equity	579.5	653.8	689.6	671.0	1,083.6	1,083.6

(1) Amounts are shown exclusive of depreciation and amortization.

(2) Represents the write-off of approximate net costs associated with the June/July 2007 flood and crude oil discharge that are not probable of recovery for all periods presented other than the year ended December 31, 2010, and a recovery of $1.0 million for the year ended December 31, 2010.

(3) Upon applying the goodwill impairment testing criteria under existing accounting rules during the fourth quarter of 2008, we determined that the goodwill in the petroleum segment was impaired, which resulted in a goodwill impairment loss of $42.8 million. This represented a write-off of the entire balance of the petroleum segment's goodwill.

(4) During the years ended December 31, 2008, 2009 and 2010 we recognized losses of $10.0 million, $2.1 million and $16.6 million respectively, on early extinguishment of debt.

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

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2008	2009	2010	2010	2011	2011
				(Unaudited) (in millions)		(Unaudited)
Loss on extinguishment of debt (a)	$ 10.0	$ 2.1	$16.6	$15.1	$ 2.1	$ 3.6
Letter of credit expense and interest rate swap not included in interest expense (b)	7.4	13.4	4.7	4.3	1.3	1.7
Major scheduled turnaround expense (c)	3.3	—	4.8	0.6	12.2	16.5
Unrealized (gain) loss from Cash Flow Swap	(253.2)	40.9	—	—	—	—
Share-based compensation (d)	(42.5)	8.8	37.2	8.4	23.6	52.4
Goodwill impairment (e)	42.8	—	—	—	—	—

(a) Represents the write-off of: (1) $10.0 million of deferred financing costs in connection with the second amendment to our then-existing first priority credit facility on December 22, 2008; (2) $2.1 million of deferred financing costs in connection with the reduction, effective June 1, 2009, and eventual termination of the funded letter of credit facility on October 15, 2009; and (3) $16.6 million for the year ended December 31, 2010, made up of (a) $9.6 million in premium paid and a $5.4 million write-off of previously deferred costs associated with the unscheduled payment of our tranche D term loan, and (b) $1.6 million associated with a 3% premium paid on a principal prepayment on our senior secured notes along with a partial write-off of previously deferred financing costs, underwriting discount and original issue discount.

(b) Consists of fees which are expensed to selling, general and administrative expenses in connection with the funded letter of credit facility issued in support of certain swap agreements we entered into with J. Aron & Company in June 2005 (the “Cash Flow Swap”) and other letters of credit outstanding. We reduced the funded letter of credit facility from $150.0 million to $60.0 million, effective June 1, 2009. As a result of the termination of the Cash Flow Swap effective October 8, 2009, we were able to terminate the remaining $60.0 million funded letter of credit facility effective October 15, 2009. Although not included as interest expense in our Consolidated Statements of Operations, these fees are treated as such in the calculation of Adjusted EBITDA in our ABL Credit Facility and in the indentures governing the notes and the existing second lien notes.

(c) Represents expense associated with major scheduled turnarounds.

(d) Represents the impact of share-based compensation awards.

(e) Upon applying the goodwill impairment testing criteria under existing accounting rules during the fourth quarter of 2008, we determined that the goodwill in the petroleum segment was impaired, which resulted in a goodwill impairment loss of $42.8 million. This represented a write-off of the entire balance of the petroleum segment’s goodwill.

(6) We define Adjusted EBITDA as CVR Energy net income (loss) adjusted to eliminate (a) income tax expense (benefit), (b) unfavorable (favorable) FIFO impact, (c) interest expense, net, (d) depreciation and amortization, (e) unrealized (gain) loss related to hedging obligations, (f) charges relating to the 2007 flood, (g) share-based compensation, (h) goodwill impairment and (i) other items of expense.

We present Adjusted EBITDA because we believe it is a useful indicator of our operating performance. We believe this for the following reasons:

- Adjusted EBITDA is widely used by investors to measure a company’s operating performance without regard to items, such as interest expense, income tax expense, and depreciation and amortization, that can vary substantially from company to company depending upon their financing and accounting methods, the book value of their assets, their capital structures and the method by which their assets were acquired;

- securities analysts use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of a company; and

• Adjusted EBITDA measures our operational performance without regard to certain non-recurring, non-cash and/or transaction-related expenses.

However, Adjusted EBITDA should not be considered as an alternative to net income, cash flow from operations, or any other measure of financial performance calculated and presented in accordance with GAAP. Our Adjusted EBITDA may not be comparable to similar measures reported by other companies because other companies may not calculate Adjusted EBITDA in the same manner as we do. Although we use Adjusted EBITDA as a measure to assess the operating performance of our business, Adjusted EBITDA has significant limitations as an analytical tool because it excludes certain material costs. For example, it does not include interest expense, which has been and will continue to be a necessary element of our costs. Because we use capital assets, depreciation expense is a necessary element of our costs and our ability to generate revenue. In addition, the omission of the amortization expense associated with our intangible assets further limits the usefulness of this measure. Adjusted EBITDA as presented herein is the Adjusted EBITDA of CVR Energy. CVR Energy is not a guarantor of the new notes. Because of these limitations management does not view Adjusted EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income and sales, to measure operating performance. Adjusted EBITDA as set forth herein is not equal to Consolidated Cash Flow as calculated under the indentures governing the notes and the existing second lien notes.

The following table reconciles the consolidated net income (loss) of CVR Energy to Adjusted EBITDA for the periods presented below:

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2008	2009	2010	2010	2011	2011
				(Unaudited) (in millions)		(Unaudited)
CVR Energy net income (loss)	$ 163.9	$ 69.4	$ 14.3	$ 12.0	$ 279.9	$ 282.2
Plus:						
Income tax expense (benefit)	63.9	29.2	13.8	4.8	172.5	181.5
Unfavorable (favorable) FIFO impact (a)	102.5	(67.9)	(31.7)	2.6	1.5	(30.4)
Interest expense, net	37.6	42.5	48.1	34.9	40.6	53.8
Unrealized (gain) loss relating to derivative transactions	(253.8)	42.8	2.2	(0.8)	6.8	9.8
Depreciation and amortization	82.2	84.9	86.8	64.8	66.1	88.1
Net costs associated with flood (b)	7.9	0.6	(1.0)	(1.0)	—	—
Share-based compensation (c)	(42.5)	8.8	37.2	8.4	23.6	52.4
Goodwill impairment (d)	42.8	—	—	—	—	—
Major scheduled turnaround expense (e)	3.3	—	4.8	0.6	12.2	16.5
EBITDA adjustments included in non-controlling interest (f)	—	—	—	—	(3.4)	(3.4)
Other expenses (g)	12.3	2.1	19.3	16.4	3.6	6.5
Adjusted EBITDA	$ 220.1	$212.4	$193.8	$ 142.7	$ 603.4	$ 657.0

(a) The Company uses the first in, first out (FIFO) methodology as a basis to determine inventory value in accordance with GAAP. Changes in crude oil prices can cause fluctuations in inventory value of our crude oil, work in process and finished goods, thereby resulting in favorable FIFO impacts when crude prices increase and unfavorable FIFO impacts when crude prices decrease. The FIFO impact is calculated based upon inventory values at the beginning of the accounting period and at the end of the accounting period.

(b) Represents the write-off of approximate net costs associated with the June/July 2007 flood and crude oil discharge that are not probable of recovery for all periods presented other than the year ended December 31, 2010, and a recovery of $1.0 million for the year ended December 31, 2010.

(c) Represents the impact of all share-based compensation awards.

(d) Upon applying the goodwill impairment testing criteria under existing accounting rules during the fourth quarter of 2008, we determined that the goodwill in the petroleum segment was impaired, which resulted in a goodwill impairment loss of $42.8 million. This represented a write-off of the entire balance of the petroleum segment's goodwill.

(e) Represents expense associated with major scheduled turnarounds.

(f) Represents adjustments made to EBITDA attributable to non-controlling interests.

(g) Other expenses consists of the following (in millions):

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2008	2009	2010	2010	2011	2011
				(Unaudited)		(Unaudited)
			(in millions)			
Loss on extinguishment of debt	10.0	2.1	16.6	15.1	2.1	3.6
Loss on disposal of certain fixed assets	2.3	—	2.7	1.3	1.5	2.9
Other expenses	12.3	2.1	19.3	16.4	3.6	6.5

The following table reconciles the operating income of the petroleum and nitrogen fertilizer segments to Petroleum Adjusted EBITDA and Fertilizer Adjusted EBITDA, respectively, for the periods presented below (certain corporate activities and intercompany transactions are not allocated to either of our two segments and, therefore, CVR Energy's Adjusted EBITDA is not a sum of the operating results of the petroleum and nitrogen fertilizer segments):

	Year Ended December 31,			Twelve Months Ended September 30,
	2008	2009	2010	2011
				(Unaudited)
			(in millions)	
Petroleum Segment:				
Petroleum segment operating income	$ 31.9	$170.2	$104.6	$ 529.5
Plus:				
FIFO impact (favorable) unfavorable	102.5	(67.9)	(31.7)	(30.4)
Share-based compensation	(10.8)	(3.7)	11.5	17.1
Loss on disposal of fixed assets	—	—	1.3	1.5
Major scheduled turnaround	—	—	1.2	12.8
Realized gain (loss) on derivatives, net	(121.0)	(21.0)	0.7	(24.7)
Goodwill impairment	42.8	—	—	—
Depreciation and amortization	62.7	64.4	66.4	67.8
Other income (expense)	1.0	0.3	0.7	0.5
Petroleum Adjusted EBITDA	$ 109.1	$142.3	$154.7	$ 574.1
Nitrogen Fertilizer Segment:				
Nitrogen Fertilizer segment operating income	$ 116.8	$ 48.9	$ 20.4	$ 84.0
Plus:				
Share-based compensation	(10.6)	3.2	9.0	14.1
Loss on disposal of fixed assets	2.3	—	1.4	1.4
Major scheduled turnaround	3.3	—	3.5	3.5
Depreciation and amortization	18.0	18.7	18.5	18.5
Other income (expense)	0.1	—	—	0.2
Fertilizer Adjusted EBITDA	$ 129.9	$ 70.8	$ 52.8	$ 121.7

(7) Refining margin is a measurement calculated as the difference between net sales and cost of product sold (exclusive of depreciation and amortization). Refining margin is a non-GAAP measure that we believe is

important to investors in evaluating our refinery's performance as a general indication of the amount above our cost of product sold that we are able to sell refined products. Each of the components used in this calculation (net sales and cost of product sold (exclusive of depreciation and amortization)) is taken directly from our Statements of Operations. Our calculation of refining margin may differ from similar calculations of other companies in our industry, thereby limiting its usefulness as a comparative measure. In order to derive the refining margin per crude oil throughput barrel, we utilize the total dollar figures for refining margin as derived above and divide by the applicable number of crude oil throughput barrels for the period. We believe that refining margin and refining margin per crude oil throughput barrel is important to enable investors to better understand and evaluate our ongoing operating results and for greater transparency in the review of our overall business, financial, operational and economic financial performance.

(8) Noncontrolling interest at December 31, 2008, 2009 and 2010 reflects Coffeyville Acquisition III's interest in the Partnership's then-existing incentive distribution rights (IDRs). In connection with the Partnership's initial public offering in April 2011, the IDRs were eliminated and the general partner was sold to CRLLC.

Summary Consolidated Financial Information—GWEC

This financial information should be read in conjunction with, and is qualified in its entirety by reference to, GWEC's financial statements and related notes.

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2008	2009	2010	2010	2011	2011
				(Unaudited)		(Unaudited)
	(in millions, other than production data)					
Consolidated Statements of Operations Data:						
Operating revenue	$2,142.8	$1,649.6	$2,141.0	$1,542.0	$2,041.3	$ 2,640.3
Operating expenses	2,248.8	1,566.5	2,086.8	1,512.3	1,857.2	2,431.8
Gross Profit (loss)	(106.0)	83.1	54.2	29.7	184.1	208.5
General and administrative expenses	20.6	17.9	15.7	12.0	13.9	17.6
Operating income (loss)	(126.6)	65.2	38.5	17.7	170.2	190.9
Interest and investment income	1.0	0.1	—	—	0.1	0.1
Interest expense	(7.4)	(13.0)	(22.4)	(16.6)	(22.9)	(28.6)
Gain on disposal of assets	1.9	0.2	—	—	0.2	0.2
Fire-related gain (loss), net	2.8	—	—	—	—	—
Other-net	0.1	0.3	—	0.7	(0.3)	(1.0)
Total other expense	(1.6)	(12.4)	(22.4)	(15.9)	(22.9)	(29.3)
Net income (loss) from continuing operations	(128.2)	52.8	16.1	1.8	147.3	161.6
Net loss from discontinued operations	(1.6)	(0.3)	—	—	—	—
Net income (loss)	(129.8)	52.5	16.1	$ 1.8	$ 147.3	$ 161.6

	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Nine Months Ended September 30, 2010 (Unaudited)	Nine Months Ended September 30, 2011 (Unaudited)	Twelve Months Ended September 30, 2011 (Unaudited)
	(in millions, other than production data)					
Other Financial Data:						
Net cash flows provided by (used in):						
Operating activities (including discontinued operations)	$ (94.1)	$ 87.4	$ 86.4	$ 2.7	$ 85.3	169.0
Investing activities	$ (30.9)	$ (11.2)	$ (43.7)	$ (36.0)	$ (13.5)	(21.2)
Financing activities	$ 105.8	$ (71.8)	$ (14.6)	$ 28.1	$ (77.0)	(119.7)
Capital expenditures: refinery and pipeline	$ (37.5)	$ (49.4)	$ (43.3)	$ (36.5)	$ (14.0)	(20.8)
Adjusted EBITDA (1)	$ (17.8)	$ 36.9	$ 47.3	$ 38.5	$ 233.3	$ 235.1
Production Data:						
NYMEX 2-1-1 crack spread (per barrel)	$ 12.50	$ 8.54	$ 10.07	$ 9.76	$ 27.27	$ 23.16
Wynnewood refinery crude oil throughput (barrels per day)	45,548	59,836	63,025	62,598	60,789	61,277
Refining margin (per crude oil throughput barrel)	$ 0.89	$ $9.43	$ 7.50	$ 6.86	$ 20.60	$ 17.76
Operating expenses (per crude oil throughput barrel)	$ 6.07	$ 4.34	$ 3.92	$ 4.53	$ 4.43	$ 4.33
Balance Sheet Data:						
Cash and cash equivalents	1.9	6.0	34.0	0.8	29.0	29.0
Total assets	429.9	531.9	586.5	564.8	652.2	652.2
Total liabilities	289.2	339.7	378.1	370.8	354.8	354.8
Total shareholder’s equity	140.7	192.2	208.4	194.0	297.4	297.4

(1) We define Adjusted EBITDA as GWEC’s net income (loss) plus (a) income tax expense (benefit), (b) interest expense, (c) depreciation and amortization, (d) unrealized (gain) loss related to hedging obligations, (e) turnaround amortization, (f) non-cash inventory (gain) loss and (g) other unusual items.

We present Adjusted EBITDA for GWEC because it is a useful indicator of GWEC’s operating performance. We believe this for the following reasons:

- Adjusted EBITDA is widely used by investors to measure a company’s operating performance without regard to items, such as interest expense, income tax expense, and depreciation and amortization, that can vary substantially from company to company depending upon their financing and accounting methods, the book value of their assets, their capital structures and the method by which their assets were acquired;
- securities analysts use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of a company; and
- Adjusted EBITDA measures GWEC’s operational performance without regard to certain non-recurring, non-cash and/or transaction-related expenses.

However, Adjusted EBITDA should not be considered as an alternative to net income, cash flow from operations, or any other measure of financial performance calculated and presented in accordance with GAAP. Our Adjusted EBITDA may not be comparable to similar measures reported by other companies because other companies may not calculate Adjusted EBITDA in the same manner as we do. Although we use Adjusted EBITDA as a measure to assess the operating performance of our businesses, Adjusted EBITDA has significant limitations as an analytical tool because it excludes certain material costs. For example, it does not include interest expense, which has been and will continue to be a necessary element of our costs. Because we use capital assets, depreciation expense is a necessary element of our costs and our business’ ability to generate revenue. In addition, the omission of the amortization expense associated with our intangible assets further limits the usefulness of this measure. Because of these limitations management does not view Adjusted EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income and sales, to measure operating performance.

The following table reconciles the consolidated net income (loss) of GWEC to Adjusted EBITDA for the periods presented below:

	Year Ended December 31,			Nine Months Ended September 30,		Twelve Months Ended September 30,
	2008	2009	2010	2010	2011	2011
				(Unaudited)		(Unaudited)
GWEC net income (loss)	$ (129.8)	$ 52.5	$ 16.1	$ 1.8	$ 147.3	$ 161.6
Plus:						
Income tax expense (benefit)	—	—	—	—	—	—
Interest expense, net	6.4	13.0	22.4	16.6	22.8	28.6
Depreciation and amortization	13.3	13.8	14.7	10.6	13.1	17.2
Unrealized (gain) loss related to hedging obligations	—	—	—	—	37.9	37.9
Amortization of turnaround costs	9.4	15.4	13.7	10.5	9.8	13.1
Non-cash inventory (gain) loss	82.6	(57.8)	(19.6)	(1.0)	2.6	(23.1)
Other unusual items (a)	0.3	—	—	—	(0.2)	(0.2)
Adjusted EBITDA	$ (17.8)	$ 36.9	$ 47.3	$ 38.5	$ 233.3	$ 235.1

(a) Principally represents losses from discontinued operations and gains on sales of assets.

History

Our refinery, which began operations in 1906, and the nitrogen fertilizer plant, built in 2000, were operated as components of Farmland Industries, Inc., or Farmland, an agricultural cooperative, until March 3, 2004.

Coffeyville Resources, a subsidiary of Coffeyville Group Holdings, LLC, which was owned by a private equity firm, won a bankruptcy court auction for Farmland’s petroleum business and the nitrogen fertilizer plant and completed the purchase of these assets on March 3, 2004. On June 24, 2005, Coffeyville Acquisition, which was formed by certain funds affiliated with Goldman, Sachs & Co. and Kelso & Company acquired all of the subsidiaries of Coffeyville Group Holdings, LLC. Coffeyville Acquisition operated our business from June 24, 2005 until CVR Energy’s initial public offering in October 2007.

CVR Energy was formed in September 2006 as a subsidiary of Coffeyville Acquisition in order to consummate an initial public offering of the businesses operated by Coffeyville Acquisition. CVR Energy’s initial public offering was consummated in October 2007 and CVR Energy currently trades on the New York Stock Exchange under the ticker symbol “CVI.” Prior to CVR Energy’s initial public offering it transferred the nitrogen fertilizer business to the Partnership in exchange for all of the partnership interests in the Partnership and sold all of the interests of the general partner of the Partnership to an entity owned by our controlling stockholders and senior management at fair market value on the date of the transfer.

In April 2011, in connection with the Partnership’s initial public offering, CVR Partners was restructured, the Partnership’s general partner was sold back to CVR Energy, and approximately 30.3% of the Partnership’s common units were sold to the public. CVR Partners’ initial public offering was consummated in April 2011, and CVR Partners currently trades on the New York Stock Exchange under the ticker symbol "UAN." CVR Energy owns the Partnership's general partner and 69.7% of the Partnership's common units, and its senior management manages the Partnership pursuant to a services agreement. See "Certain Relationships and Related Party Transactions—Initial Public Offering of CVR Partners, LP—Intercompany Agreements—Amended and Restated Services Agreement" in our most recent proxy statement.

Petroleum Business

We operate a 115,000 bpd complex full coking medium-sour crude oil refinery in Coffeyville, Kansas. Our refinery's production capacity represents approximately 15% of our region's output. The facility is situated on approximately 440 acres in southeast Kansas, approximately 100 miles from Cushing, Oklahoma, a major crude oil trading and storage hub.

For the year ended December 31, 2010, our refinery's product yield included gasoline (mainly regular unleaded) (49%), diesel fuel (primarily ultra low sulfur diesel) (41%), and pet coke and other refined products such as NGC (propane, butane), slurry, sulfur and gas oil (10%). Pro forma for the Acquisition, during the twelve months ended September 30, 2011, our product yield would have included gasoline (50%), diesel (36%) and other (14%).

Our petroleum business also includes the following auxiliary operating assets:

- *Crude Oil Gathering System.* We own and operate a crude oil gathering system serving Kansas, Oklahoma, western Missouri and southwestern Nebraska. The system has field offices in Bartlesville, Oklahoma and Plainville and Winfield, Kansas. The system is comprised of approximately 300 miles of feeder and trunk pipelines, 95 trucks, and associated storage facilities for gathering sweet Kansas, Nebraska, Oklahoma and Missouri crude oils purchased from independent crude oil producers. We also lease a section of a pipeline from Magellan, which is incorporated into our crude oil gathering system. Gathered crude oil provides a base supply of feedstock for our refinery and serves as an attractive and competitive supply of crude oil. During the first nine months of 2011, we gathered an average of approximately 35,000 bpd.
- *Pipelines and Storage Tanks.* We own a proprietary pipeline system capable of transporting approximately 145,000 bpd of crude oil from Caney, Kansas to our refinery. Crude oils sourced outside of our proprietary gathering system are delivered by common carrier pipelines into various terminals in Cushing, Oklahoma, where they are blended and then delivered to Caney, Kansas via a pipeline owned by Plains Pipeline L.P., or Plains. We also own associated crude oil storage tanks with a capacity of approximately 1.2 million barrels located outside our refinery and lease an additional 2.7 million barrels of storage capacity located at Cushing, Oklahoma (with an additional 1.0 million barrels of company-owned storage tanks in Cushing under construction, which are expected to be completed in the first quarter of 2012).

Our refinery's complexity allows us to optimize the yields (the percentage of refined product that is produced from crude oil and other feedstocks) of higher value transportation fuels (gasoline and diesel). Complexity is a measure of a refinery's ability to process lower quality crude oil in an economic manner. As a result of key investments in our refining assets, our refinery's complexity score has increased to 12.9 from 12.2 at the beginning of 2010, and we have achieved significant increases in our refinery crude oil throughput rate over historical levels. Our higher complexity provides us the flexibility to increase our refining margin over comparable refiners with lower complexities.

Feedstocks Supply

Our refinery has the capability to process blends of a variety of crude oil ranging from heavy sour to light sweet crude oil. Currently, our refinery processes crude oil from a broad array of sources. We have access to foreign crude oil from Latin America, South America, West Africa, the Middle East, the North Sea and Canada. We purchase domestic crude oil from Kansas, Oklahoma, Nebraska, Texas, North Dakota, Missouri, and offshore deepwater Gulf of Mexico production. While crude oil has historically constituted over 90% of our feedstock inputs during the last five years, other feedstock inputs include normal butane, natural gasoline, alky feed, naphtha, gas oil and vacuum tower bottoms.

Crude oil is supplied to our refinery through our wholly-owned gathering system and by pipeline. We have continued to increase the number of barrels of crude oil supplied through our crude oil gathering system. In September 2011, our gathering system supplied approximately 37,500 bpd of crude oil to the refinery. For the nine months ended September 30, 2011, the gathering system supplied approximately 33% of the refinery's crude oil demand. Locally produced crude oils are delivered to the refinery at a discount to WTI, and although slightly heavier and more sour, offer good economics to the refinery. These crude oils are light and sweet enough to allow us to blend higher percentages of lower cost crude oils such as heavy sour Canadian crude oil while maintaining our target medium sour blend with an API gravity of between 28 and 36 degrees and between 0.9% and 1.2% sulfur. Crude oils sourced outside of our proprietary gathering system are delivered to Cushing, Oklahoma by various pipelines including Seaway, Basin and Spearhead and subsequently to Coffeyville via the Plains pipeline and our own 145,000 bpd proprietary pipeline system. Beginning in March 2011, crude oils were also delivered through the Keystone pipeline. In November 2011, the owners of the Seaway pipeline announced their intention to change the pipeline's direction so that the pipeline would flow from the crude storage hub at Cushing, to the U.S. Gulf Coast.

For the nine months ended September 30, 2011, our crude oil supply blend was comprised of approximately 80% light sweet crude oil and 20% heavy sour crude oil. The light sweet crude oil includes our locally gathered crude oil.

For the nine months ended September 30, 2011, we obtained approximately 67% of the crude oil for our refinery under a Crude Oil Supply Agreement, as amended (the "Supply Agreement") with Vitol Inc. ("Vitol") that expires on December 31, 2013. Under the Supply Agreement, Vitol supplies us with crude oil and intermediation logistics, which helps us reduce our inventory position and mitigate crude oil pricing risk.

Pro forma for the Acquisition, during the twelve months ended September 30, 2011, our feedstocks would have included sweet crude (75%), sour crude (19%), and others (6%).

Marketing and Distribution

We focus our petroleum product marketing efforts in the central mid-continent and Rocky Mountain areas because of their relative proximity to our refinery and their pipeline access. We engage in rack marketing, which is the supply of product through tanker trucks directly to customers located in close geographic proximity to our Coffeyville refinery and to customers at throughput terminals on Magellan's and NuStar's refined products distribution systems. For the year ended December 31, 2010, approximately 36% of the refinery's products were sold through the rack system directly to retail and wholesale customers while the remaining 64% was sold through pipelines via bulk spot and term contracts. We make bulk sales (sales into third-party pipelines) into the mid-continent region via Magellan and into Colorado and other destinations utilizing the product pipeline networks owned by Magellan, and NuStar.

Customers

Customers for our petroleum products include other refiners, convenience store companies, railroads and farm cooperatives. We have bulk term contracts in place with many of these customers, which typically extend from a few months to one year in length. For the year ended December 31, 2010, QuikTrip Corporation and Growmark, Inc. accounted for approximately 14% and 11%, respectively, of our petroleum business sales and approximately 66% of our petroleum sales were made to our ten largest customers. We sell bulk products based on industry market related indices such as Platts, Oil Price Information Service ("OPIS") or at a spot market price based on a Group 3 differential to the New York Mercantile Exchange ("NYMEX"). Through our rack marketing division, the rack sales are at daily posted prices which are influenced by the NYMEX, competitor pricing and Group 3 spot market differentials.

Competition

Our petroleum business competes primarily on the basis of price, reliability of supply and availability of multiple grades of products. The principal competitive factors affecting our refining operations are cost of crude oil and other feedstock costs, refinery complexity, refinery efficiency, refinery product mix and product distribution and transportation costs. The location of our refinery provides us with a reliable supply of crude oil and a transportation cost advantage over other refineries. We compete against refineries operated in the mid-continent region, trading companies and other refineries located outside the region that are linked to the mid-continent region through an extensive product pipeline system. These competitors include refineries located near the U.S. Gulf Coast and the Texas panhandle region. Our refinery competition also includes branded, integrated and independent oil refining companies.

Seasonality

Our petroleum business experiences seasonal effects as demand for gasoline products is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and road construction work. Demand for diesel fuel during the winter months also decreases due to winter agricultural work declines. As a result, our results of operations for the first and fourth calendar quarters are generally lower than for those for the second and third calendar quarters. In addition, unseasonably cool weather in the summer months and/or unseasonably warm weather in the winter months in the areas in which we sell our petroleum products can impact the demand for gasoline and diesel fuel.

Nitrogen Fertilizer Business

The nitrogen fertilizer business operates the only nitrogen fertilizer plant in North America that utilizes a pet coke gasification process to produce nitrogen fertilizer. The nitrogen fertilizer facility was built in 2000 with two separate gasifiers to provide redundancy and reliability. It uses a gasification process licensed from General Electric to convert pet coke to high purity hydrogen for subsequent conversion to ammonia. Following a turnaround completed in October 2010, the nitrogen fertilizer plant is capable of processing approximately 1,300 tons per day of pet coke from CVR Energy's crude oil refinery and third-party sources such as other Midwestern refineries or pet coke brokers and converting it into approximately 1,200 tons per day of ammonia. A majority of the ammonia is converted to approximately 2,000 tons per day of UAN. Typically 0.41 tons of ammonia are required to produce one ton of UAN.

Strategic Location with Transportation Advantage

The nitrogen fertilizer business believes that selling products to customers in close proximity to the UAN plant and reducing transportation costs are keys to maintaining its profitability. Due to the plant's favorable location relative to end users and high product demand relative to production volume all of the product shipments are targeted to freight advantaged destinations located in the U.S. farm belt. The available ammonia production at the nitrogen fertilizer plant is small and easily sold into truck and rail delivery points. The products leave the plant either in trucks for direct shipment to customers or in railcars for principally Union Pacific Railroad destinations. The nitrogen fertilizer business does not incur any intermediate transfer, storage, barge freight or pipeline freight charges. Consequently, because these costs are not incurred, we estimate that the plant enjoys a distribution cost advantage over those competitors who are 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.

On-Stream Factor

The on-stream factor is a measure of how long the units comprising the nitrogen fertilizer facility have been operational over a given period. We expect that efficiency of the nitrogen fertilizer plant will continue to improve with operator training, replacement of unreliable equipment, and reduced dependence on contract maintenance.

	Year Ended December 31,			Nine Months Ended September 30,
	2008 (1)	2009 (1)	2010 (1)	2011
Gasifier	87.8%	97.4%	89.0%	99.5%
Ammonia	86.2%	96.5%	87.7%	98.0%
UAN	83.4%	94.1%	80.8%	95.9%

(1) On-stream factor is the total number of hours operated divided by the total number of hours in the reporting period. Excluding the turnaround performed in 2008, the on-stream factors would have been 91.7% for gasifier, 90.2% for ammonia and 87.4% for UAN for the year ended December 31, 2008. Excluding the Linde air separation unit outage in 2009, the on-stream factors would have been 99.3% for gasifier, 98.4% for ammonia and 96.1% for UAN for the year ended December 31, 2009. Excluding the impact of the Linde air separation unit outage, the rupture of the high-pressure UAN vessel and the major scheduled turnaround, the on-stream factors for the year ended December 31, 2010 would have been 97.6% for gasifier, 96.8% for ammonia and 96.1% for UAN.

Raw Material Supply

The nitrogen fertilizer facility’s primary input is pet coke. During the past five years, over 70% of the nitrogen fertilizer business’ pet coke requirements on average were supplied by our adjacent crude oil refinery. Historically the nitrogen fertilizer business has obtained the remainder of its pet coke requirements from third parties such as other Midwestern refineries or pet coke brokers at spot prices. If necessary, the gasifier can also operate on low grade coal as an alternative, which provides an additional raw material source. There are significant supplies of low grade coal within a 60-mile radius of the nitrogen fertilizer plant.

Pet coke is produced as a by-product of the refinery’s coker unit process. In order to refine heavy or sour crude oils, which are lower in cost and more prevalent than higher quality crude oil, refiners use coker units which enable refiners to further upgrade heavy crude oil.

The nitrogen fertilizer business’ plant is located in Coffeyville, Kansas. Sales of pet coke in the Midwest are not subject to the same level of pet coke price variability as is the Texas Gulf Coast where daily production exceeds 40,000 tons per day. Given the fact that the majority of the nitrogen fertilizer business’ third-party pet coke suppliers are located in the Midwest, the nitrogen fertilizer business’ geographic location gives it (and other similarly located producers) a transportation cost advantage over U.S. Gulf Coast refineries. The nitrogen fertilizer business’ average daily pet coke demand from 2008-2010 was less than 1,300 tons per day.

Linde, Inc., or Linde, owns, operates, and maintains the air separation plant that provides contract volumes of oxygen, nitrogen, and compressed dry air to the nitrogen fertilizer plant’s gasifiers for a monthly fee. The nitrogen fertilizer business provides and pays for all utilities required for operation of the air separation plant. The air separation plant has not experienced any long-term operating problems. CVR Energy maintains, for CVR Partners' benefit, contingent business interruption insurance coverage with a $50 million limit for any interruption that results in a loss of production from an insured peril. The agreement with Linde provides that if the nitrogen fertilizer business' requirements for liquid or gaseous oxygen, liquid or gaseous nitrogen or clean dry air exceed specified instantaneous flow rates by at least 10%, it can solicit bids from Linde and third parties to supply incremental product needs. It is required to provide notice to Linde of the approximate quantity of excess product that it will need and the approximate date by which it will need it; the nitrogen fertilizer business and Linde will then jointly develop a request for proposal for soliciting bids from third parties and Linde. The bidding procedures may be limited under specified circumstances. The agreement with Linde expires in 2020.

The nitrogen fertilizer business imports start-up steam for the nitrogen fertilizer plant from our crude oil refinery, and then exports steam back to the crude oil refinery once all units in the nitrogen fertilizer plant are in service. Monthly charges and credits are recorded with steam valued at the natural gas price for the month.

Nitrogen Production and Plant Reliability

The nitrogen fertilizer plant was completed in 2000 and is the newest nitrogen fertilizer plant built in North America. The nitrogen fertilizer plant has two separate gasifiers to provide redundancy and reliability. The plant uses a gasification process to convert pet coke to high purity hydrogen for subsequent conversion to ammonia. The nitrogen fertilizer plant is capable of processing approximately 1,400 tons per day of pet coke from our crude oil refinery and third-party sources and converting it into approximately 1,225 tons per day of ammonia. A majority of the ammonia is converted to approximately 2,025 tons per day of UAN. Typically 0.41 tons of ammonia is required to produce one ton of UAN.

The nitrogen fertilizer business schedules and provides routine maintenance to its critical equipment using its own maintenance technicians. Pursuant to a Technical Services Agreement with General Electric, which licenses the gasification technology to the nitrogen fertilizer business, General Electric experts provide technical advice and technological updates from their ongoing research as well as other licensees' operating experiences. The pet coke gasification process is licensed from General Electric pursuant to a license agreement that is fully paid. The license grants the nitrogen fertilizer business perpetual rights to use the pet coke gasification process on specified terms and conditions.

Distribution, Sales and Marketing

The nitrogen fertilizer business primarily sells its products in Kansas, Missouri, Nebraska, Iowa, Illinois, Colorado and Texas. The nitrogen fertilizer business markets its ammonia products to industrial and agricultural customers and the UAN products to agricultural customers. The demand for nitrogen fertilizers occurs during three key periods. The highest level of ammonia demand is traditionally in the spring pre-plant period, from March through May. The second-highest period of demand occurs during fall pre-plant period in late October and November. The summer wheat pre-plant occurs in August and September. In addition, smaller quantities of ammonia are sold in the off-season to fill available storage at the dealer level.

Ammonia and UAN are distributed by truck or by railcar. If delivered by truck, products are sold on a freight-on-board basis, and freight is normally arranged by the customer. The nitrogen fertilizer business leases a fleet of railcars for use in product delivery. The nitrogen fertilizer business also negotiates with distributors that have their own leased railcars to utilize these assets to deliver products. The nitrogen fertilizer business owns all of the truck and rail loading equipment at the nitrogen fertilizer facility. The nitrogen fertilizer business operates two truck loading and four rail loading racks for each of ammonia and UAN, with an additional four rail loading racks for UAN.

The nitrogen fertilizer business markets agricultural products to destinations that produce the best margins for the business. UAN is often marketed near the Union Pacific Railroad lines or destinations that can be supplied by truck and ammonia is primarily marketed to locations near the Burlington Northern Santa Fe or Kansas City Southern Railroad lines or destinations that can be supplied by truck. By securing this business directly, the nitrogen fertilizer business reduces its dependence on distributors serving the same customer base, which enables the nitrogen fertilizer business to capture a larger margin and allows it to better control its product distribution. Most of the agricultural sales are made on a competitive spot basis. The nitrogen fertilizer business also offers products on a prepay basis for in-season demand. The heavy in-season demand periods are spring and fall in the Corn Belt and summer in the wheat belt. The Corn Belt is the primary corn producing region of the United States, which includes Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, Ohio and Wisconsin. The wheat belt is the primary wheat producing region of the United States, which includes Kansas, North Dakota, Oklahoma, South Dakota and Texas. Some of the industrial sales are spot sales, but most are on annual or multiyear contracts.

The nitrogen fertilizer business uses forward sales of fertilizer products to optimize its asset utilization, planning process and production scheduling. These sales are made by offering customers the opportunity to purchase product on a forward basis at prices and delivery dates that it proposes. The nitrogen fertilizer business uses this program to varying degrees during the year and between years depending on market conditions and has the flexibility to increase or decrease forward sales depending on management's view as to whether price environments will be increasing or decreasing. Fixing the selling prices of nitrogen fertilizer products months in advance of their ultimate delivery to customers typically causes the nitrogen fertilizer business reported selling prices and margins to differ from spot market prices and margins available at the time of shipment. Cash received as a result of prepayments is recognized on the balance sheet upon receipt along with a corresponding liability. Revenue, associated with prepaid sales, is recognized at the time the product is delivered to the customer.

Customers

The nitrogen fertilizer business sells ammonia to agricultural and industrial customers. Based upon a three-year average, the nitrogen fertilizer business has sold approximately 87% of the ammonia it produces to agricultural customers primarily located in the mid-continent area between North Texas and Canada, and approximately 13% to industrial customers. Agricultural customers include distributors such as MFA, United Suppliers, Inc., Brandt Consolidated Inc., Gavilon Fertilizers LLC, Transammonia, Inc., Agri Services of Brunswick, LLC, Interchem, and CHS Inc. Industrial customers include Tessenderlo Kerley, Inc., National Cooperative Refinery Association, and Dyno Nobel, Inc. The nitrogen fertilizer business sells UAN products to retailers and distributors. Given the nature of its business, and consistent with industry practice, the nitrogen fertilizer business does not have long-term minimum purchase contracts with any of its customers.

For the years ended December 31, 2008, 2009 and 2010, the top five ammonia customers in the aggregate represented 54.7%, 43.9% and 44.2% of the nitrogen fertilizer business' ammonia sales, respectively, and the top five UAN customers in the aggregate represented 37.2%, 44.2% and 43.3% of the nitrogen fertilizer business' UAN sales, respectively. Approximately 13%, 15% and 12% of our aggregate sales for the year ended December 31, 2008, 2009 and 2010 respectively, were made to Gavilon Fertilizers LLC.

Competition

Competition in the nitrogen fertilizer industry is dominated by price considerations. However, during the spring and fall application seasons, farming activities intensify and delivery capacity is a significant competitive factor. The nitrogen fertilizer business maintains a large fleet of leased rail cars and seasonally adjusts inventory to enhance its manufacturing and distribution operations.

Domestic competition, mainly from regional cooperatives and integrated multinational fertilizer companies, is intense due to customers' sophisticated buying tendencies and production strategies that focus on cost and service. Also, foreign competition exists from producers of fertilizer products manufactured in countries with lower cost natural gas supplies. In certain cases, foreign producers of fertilizer who export to the United States may be subsidized by their respective governments.

Based on Blue Johnson data regarding total U.S. demand for UAN and ammonia, we estimate that the nitrogen fertilizer plant's UAN production in 2010 represented approximately 5.1% of total U.S. UAN use and that the net ammonia produced and marketed by the nitrogen fertilizer business represented less than 1% of the total U.S. ammonia use.

Seasonality

Because the nitrogen fertilizer business primarily sells agricultural commodity products, its business is exposed to seasonal fluctuations in demand for nitrogen fertilizer products in the agricultural industry. As a result, the nitrogen fertilizer business typically generates greater net sales in the first half of each calendar year, which we refer to as the planting season, and our net sales tend to be lower during the second half of each calendar year, which we refer to as the fill season. In addition, the demand for fertilizers is affected by the aggregate crop planting decisions and fertilizer application rate decisions of individual farmers who make planting decisions based largely on the prospective profitability of a harvest. The specific varieties and amounts of fertilizer they apply depend on factors like crop prices, farmers' current liquidity, soil conditions, weather patterns and the types of crops planted.

Gary-Williams Energy Corporation

History

In 1945, Kerr-McGee Corporation acquired an oil refinery in Wynnewood, Oklahoma that had been operating since the 1920s. Kerr-McGee expanded the Wynnewood operations by adding a second crude unit in 1976, boosting total refining capacity to 45,000 bpd. In 1995, the refinery was sold to the Gary-Williams Energy Corporation, which promptly began de-bottlenecking and other expansion projects at the refinery, with production capacity increasing to 55,000 bpd in the late 1990s and then to its current 70,000 bpd following the completion of approximately $100.0 million in capital projects and an approximately $60.0 million four-year turnaround in 2007 and 2008. On November 2, 2011, GWEC agreed to sell the Wynnewood refinery to CVR Energy for a cash purchase price of $525 million plus an adjustment for inventory and other working capital (which, as of the date hereof, is estimated at $69.0 million).

Business Description

The Wynnewood operations consist of a 70,000 bpd refinery in Wynnewood, Oklahoma and supporting businesses including approximately 2.0 million barrels of company-owned storage tanks. Located in the PADD II Group 3 distribution area, the Wynnewood refinery is a dual crude unit facility that processes a variety of crudes and produces high-value fuel products (including gasoline, ultra-low sulfur diesel, jet fuel and solvent) as well as liquefied petroleum gas and a variety of asphalts. The facility is situated on approximately 400 acres located approximately 65 miles south of Oklahoma City, Oklahoma and approximately 130 miles from Cushing, Oklahoma, a major crude oil trading and storage hub.

For the twelve months ended September 30, 2011, the Wynnewood refinery's product yield included gasoline (54%), diesel fuel (primarily ultra low sulfur diesel) (28%), asphalt (2%), jet fuel (6%) and other products (10%).

Feedstocks Supply

The Wynnewood refinery has the capability to process blends of a variety of crude oil ranging from medium sour to light sweet crude oil, although isobutane, gasoline components, and normal butane are also typically used. Following the Acquisition, we intend to move the Wynnewood refinery to a blended crude slate reflecting higher crude differentials. Historically most of the Wynnewood refinery's crude oil has been acquired domestically, mainly from Texas and Oklahoma.

Crude oil is supplied to the Wynnewood refinery by two separate pipelines, and received into storage tanks at terminals located on or near the refinery. For the twelve months ended September 30, 2011, Wynnewood's crude oil supply blend was comprised of approximately 77% sweet crude oil, 18% sour crude oil and 5% other (including butane, mixed butane and isobutane).

Marketing and Distribution

The Wynnewood refinery ships its finished product via pipeline, rail car, and truck. Approximately 60% of the Wynnewood refinery's finished products sold are distributed in Oklahoma. Non-Oklahoma gasoline and ultra-low sulfur diesel volumes are distributed throughout the Mid-Continent region via the Magellan Pipeline. Wynnewood distributes approximately 12,000 bpd of gasoline and ultra-low sulfur diesel via the refinery's truck rack, and Wynnewood has the ability to distribute volumes via the NuStar Energy pipeline system to South Dakota, Nebraska, Iowa, and Kansas. Wynnewood also sells jet fuel to the U.S. Department of Defense via the truck rack. In addition, Wynnewood maintains exchange agreements with five refineries in nearby states.

Customers

Customers for Wynnewood's petroleum products include other refiners, convenience store companies and, pursuant to a 4,000 bpd jet fuel contract that GWEC has maintained since 1996, the United States government. Wynnewood's active customer base includes approximately 235 accounts, none of which accounts for more than 9% of its sales. While GWEC has several supply contracts that allow larger customers to realize volume discounts if they maintain regular sales over predetermined volumes, no supply contract is individually material to Wynnewood's sales.

Environmental Matters

The petroleum and nitrogen fertilizer businesses are subject to extensive and frequently changing federal, state and local, environmental and health and safety laws and regulations governing the emission and release of hazardous substances and other materials into the environment, the treatment and discharge of waste water, the management and disposal of wastes, the storage, handling, use and transportation of petroleum and nitrogen products, and the characteristics and composition of gasoline and diesel fuels. These laws and regulations, their underlying regulatory requirements and the enforcement thereof impact our petroleum business and operations and the nitrogen fertilizer business and operations by imposing:

- restrictions on operations and/or the need to install enhanced or additional controls;
- the need to obtain and comply with permits and authorizations;
- liability for the investigation and remediation of contaminated soil and groundwater at current and former facilities (if any) and off-site waste disposal locations; and
- specifications for the products marketed by our petroleum business and the nitrogen fertilizer business, primarily gasoline, diesel fuel, UAN and ammonia.

Our operations require numerous permits and authorizations. Failure to comply with these permits or environmental laws generally could result in fines, penalties or other sanctions or a revocation of our permits. In addition, the laws and regulations to which we are subject are often evolving and many of them have become more stringent or have become subject to more stringent interpretation or enforcement by federal or state agencies. The ultimate impact on our business of complying with evolving laws and regulations is not always clearly known or determinable due in part to the fact that our operations may change over time and certain implementing regulations for laws, such as the federal Clean Air Act and the Clean Water Act, have not yet been finalized, are under governmental or judicial review or are being revised. These laws and regulations could result in increased capital, operating and compliance costs.

The principal environmental risks associated with our businesses are outlined below.

The Federal Clean Air Act

The federal Clean Air Act and its implementing regulations, as well as the corresponding state laws and regulations that regulate emissions of pollutants into the air, affect our petroleum operations and the nitrogen fertilizer business both directly and indirectly. Direct impacts may occur through the federal Clean Air Act's permitting requirements and/or emission control requirements relating to specific air pollutants, as well as the requirement to maintain a risk management program to help prevent accidental releases of certain hazardous substances. The federal Clean Air Act indirectly affects our petroleum operations and the nitrogen fertilizer business by extensively regulating the air emissions of sulfur dioxide ("SO_2"), volatile organic compounds, nitrogen oxides and other substances, including those emitted by mobile sources, which are direct or indirect users of our products.

Some or all of the standards promulgated pursuant to the federal Clean Air Act, or any future promulgations of standards, may require the installation of controls or changes to our petroleum operations or the nitrogen fertilizer facilities in order to comply. If new controls or changes to operations are needed, the costs could be significant. These new requirements, other requirements of the federal Clean Air Act, or other presently existing or future environmental regulations could cause us to expend substantial amounts to comply and/or permit our facilities to produce products that meet applicable requirements.

The regulation of air emissions under the federal Clean Air Act requires that we obtain various construction and operating permits and incur capital expenditures for the installation of certain air pollution control devices at our petroleum and nitrogen fertilizer operations when regulations change or we modify or add new equipment. Various regulations specific to our operations have been implemented, such as National Emission Standard for Hazardous Air Pollutants, New Source Performance Standards and Prevention of Significant Deterioration ("PSD"). We have incurred, and expect to continue to incur, substantial capital expenditures to maintain compliance with these and other air emission regulations that have been promulgated or may be promulgated or revised in the future.

In March 2004, CRRM and CRT entered into the Coffeyville Consent Decree with the EPA and the KDHE to resolve air compliance concerns raised by the EPA and KDHE related to Farmland's prior ownership and operation of our crude oil refinery and now closed Phillipsburg terminal facilities. As a result of an agreement to install certain controls and implement certain operational changes, the EPA and KDHE agreed not to impose civil penalties, and provided a release from liability for Farmland's alleged noncompliance with the issues addressed by the Coffeyville Consent Decree. Under the Coffeyville Consent Decree, CRRM agreed to install controls to reduce emissions of SO_2, nitrogen oxides and particulate matter from its fluid catalytic cracking unit ("FCCU") by January 1, 2011. In addition, pursuant to the Coffeyville Consent Decree, CRRM and CRT assumed cleanup obligations at the Coffeyville refinery and the Phillipsburg terminal facilities. The remaining costs of complying with the Coffeyville Consent Decree are expected to be approximately $49 million, of which approximately $47 million is expected to be capital expenditures which does not include the cleanup obligations for historic contamination at the site that are being addressed pursuant to administrative orders issued under the Resource Conservation and Recovery Act ("RCRA"). To date, CRRM and CRT have materially complied with the Coffeyville Consent Decree. On June 30, 2009, CRRM submitted a force majeure notice to the EPA and KDHE in which CRRM indicated that it may be unable to meet the Coffeyville Consent Decree's January 1, 2011 deadline related to the installation of controls on the FCCU because of delays caused by the June/July 2007 flood. In February 2010, CRRM and the EPA agreed to a fifteen month extension of the January 1, 2011, deadline for the installation of controls which was approved by the court as a material modification to the existing Coffeyville Consent Decree. Pursuant to this agreement, CRRM would offset any incremental emissions resulting from the delay by providing additional controls to existing emission sources over a set timeframe.

In the meantime, CRRM has been negotiating with the EPA and KDHE to replace the current Coffeyville Consent Decree, including the fifteen month extension, with a global settlement under the EPA's National Petroleum Refining Initiative. Over the course of the last decade, the EPA has embarked on a national Petroleum Refining Initiative alleging industry-wide noncompliance with four "marquee" issues under the Clean Air Act: New Source Review, Flaring, Leak Detection and Repair, and Benzene Waste Operations NESHAP. The National Petroleum Refining Initiative has resulted in most U.S. refineries entering into consent decrees that impose civil penalties and require substantial expenditures for pollution control and enhanced operating procedures. The EPA has indicated that it will seek to have all U.S. refineries enter into "global settlements" pertaining to all "marquee" issues. The current Coffeyville Consent Decree covers some, but not all, of the "marquee" issues. CRRM has been negotiating with EPA about expanding the existing Coffeyville Consent Decree obligations to include all of the "marquee" issues under the National Petroleum Refining Initiative and has reached an agreement in principle on most of the issues, including an agreement to further delay the installation of controls on its FCCU. Under the global settlement, CRRM would be required to pay civil penalties in excess of $100,000; however, CRRM does not anticipate that the civil penalties will be material. In addition, under the global settlement, CRRM would be required to perform an environmentally beneficial project, but its incremental capital expenditures would not be material and would be limited primarily to the retrofit and replacement of heaters and boilers over a five to seven year timeframe.

The Wynnewood refinery has not entered into a global settlement with the EPA and the ODEQ under the National Petroleum Refining Initiative, although it had discussions with the EPA and ODEQ about doing so. Instead, the Wynnewood Consent Order (entered into with ODEQ in August 2011) addresses some, but not all, of the traditional marquee issues under the National Petroleum Refining Initiative and addresses certain historic Clean Air Act compliance issues that are generally beyond the scope of a traditional global settlement. Under the Wynnewood Consent Order, WRC agreed to pay a civil penalty of $950,000, install certain controls, enhance certain compliance programs, and undertake additional testing and auditing. The costs of complying with the Wynnewood Consent Order, other than costs associated with a planned turnaround, are expected to be approximately $1.5 million. In consideration for entering into the Wynnewood Consent Order, WRC received a broad release from liability from ODEQ. The EPA may later request that WRC enter into a global settlement which, if WRC agreed to do so, would necessitate the payment of a civil penalty and the installation of additional controls.

On September 23, 2011, the United States Department of Justice (“DOJ”), acting on behalf of the EPA and the United States Coast Guard, filed suit against CRRM in the United States District Court for the District of Kansas seeking civil penalties and injunctive relief related to alleged non compliance with the Clean Air Act’s Risk Management Program (“RMP”) (in addition to other matters described below (see “—Environmental Remediation”). CRRM is currently in settlement negotiations with the EPA and anticipates that civil penalties associated with the proceeding will exceed $100,000; however, CRRM does not anticipate that civil penalties or any other costs associated with the proceeding will be material.

The Federal Clean Water Act

The federal Clean Water Act and its implementing regulations, as well as the corresponding state laws and regulations that regulate the discharge of pollutants into the water, affect our petroleum operations and the nitrogen fertilizer business. Direct impacts occur through the federal Clean Water Act’s permitting requirements, which establish discharge limitations based on technology standards, water quality standards, and restrictions on the total maximum daily load (“TMDL”) of pollutants that may be released to a particular water body based on its use. In addition, water resources are becoming and in the future may become more scarce, and many refiners, including WRC, are subject to restrictions on their ability to use water in the event of low availability conditions.

The Wynnewood refinery’s Clean Water Act permit (“OPDES permit”) has expired and has not yet been re-issued by ODEQ. The refinery currently operates under a permit shield, which authorizes permittees to continue discharging under an expired permit until the ODEQ re-issues the permit. The permit renewal process has begun, and ODEQ has requested public comment on proposed modifications to Oklahoma’s Water Quality Management Plan for the Wynnewood refinery. Capital costs or expenses, if any, related to changes to the permit are not expected to be material.

WRC has entered into a series of Clean Water Act consent orders with ODEQ. The latest Consent Order (the “CWA Consent Order”), which supersedes other consent orders, became effective in September 2011. The CWA Consent Order addresses alleged noncompliance by WRC with its OPDES permit limits. The CWA Consent Order requires WRC to take corrective action steps, including undertaking studies to determine whether the Wynnewood refinery’s wastewater treatment plant capacity is sufficient. The Wynnewood refinery may need to install additional controls or make operational changes to satisfy the requirements of the CWA Consent Order. The cost of additional controls, if any, cannot be predicted at this time. However, based on our experience with wastewater treatment and controls, we do not believe that the costs of the potential corrective actions would be material.

Release Reporting

Our facilities periodically experience releases of hazardous substances and extremely hazardous substances. If we fail to properly report the release or if the release violates the law or our permits, it could cause us to become the subject of a government enforcement action or third-party claims. For example, the nitrogen fertilizer facility periodically experiences minor releases of hazardous and extremely hazardous substances from our equipment. It experienced more significant releases in August 2007 due to the failure of a high pressure pump and in August and September 2010 due to a heat exchanger leak and a UAN vessel rupture. Such releases are reported to the relevant federal, state and local agencies. Government enforcement or third-party claims relating to releases of hazardous or extremely hazardous substances could result in significant expenditures and liability.

The release of hazardous substances or extremely hazardous substances into the environment is subject to release reporting requirements under federal and state environmental laws. On February 24, 2010, we received a letter from the DOJ on behalf of the EPA seeking a $900,000 penalty under the Comprehensive Environmental Response, Compensation, and Liability Act and the Emergency Planning and Community Right to Know Act related to alleged late and incomplete reporting of air releases by CRRM that occurred between June 13, 2004 and April 10, 2008. We have entered into a tolling agreement relating to EPA's allegations and are currently in settlement discussions with the EPA. We anticipate that CRRM will be required to pay a penalty in excess of $100,000 in connection with these allegations, but do not anticipate that the penalty will be material. The penalty will be included in the global settlement, described above in "Business—Environmental Matters—The Federal Clean Air Act."

Fuel Regulations

Tier II, Low Sulfur Fuels. In February 2000, the EPA promulgated the Tier II Motor Vehicle Emission Standards Final Rule for all passenger vehicles, establishing standards for sulfur content in gasoline that were required to be met by 2006. In addition, in January 2001, the EPA promulgated its on-road diesel regulations, which required a 97% reduction in the sulfur content of diesel sold for highway use by June 1, 2006, with full compliance by January 1, 2010. Our refineries are in compliance with the EPA's low sulfur gasoline and diesel fuel standards. The EPA is expected to propose "Tier 3" sulfur standards in early 2012. If the EPA were to propose a standard at the level recently being discussed by the EPA, CRRM will need to make modifications to its equipment in order to meet the anticipated new standard. WRC would not appear to require additional capital to meet the anticipated new standard. We do not believe that costs associated with the EPA's proposed Tier 3 rule would be material.

Mobile Source Air Toxic II Emissions. In 2007, the EPA promulgated the Mobile Source Air Toxic II ("MSAT II") rule that requires the reduction of benzene in gasoline by 2011. CRRM and WRC each are considered to be "small refiners" under the MSAT II rule and compliance with the rule is extended until 2015 for "small refiners." The EPA has confirmed that the Acquisition of GWEC will not affect the companies' "small refiner" status because the combination of two previously approved "small refiners" does not result in the loss of "small refiner" status. Capital expenditures to comply with the rule are expected to be approximately $10.0 million for CRRM and $20.5 million for WRC.

Renewable Fuel Standards. In 2007, the EPA promulgated the Renewable Fuel Standard ("RFS"), which requires refiners to blend "renewable fuels" in with their transportation fuels or purchase renewable energy credits, known as renewable identification numbers ("RINs") in lieu of blending. The EPA is required to determine and publish the applicable annual renewable fuel percentage standards for each compliance year by November 30 for the previous year. The percentage standards represent the ratio of renewable fuel volume to gasoline and diesel volume. Thus, in 2011, about 8% of all fuel used will be "renewable fuel." In 2012, the EPA has proposed to raise the renewable fuel percentage standards to about 9%. Beginning on January 1, 2011, CRRM was required to blend renewable fuels into its gasoline and diesel fuel or purchase RINs, in lieu of blending. For the three and nine months ended September 30, 2011, CRRM incurred approximately $6.6 million and $15.1 million, respectively, of expense associated with purchasing RINs, which expense was included in cost of product sold in the Condensed Consolidated Statements of Operations. To achieve compliance with the renewable fuel standard for the remainder of 2011, CRRM is able to blend a small amount of ethanol into gasoline sold at its refinery loading rack, but otherwise will have to purchase RINs to comply with the rule. CRRM has requested additional time to comply in the form of “hardship relief” from the EPA based on the disproportionate economic impact of the rule on CRRM, but the EPA has not yet responded to CRRM’s request. WRC is a small refinery under the RFS and has received a two year extension of time to comply. Therefore, WRC will have to begin complying with the RFS in 2013 unless a further extension is requested and granted.

Greenhouse Gas Emissions

Various regulatory and legislative measures to address greenhouse gas emissions (including CO_2, methane and nitrous oxides) are in different phases of implementation or discussion. In the aftermath of its 2009 “endangerment finding” that greenhouse gas emissions pose a threat to human health and welfare, the EPA has begun to regulate greenhouse gas emissions under the authority granted to it under the Clean Air Act. In October 2009, the EPA finalized a rule requiring certain large emitters of greenhouse gases to inventory and report their greenhouse gas emissions to the EPA. In accordance with the rule the refineries have begun monitoring greenhouse gas emissions and reported the emissions to the EPA beginning in 2011. In May 2010, the EPA finalized the “Greenhouse Gas Tailoring Rule,” which established new greenhouse gas emissions thresholds that determine when stationary sources, such as the refineries and the nitrogen fertilizer plant, must obtain permits under the PSD and Title V programs of the federal Clean Air Act. The significance of the permitting requirement is that, in cases where a new source is constructed or an existing source undergoes a major modification, the facility would need to evaluate and install best available control technology (“BACT”) for its greenhouse gas emissions. Beginning in July 2011, a major modification resulting in a significant increase in greenhouse gas emissions at our nitrogen fertilizer plant or refineries may require the installation of BACT controls. We do not believe that any currently anticipated projects at our facilities will result in a significant increase in greenhouse gas emissions triggering the need to install BACT controls. The EPA’s Greenhouse Gas Tailoring Rule and certain other greenhouse gas emission rules have been challenged and will likely be subject to extensive litigation. The EPA is expected to revise certain existing New Source Performance Standards (“NSPS”) applicable to refineries to include performance standards for greenhouse gas emissions. The revised regulations, under NSPS subpart J, are expected to be finalized by November 2012.

At the federal legislative level, Congressional passage of legislation adopting some form of federal mandatory greenhouse gas emission reduction, such as a nationwide cap-and-trade program, does not appear likely at this time, although it could be adopted at a future date. It is also possible that Congress may pass alternative climate change bills that do not mandate a nationwide cap-and-trade program and instead focus on promoting renewable energy and energy efficiency.

In addition to potential federal legislation, a number of states have adopted regional greenhouse gas initiatives to reduce CO_2 and other greenhouse gas emissions. In 2007, a group of Midwestern states, including Kansas (where the Coffeyville refinery and the nitrogen fertilizer facility are located), formed the Midwestern Greenhouse Gas Reduction Accord, which calls for the development of a cap-and-trade system to control greenhouse gas emissions and for the inventory of such emissions. However, the individual states that have signed on to the accord must adopt laws or regulations implementing the trading scheme before it becomes effective, and the timing and specific requirements of any such laws or regulations in Kansas are uncertain at this time.

The implementation of EPA, state or regional regulations or programs to reduce greenhouse gas emissions will result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls on our facilities and (iii) administer and manage any greenhouse gas emissions program. Increased costs associated with compliance with any current or future legislation or regulation of greenhouse gas emissions, if it occurs, may have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, climate change legislation and regulations may result in increased costs not only for our business but also users of our refined and fertilizer products, thereby potentially decreasing demand for our products. Decreased demand for our products may have a material adverse effect on our results of operations, financial condition and cash flows.

RCRA

Our operations are subject to the RCRA requirements for the generation, transportation, treatment, storage and disposal of solid and hazardous wastes. When feasible, RCRA-regulated materials are recycled instead of being disposed of on-site or off-site. RCRA establishes standards for the management of solid and hazardous wastes. Besides governing current waste disposal practices, RCRA also addresses the environmental effects of certain past waste disposal practices, the recycling of wastes and the regulation of underground storage tanks containing regulated substances.

Waste Management.

There are two closed hazardous waste units at CRRM and eight other waste units in the process of being closed pending state agency approval. In addition, one closed interim status hazardous waste landfarm located at the Phillipsburg terminal is under long-term post closure care.

WRC has a RCRA Part B permit, which regulates the operation of a hazardous waste storage tank and requires post-closure groundwater monitoring of a closed stormwater retention pond. The hazardous waste storage tank will require closure after use of the unit is no longer necessary to facility operations. Financial assurance is currently in place for closure of the hazardous waste storage tank and post-closure monitoring of the closed stormwater retention pond.

We have issued letters of credit of approximately $0.2 million in financial assurance for closure/post-closure care for hazardous waste management units at the now closed Phillipsburg terminal and the Coffeyville refinery. We will have approximately $0.3 million in financial assurance exposure for closure and post-closure care of the hazardous waste management units at the Wynnewood refinery.

Impacts of Past Manufacturing

The 2004 Coffeyville Consent Decree that CRRM signed with the EPA and KDHE required CRRM to assume two RCRA corrective action orders issued to Farmland. We are subject to a 1994 EPA administrative order related to investigation of possible past releases of hazardous materials to the environment at the Coffeyville refinery. In accordance with the order, we have documented existing soil and groundwater conditions, which require investigation or remediation projects. The now-closed Phillipsburg terminal is subject to a 1996 EPA administrative order related to investigation of releases of hazardous materials to the environment at the Phillipsburg terminal, which operated as a refinery until 1991. Remediation at both sites, if necessary, will be based on the results of the investigations. The Wynnewood refinery is required to conduct investigations and monitoring to address potential off-site migration of contaminants from the west side of the property. Other known areas of contamination have been partially addressed but corrective action has not been completed and portions of the refinery have not yet been investigated to determine whether corrective action is necessary.

The anticipated remediation costs through 2013 are estimated to be as follows (in millions):

Facility	Site Investigation Costs	Capital Costs	Total O&M Costs Through 2013	Total Estimated Costs Through 2013
Coffeyville Refinery	$ 0.2	$ —	$ 0.8	$ 1.0
Phillipsburg Terminal	0.2	—	1.0	1.2
Wynnewood Refinery	0.1	—	0.3	0.4
Total Estimated Costs	$ 0.5	$ —	$ 2.1	$ 2.6

These estimates are based on current information and could go up or down as additional information becomes available through our ongoing remediation and investigation activities. At this point, we have estimated that, over ten years starting in 2011, we will spend $2.9 million to remedy impacts from past manufacturing activity at the Coffeyville refinery and to address existing soil and groundwater contamination at the Phillipsburg terminal. We spent approximately $1.0 million in 2010 associated with related remediation at the Coffeyville refinery and Phillipsburg terminal. We have estimated that, over ten years starting in 2011, we will spend $1.5 million to remedy impacts from past manufacturing activity at the Wynnewood refinery and to address existing soil and groundwater contamination. It is possible that additional costs will be required during or after this ten year period.

Financial Assurance

We are required in the Coffeyville Consent Decree to establish financial assurance to secure the projected clean-up costs posed by the Coffeyville and the now-closed Phillipsburg facilities in the event we fail to fulfill our clean-up obligations. In accordance with the Coffeyville Consent Decree as modified by a 2010 agreement between CRRM, CRT, the EPA and the KDHE, this financial assurance is currently secured by a bond in the amount of $5.0 million for clean-up obligations at the Phillipsburg terminal and additional self-funded financial assurance of approximately $1.7 million and $2.1 million for clean-up obligations at the Coffeyville refinery and Phillipsburg terminal, respectively. Current RCRA financial assurance requirements for the Wynnewood refinery total $0.3 million for hazardous waste storage tank closure and post-closure monitoring of a closed stormwater retention pond.

Environmental Remediation

Under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), RCRA, and related state laws, certain persons may be liable for the release or threatened release of hazardous substances. These persons include the current owner or operator of property where a release or threatened release occurred, any persons who owned or operated the property when the release occurred, and any persons who disposed of, or arranged for the transportation or disposal of, hazardous substances at a contaminated property. Thus, in addition to our currently owned and operated facilities, we could be held liable for releases of hazardous substances at our former facilities and third-party sites to which we sent our waste. Liability under CERCLA is strict, retroactive and, under certain circumstances, joint and several, so that any responsible party may be held liable for the entire cost of investigating and remediating the release of hazardous substances. Similarly, the Oil Pollution Act of 1990 (“OPA”) subjects owners and operators of facilities to strict, joint and several liability for all containment and cleanup costs, natural resource damages, and potential governmental oversight costs arising from oil spills into the waters of the United States. On September 23, 2011, the DOJ, acting on behalf of the EPA and the United States Coast Guard, filed suit against CRRM in the United States District Court for the District of Kansas seeking

(i) recovery from CRRM of EPA's alleged oversight costs of approximately $1.8 million in connection with the cleanup of the oil spill resulting from the June/July 2007 flood at our Coffeyville refinery, (ii) civil penalties under the Clean Water Act (as amended by the Oil Pollution Act), and (iii) civil penalties and injunctive relief with respect to certain RMP allegations, which are described above under "—The Federal Clean Air Act"; and unrelated claims under the Clean Air Act's Risk Management program. We are currently in settlement negotiations with the EPA and anticipate that civil penalties associated with the proceeding will exceed $100,000; however, we do not anticipate that civil penalties or any other costs associated with the proceeding will be material. As is the case with all companies engaged in similar industries, depending on the underlying facts and circumstances we face potential exposure from future claims and lawsuits involving environmental matters, including soil and water contamination, personal injury or property damage allegedly caused by crude oil or hazardous substances that we manufactured, handled, used, stored, transported, spilled, disposed of or released. We cannot assure you that we will not become involved in future proceedings related to releases of hazardous or extremely hazardous substances or crude oil or that, if we were held responsible for damages in any existing or future proceedings, such costs would be covered by insurance or would not be material.

Safety, Health and Security Matters

We operate a comprehensive safety, health and security program, involving active participation of employees at all levels of the organization. We have developed comprehensive safety programs aimed at preventing recordable incidents. Despite our efforts to achieve excellence in our safety and health performance, there can be no assurances that there will not be accidents resulting in injuries or even fatalities. We routinely audit our programs and consider improvements in our management systems.

The Wynnewood refinery has been the subject of a number of OSHA inspections since 2006. As a result of these inspections, WRC has entered into four OSHA settlement agreements in 2008, pursuant to which it has agreed to undertake certain studies, conduct abatement activities, and revise and enhance certain OSHA compliance programs. The costs associated with these studies, abatement activities and program revisions are expected to be approximately $9.3 million over the next five years.

Process Safety Management. We maintain a Process Safety Management ("PSM") program. This program is designed to address all facets associated with OSHA requirements for developing and maintaining a PSM program. We will continue to audit our programs and consider improvements in our management systems and equipment.

Emergency Planning and Response. We have an emergency response plan that describes the organization, responsibilities and plans for responding to emergencies in our facilities. We will continue to audit our programs and consider improvements in our management systems and equipment.

Security. We have a security program to protect our facilities from unauthorized entry and exit from our facilities and potential acts of terrorism. Recent changes in the U.S. Department of Homeland Security rules and requirements may require enhancements and improvements to our current program.

Employees

At September 30, 2011, 494 employees were employed in our petroleum business, 126 were employed by the nitrogen fertilizer business and 90 employees were employed by the Company and CRLLC at our offices in Sugar Land, Texas and Kansas City, Kansas.

As of September 30, 2011, approximately 61% of our employees at the Coffeyville refinery were covered by a collective bargaining agreement. These employees are affiliated with six unions of the Metal Trades Department of the AFL-CIO ("Metal Trade Unions") and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC ("United Steelworkers"). The Metal Trade Unions collective bargaining agreement (which covers union members who work directly at the Coffeyville refinery) is effective through March 2013, and the collective bargaining agreement with United Steelworkers (which covers the balance of CVR Energy's unionized employees, who work in the terminalling and related operations) is effective through March 2012, and automatically renews on an annual basis thereafter unless a written notice is received sixty days in advance of the relevant expiration date. We believe that our relationship with our employees is good.

The Wynnewood refinery employs approximately 275 people, about 65% of whom are represented by the International Union of Operating Engineers. The collective bargaining agreement with the International Union of Operating Engineers with respect to the Wynnewood refinery expires in June 2012. GWEC employs approximately 60 additional people in various other locations, the majority of whom will not remain with us following the Acquisition. GWEC believes that its relationship with its employees is good.

Properties

The following table contains certain information regarding our principal properties. Each of the properties listed below will be mortgaged in favor of holders of the notes.

Location	Acres	Own/Lease	Use
Coffeyville, KS	440	Own	Coffeyville Resources: oil refinery and office buildings Partnership: fertilizer plant
Phillipsburg, KS	200	Own	Terminal facility
Montgomery County, KS (Coffeyville Station)	20	Own	Crude oil storage
Montgomery County, KS (Broome Station)	20	Own	Crude oil storage
Bartlesville, OK	25	Own	Truck storage and office buildings
Winfield, KS	5	Own	Truck storage
Cowley County, KS (Hooser Station)	80	Own	Crude oil storage
Holdrege, NE	7	Own	Crude oil storage
Stockton, KS	6	Own	Crude oil storage

We also lease property for our executive office, which is located at 2277 Plaza Drive in Sugar Land, Texas. Additionally, other corporate office space is leased in Kansas City, Kansas.

As of December 31, 2010, we had storage capacity for 767,000 barrels of gasoline, 1,062,000 barrels of distillates, 928,000 barrels of intermediates and 3,920,000 barrels of crude oil. The crude oil storage consisted of 674,000 barrels of refinery storage capacity, 536,000 barrels of field storage capacity and 2,710,000 barrels of storage at Cushing, Oklahoma. We expect that our current owned and leased facilities will be sufficient for our needs over the next twelve months. Additionally, we own 183 acres of land in Cushing, Oklahoma upon which we are proceeding to build approximately an additional 1,000,000 barrels of crude oil storage capacity.

Wynnewood Refining Company ("WRC"), a subsidiary of GWEC, owns and operates an oil refinery and associated crude oil storage tanks located on approximately 400 acres in Wynnewood, Oklahoma. As part of such operation it leases certain improvements, equipment, infrastructure and fixtures located at the refinery and pursuant to that certain lease agreement dated as of September 9, 2009 between WRC and Magellan Pipeline Terminals, L.P., which may, but only if consent of lessor is obtained, be mortgaged in favor of the holders of the notes. Prior to the acquisition, GWEC's headquarters was located in Denver, Colorado in a building leased by GWEC's parent company. Following the closing of the acquisition of GWEC by CVR Energy, back office operations will be transitioned to CVR Energy's existing offices.

Legal Proceedings

We are, and will continue to be, subject to litigation from time to time in the ordinary course of our business, including matters such as those described above under "—Environmental Matters." We also incorporate by reference into this section the information regarding the two lawsuits in Note 14, "Commitments and Contingent Liabilities" to the Company's Consolidated Financial Statements as set forth below. Included in this note is a description of the Samson litigation and the TransCanada litigation, as well as other legal proceedings. In accordance with U.S. GAAP, we record a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations or claims asserted against us, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations.

GWEC is, and will continue to be, subject to litigation from time to time in the ordinary course of business, including matters such as those described under "—Environmental Matters." Although one cannot predict with certainty the ultimate resolution of lawsuits, investigations or claims asserted against us, it is not believed that any currently pending legal proceeding or proceedings to which GWEC is a party will have a material adverse effect on GWEC's financial condition, liquidity or results of operations.

Independent Auditors' Report

To the Board of Directors and Shareholder of
Gary-Williams Energy Corporation
Denver, Colorado

We have audited the accompanying consolidated balance sheet of Gary-Williams Energy Corporation (the "Company") as of December 31, 2010, and the related consolidated statements of operations, changes in shareholder's equity, comprehensive income (loss), and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the Company for the year ended December 31, 2009 were audited by other auditors whose report, dated March 30, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 2010 consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
Denver, Colorado
March 31, 2011

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Balance Sheets

As of December 31, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	$ 34,045,795	$ 5,971,551
Restricted cash	124,101	308,481
Investments	372,786	341,317
Accounts receivable:		
Trade—net of allowances of $203,964 and $2,946,415 in 2010 and 2009, respectively	63,732,241	54,265,176
Affiliates	174,543	163,877
Insurance recovery	—	303,335
Note receivable affiliate	894	3,958
Inventories	169,756,197	162,815,841
Prepaid expenses and other current assets	4,001,060	4,354,762
Total current assets	272,207,617	228,528,298
Property, plant, and equipment—net	279,236,570	253,455,013
Deferred turnaround costs—net	24,044,574	37,790,336
Intangible assets—net	1,139,906	392,041
Other assets—net	9,910,006	11,759,028
Total assets	$ 586,538,673	$ 531,924,716

See accompanying notes to consolidated financial statements. (Continued)

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Balance Sheets

As of December 31, 2010 and 2009

	2010	2009
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable	$ 215,522,352	$ 168,497,331
Accrued liabilities and other	18,285,313	18,151,441
Long-term debt—current portion—net of discount	14,582,463	11,739,262
Total current liabilities	248,390,128	198,388,034
Noncurrent liabilities:		
Long-term debt—net of discount	129,676,133	141,163,405
Other	76,859	121,099
Total noncurrent liabilities	129,752,992	141,284,504
Total liabilities	378,143,120	339,672,538
Commitments and contingencies (Note 8)		
Shareholder's equity:		
Common stock, $0.01 par value—authorized 150,000 voting shares; issued and outstanding 96,900 shares Authorized 150,000 nonvoting shares; none issued	969	969
Contributed capital	36,357,640	36,357,640
Retained earnings	172,034,444	155,889,012
Accumulated other comprehensive income	2,500	4,557
Total shareholder's equity	208,395,553	192,252,178
Total liabilities and shareholder's equity	$ 586,538,673	$ 531,924,716

See accompanying notes to consolidated financial statements. (Concluded)

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Operations

For the Years ended December 31, 2010 and 2009

	2010	2009
Operating revenue	$ 2,141,043,605	$ 1,649,568,577
Operating expenses	2,086,819,478	1,566,500,099
Gross profit	54,224,127	83,068,478
General and administrative expenses	15,767,934	17,881,095
Operating income	38,456,193	65,187,383
Other income (expense):		
Interest and investment income	40,623	144,607
Interest expense	(22,432,421)	(13,104,572)
Gain on disposal of assets	12,052	210,254
Other—net	68,985	278,438
Total other expense	(22,310,761)	(12,471,273)
Net income from continuing operations	16,145,432	52,716,110
Net loss from discontinued operations	—	(253,242)
Net income	$ 16,145,432	$ 52,462,868

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Changes in Shareholder's Equity

For The Years ended December 31, 2010 and 2009

	Number of Common Shares	Common Stock	Number of Preferred Shares	Preferred Stock	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholder's Equity
Balance—December 31, 2008	96,900	$ 969	3,673	$ 37	$ 36,357,603	$ 104,326,189	$ (1,483)	$ 140,683,315
Subsidiary stock dividend	—	—	—	—	—	(900,045)	—	(900,045)
Cancelation of preferred stock and capital contribution	—	—	(3,673)	(37)	37	—	—	—
Net income	—	—	—	—	—	52,462,868	—	52,462,868
Other comprehensive income	—	—	—	—	—	—	6,040	6,040
Balance—December 31, 2009	96,900	969	—	—	36,357,640	155,889,012	4,557	192,252,178
Net income	—	—	—	—	—	16,145,432	—	16,145,432
Other comprehensive loss	—	—	—	—	—	—	(2,057)	(2,057)
Balance—December 31, 2010	96,900	$ 969	—	$ —	$ 36,357,640	$ 172,034,444	$ 2,500	$ 208,395,553

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Comprehensive Income (Loss)

For the Years ended December 31, 2010 and 2009

	2010	2009
Net income	$ 16,145,432	$ 52,462,868
Unrealized gain (loss) on investments	(2,057)	6,040
Comprehensive income	$ 16,143,375	$ 52,468,908

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Cash Flows

Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net income	$ 16,145,432	$ 52,462,868
Net loss from discontinued operations	—	253,242
Net income from continuing operations	16,145,432	52,716,110
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	14,728,920	13,765,339
Amortization of turnaround costs	13,745,762	15,401,851
Amortization of deferred financing costs and discount on debt	7,744,411	4,606,802
Gain on sale of assets	(12,052)	(210,254)
Realized gain on sale of investments, net	(4,534)	(13)
Provision for losses on accounts receivable	—	673,255
Other	—	2,404
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable—net	(9,303,930)	12,472,505
(Increase) decrease in accounts receivable—affiliate	(10,666)	9,032
Increase in inventories	(6,940,356)	(83,542,851)
Decrease (increase) in prepaid expenses	353,702	(378,266)
Increase in deferred turnaround costs	—	(3,008,930)
(Increase) decrease in other assets	(22,923)	37,323
Increase in accounts payable	49,856,043	70,842,159
Increase in accrued liabilities	114,169	4,025,705
Decrease in deferred revenue and other	(24,537)	(7,658)
Net cash provided by operating activities	86,369,441	87,404,513
Cash flows from investing activities:		
Capital expenditures—refinery and pipeline	(43,310,966)	(49,444,657)
Processing license expenditure	(780,000)	—
Proceeds from sale of assets, net	13,652	4,244,856
Proceeds from property insurance	117,984	2,525,000
Proceeds from sale-leaseback of pipeline	—	31,830,451
Purchase of investments	(327,412)	(2,384)
Proceeds from sale of investments	320,635	1,744
Note receivable—related-party	—	(250,000)
Note receivable—related-party collection	3,064	250,638
Change in restricted cash	308,080	(308,481)
Net cash used in investing activities	(43,654,963)	(11,152,833)

See accompanying notes to consolidated financial statements. (Continued)

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Cash Flows

Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from financing activities:		
Borrowings under long-term debt	$ 950,888,046	$ 923,000,000
Principal payments on long-term debt	(962,198,607)	(972,449,903)
Borrowings under notes payable to parent	22,600,000	—
Principal payments on notes payable to parent	(22,600,000)	(7,770,000)
Capital lease obligation payments	(426,134)	(102,735)
Payments of debt issuance costs	(2,903,539)	(14,450,766)
Net cash used in financing activities	(14,640,234)	(71,773,404)
Net increase in cash and cash equivalents—continuing operations	28,074,244	4,478,276
Change in cash and cash equivalents—discontinued operations:		
Net cash used in operating activities	—	(219,307)
Net cash used in investing activities	—	(224,079)
Net increase in cash and cash equivalents	28,074,244	4,034,890
Cash and cash equivalents—Beginning of year	5,971,551	1,936,661
Cash and cash equivalents—End of year	$ 34,045,795	$ 5,971,551
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest and financing expenses—net of amounts capitalized	$ 17,869,056	$ 22,501,293
Supplemental schedule of noncash investing and financing activities:		
Additions to construction projects in progress funded through accounts payable	$ 724,185	$ (1,245,880)
Capital lease acquisition	$ —	$ 557,602

See accompanying notes to consolidated financial statements. (Concluded)

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Notes to Consolidated Financial Statements

As of and for the Years ended December 31, 2010 and 2009

1. Background And Organization

Gary-Williams Energy Corporation (“GWEC”) is incorporated in Delaware. GWEC became a wholly owned subsidiary of GWEC Holding Company, Inc. (the “Holding Company”) on October 30, 2009 when The Gary-Williams Company (“TGWC”), its then parent company, contributed all of its common shares of GWEC to the Holding Company and canceled its outstanding preferred stock. GWEC’s primary activities are purchasing refinery feedstocks, marketing petroleum products, and providing management and support services to its subsidiaries.

Wynnewood Refining Company (“WRC”), a wholly owned subsidiary of GWEC, is incorporated in Delaware. WRC’s primary activity is operating a refinery in Wynnewood, Oklahoma that has a capacity of approximately 70,000 barrels per day.

Wynnewood Insurance Corporation (“WIC”), a wholly owned subsidiary of GWEC, is incorporated in Hawaii. WIC’s primary activity is to provide a portion of the insurance coverage required by WRC.

Through April 30, 2009, GWEC owned all of the stock of Gary-Williams Production Company (“GWPC”). GWPC is engaged in the exploration, development, and operation of oil and gas properties located in the United States. On May 1, 2009, the Company spun-off GWPC to TGWC by declaring a dividend of all of its stock in GWPC. Prior year consolidated financial statements have been restated to present the operations of GWPC as a discontinued operation.

References to the “Company” are to GWEC and its subsidiaries, collectively.

2. Summary Of Significant Accounting Policies

Basis of Presentation—The accompanying consolidated financial statements include the accounts of its wholly owned subsidiaries and have been prepared in accordance with United States generally accepted accounting principles (“US GAAP”). Intercompany balances and transactions have been eliminated.

Subsequent Events—The Company evaluates events and transactions that occur after the balance sheet date but before the financial statements are issued. The Company evaluated such events and transactions through March 31, 2011, which is the day the consolidated financial statements were available to be issued.

Use of Estimates—The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the most significant areas in which management uses estimates and assumptions are in determining impairments of long-lived assets, in establishing estimated useful lives for long-lived assets, provision for uncollectible accounts receivable, in valuing inventory, and in the determination of liabilities, if any, for legal contingencies.

The Company evaluates these estimates on an ongoing basis using historical experience and other methods the Company considers reasonable based on the particular circumstances. Nevertheless, actual results may differ significantly from the estimates. Any effects on the financial position or results of operations from revisions to these estimates are recorded in the period when the facts that give rise to the revision become known.

Cash, Cash Equivalents, and Investments—For purposes of these statements, the Company considers liquid investments purchased with an original maturity of three months or less to be cash equivalents. Investments, accounted for as available-for-sale, having an original maturity of more than three months, but less than 12, are recorded as a current asset in the accompanying consolidated balance sheets. Cash equivalents consist of money market funds and investments consist of equity securities and domestic and international bond funds.

Restricted Cash—Restricted cash includes cash balances which are legally or contractually restricted to use. At December 31, 2010 and 2009, the Company had short-term restricted cash of $124,101 and $308,481, respectively. At December 31, 2009, the Company had long-term restricted cash of $123,700 included in other long-term assets. The restricted cash held at December 31, 2010 is being held in a certificate of deposit as collateral on a bond that was initially set up to secure a right of way obligation on properties the Company previously owned. The Company is in the process of canceling the bond and releasing the restriction on the cash.

Allowance for Doubtful Accounts—The Company establishes an allowance for doubtful accounts on accounts receivable based on the expected ultimate recovery of these receivables. The Company establishes or adjusts the allowance as necessary using the specific identification method. The Company considers many factors including historical customer collection experience, general and specific economic trends, and known specific issues related to individual customers that might impact collectibility. The allowance for doubtful accounts was $203,964 and $2,946,415 at December 31, 2010 and 2009, respectively. For the year ended December 31, 2009, the Company recorded provisions for bad debts of $673,255.

Futures Contracts—The Company periodically enters into futures contracts to hedge certain of its exposures to price fluctuations on raw materials and refined products. The purpose of these activities, as defined by the Company's Risk Management Policy, is to enhance overall profits from WRC's refining operations and to identify opportunities to generate a profit outside the refining operations in the Group III, Gulf Coast, and NYMEX markets. Other provisions in the Risk Management Policy set forth quantity limits, authorization requirements, and exposure limits for speculative positions.

In all instances, the Company has decided not to designate its derivative activities as hedges. As a result, the gains or losses from the changes in fair value of the derivative instruments have been recognized as a component of operating expense; however, the underlying hedged items have not been marked to market. The increases or decreases in the fair value of the underlying hedged items ultimately result in increases or decreases to operating revenue or operating expense at the time of sale. These changes are generally offset by the gains or losses from the changes in fair value of the derivative instruments and may increase earnings volatility. The Company had no futures contracts outstanding as of December 31, 2010 and 2009.

Derivative Financial Instrument—Interest rate cap agreements are used to reduce the potential impact of increases in interest rates on floating-rate long-term debt. At December 31, 2010, the Company was a party to an interest rate cap agreement covering 50% of its Term Loan balance or $48,125,000. The agreement entitles the Company to receive from the bank the amount, if any, by which the three month LIBOR interest rate exceeds 4% of the notional amount. The interest rate cap agreement is not designated as a cash flow hedge under applicable accounting standards and as such the change in fair value is recorded as adjustments to interest expense. The Company paid a premium of $47,000 for the interest rate cap and is amortizing this amount to interest expense over the term of the agreement. Unamortized premiums are included in noncurrent other assets on the consolidated balance sheets. The agreement expires on December 31, 2011.

Financial Instruments—The Company's financial instruments consist of cash, investments, accounts receivable, a note receivable, accounts payable, other current liabilities, and long-term debt. Except for long-term debt, the carrying amounts of financial instruments approximate their fair value due to their short maturities. The fair value of long-term debt is estimated differently based upon the type of loan. For variable rate loans, carrying value approximates fair value. For fixed rate loans, the carrying value of long-term debt (see note 3) approximates fair value because the interest rate on this debt approximates market yields for similar debt instruments.

Inventories—Inventories are valued at the lower of first-in, first-out cost or market. Write-downs to market are charged to operating expense. Inventories at December 31, 2010 and 2009 are as follows:

	2010	2009
Refined, unrefined, and intermediate products	$ 100,025,660	$ 97,161,983
Crude oil	64,537,833	61,060,706
Materials and supplies	5,192,704	4,593,152
Inventories	$ 169,756,197	$ 162,815,841

Property, Plant, and Equipment—The initial purchase and additions to property, plant, and equipment, including capitalized interest and certain costs allocable to construction, are recorded at cost. Ordinary maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method based on estimated useful lives ranging from 1 to 30 years. Gains or losses on sales or other dispositions of property appear in gain (loss) on disposal of assets in the consolidated statements of operations. Property, plant, and equipment under capital leases and related obligations is recorded at an amount equal to the present value of future minimum lease payments computed on the basis of the Company's incremental borrowing rate or, when known, the interest rate implicit in the lease. Assets acquired under capital leases and leasehold improvements are amortized using the straight-line method over the lease term and are included in depreciation expense.

At December 31, 2010 and 2009, property, plant, and equipment, with the range of useful lives, are comprised of the following:

	2010	2009
Refinery property, plant, and equipment (3 to 30 years)	$ 318,737,295	$ 245,991,380
Pipeline and copiers under capital lease (5 to 20 years)	641,743	641,743
Airplane (6 years)	7,808,376	7,250,900
Furniture, fixtures, and equipment (1 to 15 years)	6,303,688	6,117,585
Precious metals, land, and other non-depreciable assets	3,663,655	3,457,371
Catalyst (5 years)	7,484,385	6,419,188
Vehicles (2 to 3 years)	1,162,311	1,136,199
Construction in progress	7,179,785	41,502,929
Property, plant, and equipment—at cost	352,981,238	312,517,295
Less accumulated depreciation and amortization (including accumulated depreciation under capital lease of $119,912 and $75,203, respectively)	(73,744,668)	(59,062,282)
Property, plant, and equipment—net	$ 279,236,570	$ 253,455,013

Construction in progress consists of projects primarily related to additions and expansions to refinery processing units and replacements to the refinery plant and equipment. When the project is completed and placed in service, the costs are depreciated over their estimated life.

Major construction projects qualify for interest capitalization until the asset is ready for service. Capitalized interest is calculated by multiplying the Company's weighted average interest rate from long-term debt by the amount of qualifying costs. As major construction projects are completed, the associated capitalized interest is amortized over the useful life of the asset with the underlying cost of the asset. For the years ended December 31, 2010 and 2009, the Company capitalized interest of $7,356,717 and $2,037,342, respectively.

Depreciation and amortization expense for the years ended December 31, 2010 and 2009 was $14,696,785 and $13,740,046, respectively.

Intangible Assets—Intangible assets consist of the cost of two processing licenses obtained for two refinery units, which are subject to amortization. Amortization is provided using the straight-line method based on an estimated useful life of 19 years. Amortization expense for the years ended December 31, 2010 and 2009 was $32,135 and $25,293, respectively.

The gross carrying amount and accumulated amortization totals related to the Company's intangible assets are as follows:

	Gross Carry Value	Accumulated Amortization	Net Carrying Value
As of December 31, 2010:			
Processing license—sulfur recovery unit	$ 480,566	$ (113,818)	$ 366,748
Processing license—gasoline hydrotreater	780,000	(6,842)	773,158
Total	$ 1,260,566	$ (120,660)	$ 1,139,906
As of December 31, 2009:			
Processing license—sulfur recovery unit	$ 480,566	$ (88,525)	$ 392,041
Total	$ 480,566	$ (88,525)	$ 392,041

Estimated amortization expense for succeeding years are as follows:

Year	Amortization Expense
2011	$ 66,346
2012	66,346
2013	66,346
2014	66,346
2015	66,346
Thereafter	808,176
Total	$ 1,139,906

Debt Issuance Costs—Debt issuance costs represent loan origination fees paid to the lender and related professional service fees. Unamortized debt issuance costs are included in noncurrent other assets on the consolidated balance sheets. For the years ended December 31, 2010 and 2009, the Company capitalized $2,903,539 and $14,450,766, respectively, of costs incurred in connection with debt refinancing and amendments. These costs are being amortized over the terms of their respective financings and are included in interest expense. Costs associated with revolving debt are amortized on a straight-line basis and costs associated with debt agreements having scheduled payoffs are amortized using the effective interest method. The amortization of deferred debt issuance costs were $4,651,785 and $4,063,812 for the years ended December 31, 2010 and 2009, respectively.

Debt Issued at a Discount—Debt issued at a discount to the face amount is accreted up to its face amount utilizing the effective interest method over the term of the note and recorded as a component of interest expense on the consolidated statements of operations.

Impairment—The Company's long-lived assets are periodically reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairments, if any, are measured as the amount by which the carrying amount of the asset exceeds the forecast of discounted expected future cash flows. The Company recorded no impairments during the years ended December 31, 2010 and 2009, respectively.

Asset Retirement Obligation—The Company evaluates legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and/or the normal operation of a long-lived asset, and recognizes a liability equal to the estimated fair value of the asset retirement obligation in the period in which it is incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The asset retirement liability is accreted over time as an operating expense using a systematic and rational method.

The Company has asset retirement obligations with respect to certain of its refinery assets due to various legal obligations to clean and/or dispose of various component parts of the refinery at the time they are retired. However, these component parts can be used for extended and indeterminate periods of time as long as they are properly maintained and/or upgraded. It is the Company's practice and current intent to maintain the refinery assets and continue making improvements to those assets based on technological advances. As a result, management believes that the refinery has an indeterminate life for purposes of estimating asset retirement obligations because dates or ranges of dates upon which the Company would retire refinery assets cannot reasonably be estimated at this time. When a date or range of dates can reasonably be estimated for the retirement of any component part of the refinery, a liability will be recorded based on the estimated cost to perform the asset retirement activity at the fair value of those costs using established present value techniques. The Company will continue to monitor and evaluate its potential asset retirement obligations.

Deferred Turnaround Costs—Refinery turnaround costs are incurred in connection with planned shutdown and inspections of the refinery's major units to perform planned major maintenance. Refinery turnaround costs are deferred when incurred and amortized on a straight-line basis over that period of time estimated to lapse until the next planned turnaround occurs, generally four years. Refinery turnaround costs include, among other things, the cost to repair, restore, refurbish, or replace refinery equipment such as tanks, reactors, piping, rotating equipment, instrumentation, electrical equipment, heat exchangers, and fired heaters. A major turnaround was performed in the second quarter of 2008 and the next major turnaround is scheduled to be performed in the fourth quarter of 2012. Although the Company performed the majority of its turnaround activities in the second quarter of 2008, the Company performed additional turnaround work on four of its refinery units in April 2009. In total, during the year ended December 31, 2009, the Company incurred turnaround costs of $3,008,930. As of December 31, 2010 and 2009, deferred turnaround costs amounted to $24,044,574 and $37,790,336, net of accumulated amortization of $37,830,459 and $24,084,697, respectively. Amortization expense for the years ended December 31, 2010 and 2009 was $13,745,762 and $15,401,851, respectively.

Revenue Recognition—The Company generates revenue primarily from the sale of refined products produced at the Company's refinery and refined products purchased directly from outside sources. In general, the Company enters into spot and short-term agreements that stipulate the terms and conditions of the sales. Revenue is recorded as products are delivered to customers, which is the point at which title and risk of loss are transferred.

Nonmonetary product exchanges and certain buy/sell crude oil transactions which are entered into in the normal course of business are included on a net cost basis in operating expenses on the consolidated statements of operations.

The Company also engages in trading activities, whereby the Company enters into agreements to purchase and sell refined products with third parties. The Company acts as principle in these transactions, taking title to the products in purchases from counterparties, and accepting the risks and rewards of ownership. The Company records revenue for the gross amount of the sales transactions, and records cost of purchases as an operating expense in the accompanying consolidated financial statements.

Excise tax, motor fuel tax, sales tax, and other taxes invoiced to customers and payable to government agencies are recorded on a net basis with the tax portion of a sales invoice directly credited to a liability account.

Comprehensive Income (Loss)—Comprehensive income (loss) includes net income (loss) and other comprehensive income (loss), which includes unrealized gains and losses from available-for-sale securities.

Environmental Costs and Other Contingencies:

Environmental Costs—The Company records an undiscounted liability on the consolidated balance sheets as other current and long-term liabilities when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liabilities are based on currently available facts, existing technology, and presently enacted laws and regulations taking into consideration the likely effects of other societal and economic factors, and include estimates of associated legal costs. These amounts also consider prior experience in remediating contaminated sites, other companies' clean-up experience, and data released by the United States Environmental Protection Agency ("EPA") or other organizations. The estimates are subject to revision in future periods based on actual costs or new circumstances.

Other Contingencies—The Company recognizes a liability for other contingencies when the Company has an exposure that, when fully analyzed, indicates it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Where the most likely outcome can be estimated, the Company accrues a liability for that amount. Alternatively, where the most likely outcome cannot be estimated, a range of potential losses is established and if no one amount in that range is more likely than any other, the low end of the range is accrued.

3. Long-Term Debt

	December 31, 2010	December 31, 2009
Term loan—due November 2014	$ 96,250,000	$ 107,250,000
Finance obligation—due September 2029	19,828,228	19,964,693
Capital lease obligation—due September 2029	30,804,621	31,213,642
Airplane loan—due March 2014	4,734,717	4,898,518
Other notes—due February 2011	5,412	32,824
Less discount on term loan	(7,364,382)	(10,457,010)
Total debt	144,258,596	152,902,667
Less obligations due in one year	(14,582,463)	(11,739,262)
Long-term debt	$ 129,676,133	$ 141,163,405

Term Loan—GWEC, WRC, and the Holding Company, collectively, are a party to a secured five-year $110,000,000 discounted term loan facility (the “Term Loan”) dated November 13, 2009 (as amended) with a syndicate of financial institutions. Borrowings under the Term Loan accrue interest on floating rates based on LIBOR or the agent’s prime rate at the Company’s option. Borrowings are repayable quarterly starting December 31, 2009, with 10% of the principal payable in year’s one and two, 20% payable in year’s three and four, and 40% payable in year five. The last scheduled payment is September 30, 2014. At December 31, 2010, the Company had $96,250,000 outstanding.

Revolver—GWEC, WRC, and the Holding Company collectively, entered into a three-year $150,000,000 secured revolving credit facility (the “Revolver”) dated November 13, 2009 (as amended) with a syndicate of financial institutions. The Company can borrow and/or issue letters of credit, which in the aggregate, cannot exceed the lesser of the borrowing base or $150,000,000. The borrowing base is limited by the balances of cash, accounts receivable, inventory, exchange balances, and outstanding letters of credit for which no payable yet exists. The borrowing base was $150,000,000 at December 31, 2010. Borrowings under this facility accrue interest based on LIBOR or base rate options plus a margin based on the Company’s fixed charge coverage ratio. Borrowings are repayable at expiration of the revolving facility on November 12, 2012. There was no outstanding Revolver balance at December 31, 2010.

Letters of credit are primarily obtained by the Company for its routine purchases of crude oil. Letters of credit totaling $30,624,143 and $34,273,000 had been issued as of December 31, 2010 and 2009, respectively.

The Term Loan and Revolver are secured by substantially all of GWEC’s and WRC’s assets and are subject to various financial and nonfinancial covenants that limit distributions, dividends, acquisitions, capital expenditures, disposals and debt and require minimum debt service coverage, net worth, and working capital requirements. The Company was in compliance with its financial covenants and ratios at December 31, 2010.

Airplane Loan—GWEC has a $5,300,000 loan with a bank. Under the agreement, interest is payable at a fixed rate for the first three years and at a variable rate based on the 30-day

LIBOR for the remaining four years. The loan is to be repaid over seven years with principal payments based on a 20-year amortization period and a balloon payment at the end of the seventh year in 2014. The loan is secured by the airplane. The outstanding balance at December 31, 2010 was $4,734,717.

Finance Obligation—On September 9, 2009, WRC sold its bulk terminal and loading facility for $20,000,000. WRC, in turn, agreed to lease back those same assets for 10 years with two five year renewal options. Under the terms of the lease agreement, WRC is required to support the operations of the terminal and loading facility at its own risk and GWEC has guaranteed WRC's lease payments. Due to these various forms of continuing involvement, the transaction was recorded under the finance method of accounting. Accordingly, the value of the terminal and loading facility remain on the Company's books and are continuing to be depreciated over their remaining useful lives. The proceeds received have been recorded as a finance obligation. The obligation is payable in monthly installments. The outstanding balance at December 31, 2010 was $19,828,228.

Capital Lease—On September 9, 2009, WRC entered into a sale-leaseback transaction where WRC sold a 49 mile pipeline for $32,000,000 and leased back the same pipeline for a term of 20 years. The transaction was recorded using sale-leaseback accounting. The gain of $30,741,039 is being deferred as an offset to the leased pipeline and is being amortized in proportion to the leased pipeline over the term of the lease. The lease is payable in monthly installments. The outstanding balance at December 31, 2010 was $30,804,621.

Other Notes—In February 2006, the Company entered into a financing agreement and a capital lease arrangement for office copiers which expire in February 2011. The obligations are payable in monthly installments. Amounts outstanding under these arrangements at December 31, 2010 were $5,412.

Letters of credit fees, bond fees, unused commitment fees, amortization of deferred financing costs, accretion of discount on debt, amortization of premium on interest rate cap, and interest from borrowings under the various agreements are included in interest expense in the accompanying consolidated statements of operations (net of amounts capitalized).

The minimum remaining principal payments under the loan agreements and minimum lease payments under capital lease obligations are as follows:

Year Ending December 31	Term Loan	Airplane Loan	Commercial & Other Notes	Finance Obligation	Capital Lease	Total
2011	$ 13,750,000	$ 174,267	$ 5,412	$ 191,850	$ 4,380,000	$ 18,501,529
2012	22,000,000	185,403	—	253,518	4,392,000	26,830,921
2013	27,500,000	197,250	—	322,103	4,380,000	32,399,353
2014	33,000,000	4,177,797	—	398,302	4,380,000	41,956,099
2015	—	—	—	482,881	4,380,000	4,862,881
Thereafter	—	—	—	18,179,574	60,357,058	78,536,632
Total minimum lease payments	$ 96,250,000	$ 4,734,717	$ 5,412	$ 19,828,228	82,269,058	203,087,415
Less amount representing executory costs					(4,589,808)	(4,589,808)
Net minimum lease payments					77,679,250	198,497,607
Less amount representing interest					(46,874,629)	(46,874,629)
Present value of net minimum lease payments					$ 30,804,621	$ 151,622,978

4. Tax Dividend Obligation To Parent

GWEC and its subsidiaries are S Corporations for income tax purposes. In general, as an S Corporation, GWEC and its subsidiaries are not taxable, and taxable income and deductions flow from GWEC and its subsidiaries to TGWC, where the income is taxed at the shareholder level. Prior to October 1, 2009, the Company reimbursed TGWC for the computed state and federal income taxes based on the Company's net income and a combined rate of approximately 33%. On November 13, 2009, with the creation of the Holding Company, a new tax agreement (effective October 1, 2009) was entered into between the Holding Company, its subsidiaries, and TGWC. Pursuant to this agreement, GWEC reimburses the Holding Company for the computed state and federal income taxes based on GWEC's net taxable income and a combined rate of 40%, that GWEC would pay if it determined its tax liability as a stand-alone C Corporation. These amounts are reflected as tax dividends declared in the consolidated statements of changes in shareholder's equity. Each of GWEC's subsidiaries reimburses GWEC on the same basis. When GWEC recognizes a net loss, such loss multiplied by 40% reduces its tax reimbursement liability in future years.

5. Employee Benefit Plans

The Company has two profit sharing plans (defined contribution plans), one covering certain nonunion employees and one covering union employees. The employees must meet eligibility requirements as to age and length of service. Contributions to the plans are determined annually by the Company. Contributions of $1,643,600 and $1,486,246 were expensed for the years ended December 31, 2010 and 2009, respectively.

6. Concentrations

Substantially all of the Company's accounts receivable at December 31, 2010 and 2009 results from the sale of refined products to companies in the retail and wholesale distribution market. This concentration of customers may impact the Company's overall credit risk, either positively or negatively, in that these entities may be similarly affected by industry-wide changes in economic and other conditions. Such receivables are generally not collateralized. However, the Company performs credit evaluations on its customers to minimize the exposure to credit risk. No single customer accounted for more than 10% of product sales for the years ended December 31, 2010 and 2009, respectively. No single customer accounted for more than 10% of gross accounts receivable at December 31, 2010 and 2009, respectively.

In March 2010 and 2009, the Company was awarded contracts to sell approximately 58,000,000 gallons, per contract year, of jet fuel to the United States Defense Energy Support Center ("DESC") for the period April 1 through March 31 of the following year, plus a 30-day carryover which gives the DESC the option to take deliveries for one month after the stated contract period. Pricing is variable, calculated based on market prices, as specified in the contract. For the years ended December 31, 2010 and 2009, product sales to this customer approximated 5%, in each respective year, of total operating revenue.

In addition, substantially all of the Company's raw materials purchased for refinery production and refined products purchased for resale are from companies in the oil and gas exploration and production industry in the United States. This concentration of suppliers may impact the Company's overall costs and/or profitability, either positively or negatively, in that these entities may be similarly affected by industry-wide changes in economic and other conditions. For the years ended December 31, 2010 and 2009, three vendors accounted for 41% and 47%, respectively, of total raw material and refined purchases.

Approximately 51% of the Company's labor force is covered by a collective bargaining agreement that is subject to review and renewal on a regular basis. The current collective bargaining agreement is due to expire in June 2012.

7. Related-Party Transactions

GWEC has an agreement with an affiliate, as amended and renewed in May 2008, to sublease a hangar for the Company aircraft. Terms of the sublease provide for annual rentals of $87,000 until June 30, 2011.

On a monthly basis, the Company charges certain general and administrative support costs to its affiliates. At December 31, 2010 and 2009, the affiliated accounts receivable balance was $174,543 and $163,877, respectively.

GWEC entered into a promissory note in February 2010 with TGWC, whereby GWEC promised to pay TGWC the principal sum of $10,000,000 or such lesser amount the borrower shall borrow from the lender. Interest on the unpaid principal balance is computed daily based on the prime rate. All amounts borrowed, together with interest, are to be paid no later than ten business days after the funds are advanced. The note is due on January 31, 2012. There was no outstanding balance under the note at December 31, 2010 and 2009, respectively.

8. Commitments And Contingencies

Legal Matters—In the ordinary course of business, the Company is a party to various other legal matters. In the opinion of management, none of these matters, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition, liquidity, or results of operations.

Health, Safety, and Environmental Matters—The Company is subject to certain environmental, safety, and other regulations primarily administered by the EPA and various state agencies. In addition, the EPA requires that the Company provide assurance of its financial wherewithal regarding certain future closure costs of the facility. Except as discussed below, management of the Company believes it has complied with all material aspects associated with these regulations.

By letter dated October 26, 2005, WRC received a "Finding of Violation" ("FOV") from the EPA, Region 6, purportedly pursuant to Section 113 of the Federal Clean Air Act. The FOV alleged certain violations of New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants. WRC has provided the EPA with explanatory and exculpatory information in response to the EPA FOV. Based on discussions with the EPA, the Company has determined that the settlement will include both corrective actions and payment of civil penalties, which could be material. As of December 31, 2010, the Company has $1,000,000 accrued to cover the penalties. Actual penalties could exceed this amount, however, management does not anticipate that the ultimate outcome of this matter will have a material adverse impact on the Company's financial position, liquidity, or results of operations.

The Federal Clean Air Act authorizes the EPA to require modifications in the formulation of the refined transportation fuel products manufactured in order to limit the emissions associated with their final use. In December 1999, the EPA promulgated national regulations limiting the amount of sulfur to be allowed in gasoline at future dates. The EPA believes such limits are necessary to protect new automobile emission control systems that may be inhibited by sulfur in the fuel. The new regulations required the phase-in of gasoline sulfur standards beginning in 2004, with the final reduction to the sulfur content of gasoline to an annual average level of 30 parts-per-million ("ppm"), and a per gallon maximum of 80 ppm to be completed by June 2006. As a small refiner, WRC became a party to the Waiver and Compliance Plan with the EPA that extended the implementation deadline for low sulfur gasoline to 2011. In return for the extension, WRC was required to produce 95% of the diesel fuel at the refinery with a sulfur content of 15 ppm or less starting June 1, 2006. WRC has complied with this requirement in 2010 and anticipates meeting the new regulations effective on January 1, 2011.

Other Matters—TGWC entered into a 10-year lease agreement extension for office space in June 2003. The Company pays all rent and occupancy costs in exchange for its use of the office space. The Company has guaranteed the performance of TGWC's obligations, under which the Company could be legally obligated to pay annual rent, as scheduled below, and annual occupancy costs of $356,918 with provisions for escalation based on actual expenses. The monthly rent is expensed on a straight-line basis over the term of the office lease. Rent expense, including occupancy costs, for the years ended December 31, 2010 and 2009 was $898,385 and $1,025,689, respectively.

The aggregate minimum rental commitments under noncancelable leases for the periods shown at December 31, 2010, are as follows:

Year	Annual Rent
2011	$ 577,297
2012	547,102
2013	273,551
	$ 1,397,950

The Company currently has one throughput and deficiency agreement that expires in 2020. Under the terms of the agreement, the Company is obligated to pay a tariff fee on a minimum daily volume of crude or else pay for any deficiencies. The fees paid under throughput and deficiency obligations for the years ended December 31, 2010 and 2009 were $6,939,940 and $10,166,013, respectively. At December 31, 2010, the minimum commitments under the throughput and deficiency agreement are as follows:

Year	Transportation Obligation
2011	$ 3,942,000
2012	3,952,800
2013	3,942,000
2014	3,942,000
2015	3,942,000
Thereafter	17,074,800
	$ 36,795,600

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Independent Auditors' Report

The Board of Directors and Shareholder
Gary-Williams Energy Corporation:

We have audited the accompanying consolidated balance sheet of Gary-Williams Energy Corporation and subsidiaries (the Company) as of December 31, 2009, and the related consolidated statements of operations, changes in shareholder's equity, comprehensive income (loss), and cash flows for each of the years of the two-year period then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gary-Williams Energy Corporation and subsidiaries as of December 31, 2009, and the results of their operations and their cash flows for each of the years of the two-year period then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP
Denver, Colorado
March 30, 2010

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Balance Sheet

December 31, 2009

	2009
Assets	
Current assets:	
Cash and cash equivalents	$ 5,971,551
Restricted cash	308,481
Investments	341,317
Accounts receivable:	
Trade, net of allowances of $2,946,415	54,265,176
Affiliates	163,877
Insurance recovery	303,335
Note receivable affiliate	3,958
Inventories	162,815,841
Prepaid expenses and other current assets	4,354,762
Current assets of discontinued operations	—
Total current assets	228,528,298
Property, plant, and equipment, net	253,455,013
Deferred turnaround costs, net	37,790,336
Intangible assets, net	392,041
Other assets, net	11,759,028
Noncurrent assets of discontinued operations	—
Total assets	$531,924,716
Liabilities and Shareholder's Equity	
Current liabilities:	
Accounts payable	$168,497,331
Accrued liabilities and other	18,151,441
Note payable to parent	—
Long-term debt—current portion, net of discount	11,739,262
Current liabilities of discontinued operations	—
Total current liabilities	198,388,034
Noncurrent liabilities:	
Long-term debt, net of discount	141,163,405
Other	121,099
Total noncurrent liabilities	141,284,504
Total liabilities	339,672,538
Commitments and contingencies (note 8)	
Shareholder's equity:	
Preferred stock, $0.01 par value	—
Common stock, $0.01 par value. Authorized 150,000 voting shares; issued and outstanding 96,900 shares. Authorized 150,000 nonvoting shares; none issued	969
Contributed capital	36,357,640
Retained earnings	155,889,012
Accumulated other comprehensive income (loss)	4,557
Total shareholder's equity	192,252,178
Total liabilities and shareholder's equity	$531,924,716

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Operations

Years ended December 31, 2009 and 2008

	2009	2008
Operating revenue	$ 1,649,568,577	$ 2,142,815,015
Operating expenses	1,566,500,099	2,248,855,202
Gross profit (loss)	83,068,478	(106,040,187)
General and administrative expenses	17,881,095	20,584,971
Operating income (loss)	65,187,383	(126,625,158)
Other income (expense):		
Interest and investment income	144,607	1,065,591
Interest expense	(13,104,572)	(7,419,241)
Gain on disposal of assets	210,254	1,900,377
Fire-related gain (loss), net	(40,962)	2,788,216
Other, net	319,400	146,819
Total other expense	(12,471,273)	(1,518,238)
Net income (loss) from continuing operations	52,716,110	(128,143,396)
Net loss from discontinued operations	(253,242)	(1,618,789)
Net income (loss)	$ 52,462,868	$ (129,762,185)

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Changes in Shareholder's Equity

Years ended December 31, 2009 and 2008

	Number of Common Shares	Common Stock	Number of Preferred Shares	Preferred Stock	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total Shareholder's Equity
Balance at December 31, 2007	96,900	$ 969	3,673	$ 37	$ 18,410,485	$ 234,088,374	$ (5,213)	$ 252,494,652
Contributed capital	—	—	—	—	17,947,118	—	—	17,947,118
Net loss	—	—	—	—	—	(129,762,185)	—	(129,762,185)
Other comprehensive income	—	—	—	—	—	—	3,730	3,730
Balance at December 31, 2008	96,900	969	3,673	37	36,357,603	104,326,189	(1,483)	140,683,315
Subsidiary stock dividend	—	—	—	—	—	(900,045)	—	(900,045)
Cancelation of preferred stock and capital contribution	—	—	(3,673)	(37)	37	—	—	—
Net income	—	—	—	—	—	52,462,868	—	52,462,868
Other comprehensive income	—	—	—	—	—	—	6,040	6,040
Balance at December 31, 2009	96,900	$ 969	—	$ —	$ 36,357,640	$ 155,889,012	$ 4,557	$ 192,252,178

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31, 2009 and 2008

	2009	2008
Net income (loss)	$ 52,462,868	$ (129,762,185)
Unrealized gain on securities	6,040	3,730
Comprehensive income (loss)	$ 52,468,908	$ (129,758,455)

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION
AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

Consolidated Statements of Cash Flows

Years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Net income (loss)	$ 52,462,868	$ (129,762,185)
Net loss from discontinued operations	253,242	1,618,789
Net income (loss) from continuing operations	52,716,110	(128,143,396)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	13,765,339	13,280,570
Amortization of turnaround costs	15,401,851	9,420,376
Amortization of deferred financing costs and discount on debt	4,606,802	292,783
Gain on sale of assets	(210,254)	(1,900,377)
Realized gain on sale of investments, net	(13)	(3,594)
Impairment of assets	—	566,619
Provision for losses on accounts receivable	673,255	2,273,160
Other	2,404	—
Changes in operating assets and liabilities:		
Decrease in accounts receivable, net	12,472,505	10,058,278
Decrease in accounts receivable—affiliate	9,032	276,070
(Increase) decrease in inventories	(83,542,851)	147,649,806
(Increase) decrease in prepaid expenses	(378,266)	645,371
Increase in deferred turnaround costs	(3,008,930)	(54,193,091)
Decrease in other assets	37,323	—
Increase (decrease) in accounts payable	70,842,159	(85,463,402)
Increase (decrease) in accrued liabilities	4,025,705	(8,860,971)
Decrease in deferred revenue and other	(7,658)	(9,115)
Net cash provided by (used in) operating activities	87,404,513	(94,110,913)
Cash flows from investing activities:		
Capital expenditures—refinery and pipeline	(49,444,657)	(37,471,979)
Proceeds from sale of assets, net	4,244,856	4,206,983
Proceeds from property insurance	2,525,000	1,838,747
Proceeds from sale-leaseback of pipeline	31,830,451	—
Purchase of investments	(2,384)	(15,222)
Proceeds from sale of investments	1,744	254,365
Note receivable—collection	—	65,077
Note receivable—related-party	(250,000)	(7,000)
Note receivable—related-party collection	250,638	300,000
Change in restricted cash	(308,481)	—
Net cash used in investing activities	(11,152,833)	(30,829,029)
Cash flows from financing activities:		
Borrowings under long-term debt	923,000,000	883,485,000
Principal payments on long-term debt	(972,449,903)	(775,359,716)
Principal payments on notes payable to parent	(7,770,000)	(1,000,000)
Capital lease obligation payments	(102,735)	(26,723)
Payments of debt issuance costs	(14,450,766)	(1,300,285)
Payments of offering costs	—	(40,202)
Capital contributed by parent	—	17,947,117
Tax dividends distributed to parent	—	(17,947,117)
Net cash (used in) provided by financing activities	(71,773,404)	105,758,074
Net increase (decrease) in cash and cash equivalents—continuing operations	4,478,276	(19,181,868)
Change in cash and cash equivalents—discontinued operations:		
Net cash used in operating activities	(219,307)	(1,623,856)
Net cash used in investing activities	(224,079)	(30,487)
Net increase (decrease) in cash and cash equivalents	4,034,890	(20,836,211)
Cash and cash equivalents at beginning of year	1,936,661	22,772,872
Cash and cash equivalents at end of year	$ 5,971,551	$ 1,936,661
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest and financing expenses, net of amounts capitalized	$ 22,501,293	$ 8,163,933
Supplemental schedule of noncash investing and financing activities:		
Additions (deletions) to construction projects in progress funded through accounts payable, net	$ (1,245,880)	$ 5,808,655
Capital lease acquisition	557,602	—

See accompanying notes to consolidated financial statements.

(1) Background and Organization

Gary-Williams Energy Corporation (GWEC) is incorporated in Delaware. GWEC became a wholly owned subsidiary of GWEC Holding Company, Inc. (the Holding Company) on October 30, 2009 when The Gary-Williams Company (TGWC), its then parent company, contributed all of its common shares of GWEC to the Holding Company and canceled its outstanding preferred stock. GWEC's primary activities are purchasing refinery feedstocks, marketing petroleum products, and providing management and support services to its subsidiaries.

Wynnewood Refining Company (WRC), a wholly owned subsidiary of GWEC, is incorporated in Delaware. WRC's primary activity is operating a refinery in Wynnewood, Oklahoma that has a capacity of approximately 70,000 barrels per day.

Wynnewood Insurance Corporation (WIC), a wholly owned subsidiary of GWEC, is incorporated in Hawaii. WIC's primary activity is to provide a portion of the insurance coverage required by WRC.

Through April 30, 2009, GWEC owned all of the stock of Gary-Williams Production Company (GWPC). GWPC is engaged in the exploration, development, and operation of oil and gas properties located in the United States. On May 1, 2009, the Company spun-off GWPC to TGWC by declaring a dividend of all of its stock in GWPC. Prior year consolidated financial statements have been restated to present the operations of GWPC as a discontinued operation.

References to the "Company" are to GWEC and its subsidiaries, collectively.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements include the accounts of its wholly owned subsidiaries and have been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Intercompany balances and transactions have been eliminated.

(b) Subsequent Events

The Company evaluates events and transactions that occur after the balance sheet date but before the financial statements are issued. The Company evaluated such events and transactions through March 30, 2010, which is the day the financial statements were available to be issued.

(c) Reclassification

Certain reclassifications of prior period information have been made to conform to the current period presentation, including the presentation of GWPC as a discontinued operation.

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the most significant areas in which management uses estimates and assumptions are in determining impairments of long-lived assets, in establishing estimated useful lives for long-lived assets, provision for uncollectible accounts receivable, in valuing inventory, and in the determination of liabilities, if any, for legal contingencies.

The Company evaluates these estimates on an ongoing basis using historical experience and other methods the Company considers reasonable based on the particular circumstances. Nevertheless, actual results may differ significantly from the estimates. Any effects on the financial position or results of operations from revisions to these estimates are recorded in the period when the facts that give rise to the revision become known.

(e) Cash, Cash Equivalents, and Investments

For purposes of these statements, the Company considers liquid investments purchased with an original maturity of three months or less to be cash equivalents. Investments having an original maturity of more than three months, but less than 12, are included in investments as a current asset in the accompanying consolidated balance sheets. Cash equivalents and investments consist of equity securities, domestic and international bond funds, and money market funds.

(f) Restricted Cash

Restricted cash includes cash balances which are legally or contractually restricted to use. At December 31, 2009, the Company had short-term restricted cash of $308,481 and long-term restricted cash of $123,700 included in other long-term assets. These amounts are primarily being held in trust in accordance with certain financial regulations set by the United States Environmental Protection Agency (EPA).

(g) Allowance for Doubtful Accounts

The Company establishes an allowance for doubtful accounts on accounts receivable based on the expected ultimate recovery of these receivables. The Company establishes or adjusts the allowance as necessary using the specific identification method. The Company considers many factors including historical customer collection experience, general and specific economic trends, and known specific issues related to individual customers that might impact collectibility. The allowance for doubtful accounts was $2,946,415 at December 31, 2009. For the years ended December 31, 2009 and 2008, the Company recorded provisions for bad debts of $673,255 and $2,273,160, respectively.

(h) Futures Contracts

The Company periodically enters into futures contracts to hedge certain of its exposures to price fluctuations on raw materials and refined products. The purpose of these activities, as defined by the Company’s Risk Management Policy, is to enhance overall profits from WRC’s refining operations and to identify opportunities to generate a profit outside the refining operations in the Group III, Gulf Coast, and NYMEX markets. Other provisions in the Risk

Management Policy set forth quantity limits, authorization requirements, and exposure limits for speculative positions.

In all instances, the Company has decided not to designate its derivative activities as hedges. As a result, the gains or losses from the changes in fair value of the derivative instruments have been recognized as a component of operating expense; however, the underlying hedged items have not been marked to market. The increases or decreases in the fair value of the underlying hedged items ultimately result in increases or decreases to operating revenue or operating expense at the time of sale. These changes are generally offset by the gains or losses from the changes in fair value of the derivative instruments and may increase earnings volatility. The Company had no futures contracts outstanding as of December 31, 2009.

(i) Financial Instruments

The Company's financial instruments consist of cash, investments, accounts receivable, a note receivable, accounts payable, other current liabilities, and long-term debt. Except for long-term debt, the carrying amounts of financial instruments approximate their fair value due to their short maturities. The fair value of long-term debt is estimated differently based upon the type of loan. For variable rate loans, carrying value approximates fair value. For fixed rate loans, the carrying value of long-term debt (see note 3) approximates fair value because the interest rate on this debt approximates market yields for similar debt instruments.

(j) Inventories

Inventories are valued at the lower of first-in, first-out cost or market. Write-downs to market are charged to operating expense. Inventories at December 31, 2009 are as follows:

	2009
Refined, unrefined, and intermediate products	$ 97,161,983
Crude oil	61,060,706
Materials and supplies	4,593,152
Inventories	$ 162,815,841

(k) Property, Plant, and Equipment

The initial purchase and additions to property, plant, and equipment, including capitalized interest and certain costs allocable to construction, are recorded at cost. Ordinary maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method based on estimated useful lives ranging from 1 to 30 years. Gains or losses on sales or other dispositions of property appear in gain (loss) on disposal of assets in the consolidated statements of operations. Property, plant, and equipment under capital leases and related obligations is recorded at an amount equal to the present value of future minimum lease payments computed on the basis of the Company's incremental borrowing rate or, when known, the interest rate implicit in the lease. Assets acquired under capital leases and leasehold improvements are amortized using the straight-line method over the lease term and are included in depreciation expense. At December 31, 2009, property, plant, and equipment, with the range of useful lives, is comprised of the following:

	2009
Refinery property, plant, and equipment (3 to 30 years)	$ 245,991,380
Pipeline under capital lease (5 to 20 years)	641,743
Airplane (6 years)	7,250,900
Furniture, fixtures, and equipment (1 to 15 years)	6,117,585
Precious metals, land, and other nondepreciable assets	3,457,371
Catalyst (5 years)	6,419,188
Vehicles (2 to 3 years)	1,136,199
Construction in progress	41,502,929
Property, plant, and equipment, at cost	312,517,295
Less accumulated depreciation and amortization	(59,062,282)
Property, plant, and equipment, net	$ 253,455,013

Construction in progress consists of projects primarily related to additions and expansions to refinery processing units and replacements to the refinery plant and equipment. When the project is completed and placed in service the costs are depreciated over their estimated life.

Major construction projects qualify for interest capitalization until the asset is ready for service. Capitalized interest is calculated by multiplying the Company’s weighted average interest rate from long-term debt by the amount of qualifying costs. As major construction projects are completed, the associated capitalized interest is amortized over the useful life of the asset with the underlying cost of the asset. For the years ended December 31, 2009 and 2008, the Company capitalized interest of $2,037,342 and $136,648, respectively.

Depreciation and amortization expense for the years ended December 31, 2009 and 2008 was $13,740,046 and $13,272,057, respectively.

(l) Intangible Assets

Intangible assets consist of the cost of a processing license of $480,566 for a new sulfur recovery unit, which is subject to amortization. Amortization is provided using the straight-line method based on an estimated useful life of 19 years. Amortization for the intangible asset was $25,293 of both years ended December 31, 2009 and 2008. Accumulated amortization totaled $88,525 at December 31, 2009. The estimated aggregate amortization expense is approximately $25,293 per year for the years ending December 31, 2010 through 2024 and $12,646 for the year ending December 31, 2025.

(m) Debt Issuance Costs

Debt issuance costs represent loan origination fees paid to the lender and related professional service fees. Unamortized debt issuance costs are included in noncurrent other assets on the consolidated balance sheets. For the year ended December 31, 2009, the Company capitalized $14,450,766, of costs incurred in connection with debt refinancing and amendments. These costs are being amortized over the terms of their respective financings and are included in interest expense. Costs associated with revolving debt are amortized on a straight-line basis and costs associated with debt agreements having scheduled payoffs are amortized using the effective interest method. The amounts of amortization and the write-off of previous deferred debt issuance costs were $4,063,812 and $292,783 for the years ended December 31, 2009 and 2008, respectively.

(n) Debt Issued at a Discount

Debt issued at a discount to the face amount is accreted up to its face amount utilizing the effective interest method over the term of the note and recorded as a component of interest expense on the consolidated statements of operations.

(o) Impairment

The Company's long-lived assets are periodically reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairments, if any, are measured as the amount by which the carrying amount of the asset exceeds the forecast of discounted expected future cash flows. The Company recorded no impairments during the year ended December 31, 2009. During the year ended December 31, 2008, the Company recorded an impairment charge of $528,119 to operating expenses for the loss in value of its precious metals.

(p) Asset Retirement Obligation

The Company evaluates legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and/or the normal operation of a long-lived asset, and recognizes a liability equal to the estimated fair value of the asset retirement obligation in the period in which it is incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The asset retirement liability is accreted over time as an operating expense using a systematic and rational method.

The Company has asset retirement obligations with respect to certain of its refinery assets due to various legal obligations to clean and/or dispose of various component parts of the refinery at the time they are retired. However, these component parts can be used for extended and indeterminate periods of time as long as they are properly maintained and/or upgraded. It is the Company's practice and current intent to maintain the refinery assets and continue making improvements to those assets based on technological advances. As a result, management believes that the refinery has an indeterminate life for purposes of estimating asset retirement obligations because dates or ranges of dates upon which the Company would retire refinery assets cannot reasonably be estimated at this time. When a date or range of dates can reasonably be estimated for the retirement of any component part of the refinery, a liability will be recorded based on the estimated cost to perform the asset retirement activity at the fair value of those costs using established present value techniques. The Company will continue to monitor and evaluate its potential asset retirement obligations.

(q) Deferred Turnaround Costs

Refinery turnaround costs are incurred in connection with planned shutdown and inspections of the refinery's major units to perform necessary repairs and replacements. Refinery turnaround costs are deferred when incurred and amortized on a straight-line basis over that period of time estimated to lapse until the next planned turnaround occurs, generally four years. Refinery turnaround costs include, among other things, the cost to repair, restore, refurbish, or replace refinery equipment such as tanks, reactors, piping, rotating equipment, instrumentation, electrical equipment, heat exchangers, and fired heaters. A major turnaround was performed in the second quarter of 2008 and the next major turnaround is scheduled to be performed in the second quarter of 2012. Although the Company performed the majority of its turnaround activities in the second quarter of 2008, the Company performed additional turnaround work on a few of its refinery units in April 2009. In total, during the years ended December 31, 2009 and 2008, the Company incurred turnaround costs of $3,008,930 and $54,193,091, respectively. As of December 31, 2009, deferred turnaround costs amounted to $37,790,336, net of accumulated amortization of $24,084,697. Amortization expense for the years ended December 31, 2009 and 2008 was $15,401,851 and $9,420,376, respectively.

(r) Revenue Recognition

The Company generates revenue primarily from the sale of refined products produced at the Company's refinery and refined products purchased directly from outside sources. In general, the Company enters into spot and short-term agreements that stipulate the terms and conditions of the sales. Revenue is recorded as products are delivered to customers, which is the point at which title and risk of loss are transferred.

The Company also engages in trading activities, whereby the Company enters into agreements to purchase and sell refined products with third parties. The Company acts as principle in these transactions, taking title to the products in purchases from counterparties, and accepting the risks and rewards of ownership. The Company records revenue for the gross amount of the sales transactions, and records cost of purchases as an operating expense in the accompanying financial statements.

Sales tax, motor fuel tax, and other taxes invoiced to customers and payable to government agencies are recorded on a net basis with the tax portion of a sales invoice directly credited to a liability account.

(s) Comprehensive Income (Loss)

Comprehensive income (loss) includes net income (loss) and other comprehensive income (loss), which includes unrealized gains and losses from available-for-sale securities.

(t) Insurance Recoveries

The Company records gains from insurance recoveries and a corresponding receivable when the Company determines that recovery is probable and management can reasonably estimate the amount of a particular recovery.

(u) Environmental Costs and Other Contingencies

Environmental Costs. The Company records an undiscounted liability on the consolidated balance sheet as other current and long-term liabilities when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liabilities are based on currently available facts, existing technology, and presently enacted laws and regulations taking into consideration the likely effects of other societal and economic factors, and include estimates of associated legal costs. These amounts also consider prior experience in remediating contaminated sites, other companies' clean-up experience, and data released by the EPA or other organizations. The estimates are subject to revision in future periods based on actual costs or new circumstances.

Other Contingencies. The Company recognizes a liability for other contingencies when the Company has an exposure that, when fully analyzed, indicates it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Where the most likely outcome can be estimated, the Company accrues a liability for that amount. Where the most likely outcome cannot be estimated, range of potential losses is established and if no one amount in that range is more likely than any other, the low end of the range is accrued.

(3) Long-Term Debt

	December 31 2009
Term loan, due May 2012	$ —
Term loan, due November 2014	107,250,000
Revolver credit facility, due May 2011	—
Finance obligation, due September 2029	19,964,693
Capital lease obligation, due September 2029	31,213,642
Airplane loan, due March 2014	4,898,518
Other notes, due February 2011	32,824
Less discount on term loan	(10,457,010)
Total debt	152,902,667
Less obligations due in one year	(11,739,262)
Long-term debt	$ 141,163,405

Refinancing

On November 13, 2009, the Company refinanced its existing revolver and term loan facility into two separate facilities with longer maturities. Through the refinancing, the Company entered into a new asset-based revolving facility (the Revolver) which provides commitments of up to $150,000,000 and a maturity date of November 12, 2012. The Company also entered into a new $110,000,000 discounted term loan facility (the Term Loan) due November 12, 2014. The proceeds from the refinancing were used to repay all of the outstanding amounts due under the Company's previously existing term and revolver credit facility.

Term Loan

On November 13, 2009, GWEC, WRC, and the Holding Company collectively entered into a secured five-year $110,000,000 discounted Term Loan with a syndicate of financial institutions. Borrowings under the Term Loan accrue interest based on an interest floor of 9.75% and includes LIBOR or base rate options. Borrowings are repayable quarterly starting December 31, 2009, with 10% of the principal payable in year's one and two, 20% payable in year's three and four, and 40% payable in year five. The last scheduled payment is September 30, 2014. At December 31, 2009, the Company had $107,250,000 outstanding.

Revolver

GWEC, WRC, and the Holding Company collectively entered into a three-year $150,000,000 secured Revolver with a syndicate of financial institutions on November 13, 2009. The Revolver replaces the previous $150,000,000 revolving credit facility dated March 9, 2004. Similar to the previous facility, the Company can borrow and/or issue letters of credit, which in the aggregate, cannot exceed the lesser of the borrowing base or $150,000,000. The borrowing base is limited by the balances of cash, accounts receivable, inventory, exchange balances, and outstanding letters of credit for which no payable yet exists. The borrowing base was $150,000,000 at December 31, 2009. Borrowings under this facility accrue interest based on LIBOR or base rate options plus a margin based on the Company's fixed charge coverage ratio. Borrowings are repayable at expiration of the revolving facility on November 12, 2012. There was no outstanding Revolver balance at December 31, 2009.

Letters of credit and bonds are primarily obtained by the Company for its routine purchases of crude oil. Letters of credit totaling $34,273,000 had been issued as of December 31, 2009.

The Term Loan and Revolver are secured by substantially all of GWEC's and WRC's assets and are subject to various financial and nonfinancial covenants that limit distributions, dividends, acquisitions, capital expenditures, disposals and debt and require minimum debt service coverage, net worth, and working capital requirements. The Company was in compliance or obtained a waiver for its financial covenants and ratios at December 31, 2009.

Airplane Loan

GWEC has a $5,300,000 loan with a bank. Under the agreement, interest is payable at a fixed rate for the first three years and at a variable rate based on the 30-day LIBOR for the remaining four years. The loan is to be repaid over seven years with principal payments based on a 20-year amortization period and a balloon payment at the end of the seventh year in 2014. The loan is secured by the airplane.

Finance Obligation

On September 9, 2009, WRC sold its bulk terminal and loading facility for $20,000,000. WRC, in turn, agreed to lease back those same assets for 10 years with two five year renewal options. Under the terms of the lease agreement, WRC is required to support the operations of the terminal and loading facility at its own risk and GWEC has guaranteed WRC's lease payments. Due to these various forms of continuing involvement, the transaction was recorded under the finance method of accounting. Accordingly, the value of the terminal and loading facility remain on the Company's books and are continuing to be depreciated over their remaining useful lives. The proceeds received have been recorded as a finance obligation. The obligation is payable in monthly installments and bears interest at 9%.

Capital Lease

On September 9, 2009, WRC entered into a sale-leaseback transaction where WRC sold a 49 mile pipeline for $32,000,000 and leased back the same pipeline for a term of 20 years. Due to the lack of continuing involvement on the part of WRC, the transaction was recorded using sale-leaseback accounting. As a result, the Company has recorded the pipeline as a capital lease. The gain of $30,741,039 is being deferred as an offset to the leased pipeline and is being amortized in proportion to the leased pipeline over the term of the lease. The lease is payable in monthly installments and bears interest at 12%.

Other Notes

In February 2006, the Company entered into a financing agreement and a capital lease arrangement for office copiers which expire in February 2011. The obligations are payable in monthly installments and bear interest at 5.75%. Amounts outstanding under these arrangements at December 31, 2009 was $32,824.

Letters of credit fees, bond fees, unused commitment fees, amortization of deferred financing costs, accretion of discount on debt, and interest from borrowings under the various agreements are included in interest expense in the accompanying consolidated statements of operations (net of amounts capitalized).

Subsequent Event

Effective February 18, 2010, GWEC, WRC, and the Holding Company entered into the First Amendment to the Term Loan. Under the amendment, the financial institutions waived the Company's violation of its debt covenant at December 31, 2009 and modified the covenants for 2010.

The minimum remaining principal payments under the loan agreements and minimum lease payments under capital lease obligations are as follows:

	Term Loan	Airplane Loan	Other Notes	Finance Obligation	Capital Lease	Total
Year ending December 31:						
2010	$ 11,000,000	$ 163,801	$ 29,975	$ 136,465	$ 4,419,274	$ 15,749,515
2011	13,750,000	174,267	2,849	191,850	4,380,000	18,498,966
2012	22,000,000	185,403	—	253,518	4,392,000	26,830,921
2013	27,500,000	197,250	—	322,103	4,380,000	32,399,353
2014	33,000,000	4,177,797	—	398,302	4,380,000	41,956,099
Thereafter	—	—	—	18,662,455	64,365,058	83,027,513
Total minimum lease payments	$ 107,250,000	$ 4,898,518	$ 32,824	$ 19,964,693	86,316,332	218,462,367

	Term Loan	Airplane Loan	Other Notes	Finance Obligation	Capital Lease	Total
Less amount representing executory costs					(4,813,933)	(4,813,933)
Net minimum lease payments					81,502,399	213,648,434
Less amount representing interest					(50,288,757)	(50,288,757)
Present value of net minimum lease payments					$ 31,213,642	$ 163,359,677

(4) Tax Dividend Obligation to Parent

GWEC and its subsidiaries are S Corporations for income tax purposes. In general, as an S Corporation, GWEC and its subsidiaries are not taxable, and taxable income and deductions flow from GWEC and its subsidiaries to TGWC, where the income is taxed. Prior to October 1, 2009, the Company reimbursed TGWC for the computed state and federal income taxes based on the Company's net income and a combined rate of approximately 33%. On November 13, 2009, with the creation of the Holding Company, a new tax agreement (effective October 1, 2009) was entered into between the Holding Company, its subsidiaries, and TGWC. Pursuant to this agreement, GWEC reimburses the Holding Company for the computed state and federal income taxes based on GWEC's net taxable income and a combined rate of 40% that GWEC would pay if it determined its tax liability as a standalone C Corporation. These amounts are reflected as tax dividends declared in the consolidated statements of changes in shareholder's equity. Each of the GWEC's subsidiaries reimburses GWEC on the same basis. When GWEC recognizes a net loss, such loss multiplied by 40% reduces its tax reimbursement liability in future years.

(5) Employee Benefit Plans

The Company has two profit sharing plans (defined contribution plans), one covering certain nonunion employees and one covering union employees. The employees must meet eligibility requirements as to age and length of service. Contributions to the plans are determined annually by the Company. Contributions of $1,486,246 and $1,357,075 were expensed for the years ended December 31, 2009 and 2008, respectively.

(6) Concentrations

Substantially all of the Company's accounts receivable at December 31, 2009 results from the sale of refined products to companies in the retail distribution market. This concentration of customers may impact the Company's overall credit risk, either positively or negatively, in that these entities may be similarly affected by industry-wide changes in economic and other conditions. Such receivables are generally not collateralized. However, the Company performs credit evaluations on its customers to minimize the exposure to credit risk. No single customer accounted for more than 10% of product sales for the years ended December 31, 2009 and 2008, respectively. No single customer accounted for more than 10% of gross accounts receivable at December 31, 2009.

In March 2009 and 2008, the Company was awarded contracts to sell approximately 58,000,000 and 59,000,000 gallons of jet fuel to the United States Defense Energy Support Center (DESC) for the period April 1, 2008 through March 31, 2010, plus a 30-day carryover which gives the DESC the option to take deliveries for one month after the stated contract period. Pricing is variable, calculated based on market prices, as specified in the contract. For the years ended December 31, 2009 and 2008, product sales to this customer approximated 5% and 6%, respectively, of total operating revenue.

In addition, substantially all of the Company's raw materials purchased for refinery production and refined products purchased for resale are from companies in the oil and gas exploration and production industry in the United States. This concentration of suppliers may impact the Company's overall costs and/or profitability, either positively or negatively, in that these entities may be similarly affected by industry-wide changes in economic and other conditions. For the years ended December 31, 2009 and 2008, three vendors accounted for 47% and 37%, respectively, of total raw material and refined purchases.

Approximately 51% of the Company's labor force is covered by a collective bargaining agreement that is subject to review and renewal on a regular basis. The current collective bargaining agreement is due to expire in June 2012.

(7) Related-Party Transactions

GWEC has an agreement with an affiliate, as amended and renewed in May 2008, to sublease a hangar for the Company aircraft. Terms of the sublease provide for annual rentals of $87,000 until June 30, 2011.

On a monthly basis, the Company charges certain general and administrative support costs to its affiliates. At December 31, 2009, the affiliated accounts receivable balance was $163,877.

GWEC entered into a promissory note in November 2008, with TGWC, where by GWEC promised to pay TGWC the principal sum of $20,000,000 or such lesser amount the borrower shall borrow from the lender. Interest on the unpaid principal balance is computed daily based on the prime rate. All amounts borrowed, together with interest, are to be paid no later than five business days after the funds are advanced. The note is due on January 31, 2010. During 2009, GWEC paid the balance due on the note of $7,770,000.

(8) Commitments and Contingencies

Fire Contingencies and Insurance Reimbursement

Alky Fire

On May 12, 2006, a fire took place at the Company's refinery in Wynnewood, Oklahoma. The fire occurred in an alkylation unit, which is used in the production of high octane, low sulfur gasoline blend stocks. The fire resulted in damage to the alkylation unit and surrounding equipment, wiring, and instrumentation systems.

The Company is insured for losses related to its refinery property and business interruption. At the time of the fire, the Company's refinery property insurance coverage was subject to a $1,000,000 per claim deductible and the business interruption insurance coverage was subject to a 45-day business interruption waiting period with a $1,000,000 minimum and a $10,000,000 maximum deductible.

In the years ended December 31, 2009 and 2008, the Company expensed $40,324 and $997,886, to fire-related loss to cover professional services fees, penalties, and other fire-related costs. Through December 31, 2009, the Company has incurred testing, refurbishment, and replacement costs of $33,473,402, which has been capitalized in property, plant and equipment, net. Initially, in 2006, the Company recorded an asset impairment charge of $649,478 to fire-related loss.

In addition to the property damage, through December 31, 2009, the Company also sustained business interruption losses associated with the fire of approximately $51,000,000, net of a deductible of $10,000,000. These losses include lost income related to the loss of use of the alkylation unit, the extra transportation costs incurred for transporting product from the unit while it is out of service, and the reduced volumes of hydrocarbons that could be processed. These costs have been expensed as incurred.

As a result of the property damage and business interruption losses associated with the fire, the Company has submitted, net of a deductible of $11,000,000, approximately $81,000,000 in claims to its insurance carriers under its insurance policies. As of December 31, 2007, the insurance providers approved and the Company collected $42,832,697 of these costs, $25,179,697 to cover business interruption and $17,653,000 for property damage. Of the total amount recovered, $2,832,697 was recorded during the year ended December 31, 2007, $2,653,000 as fire-related gain and $179,697 as a reduction to operating expense to cover business interruption. During 2006, the Company recorded $15,000,000 as fire-related gain and $25,000,000 as a reduction to operating expense for business interruption.

In the fourth quarter of 2007, the Company initiated legal action against its insurance carriers as a result of the insurance carrier’s refusal to honor their insurance coverage obligation to pay the remaining balance on the claim. The Company settled with the insurance carriers in January 2009 for $21,167,253. As a result, in December 2008 the Company recognized $2,525,000 as fire-related gain and $18,642,253 as a reduction to operating expense to cover business interruption.

Lightning Fire

On April 27, 2007, the Company’s refinery in Wynnewood, Oklahoma was shut down after lightning caused a fire in a product storage tank, which then spread to a second tank in the same dike. The Company lost both tanks and the products in the tanks. The Company recorded an insurance recovery gain of $6,000,000, a $5,151,740 expense from lost inventory, and fire response and clean up expenditures of $270,957. Through December 31, 2009, the Company also incurred testing, refurbishment, and replacement costs of $3,776,613, which has been capitalized as property, plant, and equipment, net.

For the year ended December 31, 2009, the Company recognized a fire-related expense of $638 for professional service fees. For the year ended December 31, 2008, the Company recognized a net fire-related gain of $1,261,102. The Company recognized an insurance recovery gain of $1,283,712 and professional service fees of $22,610. During the year ended December 31, 2007, the Company recorded a net fire-related gain of $577,941.

As of December 31, 2009, the insurance providers have approved $7,283,712 and the Company has collected $6,980,377 of these costs. At December 31, 2009, the Company's receivable for recoveries from insurance carriers was $303,335.

Legal Matters

In the ordinary course of business, the Company is a party to various other legal matters. In the opinion of management, none of these matters, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition, liquidity, or results of operations.

Health, Safety, and Environmental Matters

The Company is subject to certain environmental, safety, and other regulations primarily administered by the EPA and various state agencies. In addition, the EPA requires that the Company provide assurance of its financial wherewithal regarding certain future closure costs of the facility. Except as discussed below, management of the Company believes it has complied with all material aspects associated with these regulations.

By letter dated October 26, 2005, WRC received a "Finding of Violation" (FOV) from the EPA, Region 6, purportedly pursuant to Section 113 of the Federal Clean Air Act. The FOV alleged certain violations of New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants. WRC has provided the EPA with explanatory and exculpatory information in response to the EPA FOV. Based on discussions with the EPA, the Company has determined that the settlement will include both corrective actions and payment of civil penalties, which could be material. As of December 31, 2009, the Company has $1,000,000 accrued to cover the penalties. Actual penalties could exceed this amount, however, management does not anticipate that the ultimate outcome of this matter will have a material adverse impact on the Company's financial position, liquidity, or results of operations.

The Federal Clean Air Act authorizes the EPA to require modifications in the formulation of the refined transportation fuel products manufactured in order to limit the emissions associated with their final use. In December 1999, the EPA promulgated national regulations limiting the amount of sulfur to be allowed in gasoline at future dates. The EPA believes such limits are necessary to protect new automobile emission control systems that may be inhibited by sulfur in the fuel. The new regulations required the phase-in of gasoline sulfur standards beginning in 2004, with the final reduction to the sulfur content of gasoline to an annual average level of 30 parts-per-million (ppm), and a per gallon maximum of 80 ppm to be completed by June 2006. As a small refiner, WRC became a party to the Waiver and Compliance Plan with the EPA that extended the implementation deadline for low sulfur gasoline to 2011. In return for the extension, WRC is required to produce 95% of the diesel fuel at the refinery with a sulfur content of 15 ppm or less starting June 1, 2006. WRC has complied with this requirement and anticipates meeting the requirement in subsequent years.

Other Matters

TGWC entered into a 10-year lease agreement extension for office space in June 2003. The Company pays all rent and occupancy costs in exchange for its use of the office space. The

Company has guaranteed the performance of TGWC's obligations, under which the Company could be legally obligated to pay annual rent, as scheduled below, and annual occupancy costs of $307,000 with provisions for escalation based on actual expenses. The monthly rent is expensed on a straight-line basis over the term of the office lease. Rent expense, including occupancy costs, for the years ended December 31, 2009 and 2008 was $1,025,689 and $949,997, respectively. Currently, TGWC is subleasing a portion of the office space to two related-parties for which the Company is reimbursed. Such amounts were not significant for the years ended December 31, 2009 and 2008.

The aggregate minimum rental commitments under noncancelable leases for the periods shown at December 31, 2009, are as follows:

Year	Annual Rent
2010	$ 825,605
2011	800,986
2012	776,366
2013	388,183
	$ 2,791,140

The Company currently has three take-or-pay purchase agreements, two that expire in 2010 and one that expires in 2020. The purchase agreements are with different suppliers. Under the terms of the agreements, the Company is obligated to purchase a minimum daily volume of crude or else pay for any deficiencies. The amounts purchased under take-or-pay obligations for the years ended December 31, 2009 and 2008 were $10,166,013 and $11,605,923, respectively. At December 31, 2009, the minimum commitments under the take-or-pay purchase agreements are as follows:

Year	Take-or-pay Obligation
2010	$ 7,529,028
2011	3,942,000
2012	3,952,800
2013	3,942,000
2014	3,942,000
Thereafter	20,055,600
	$ 43,363,428

In February 2009, the Company entered into a fixed price engineering, procurement, and construction contract with an engineering and consulting firm to construct a gasoline hydrotreater unit, which will enable the Company to meet the new EPA requirements limiting the amount of sulfur in gasoline starting in 2011. Through December 31, 2009, the Company has incurred $31,231,711 of costs related to this project, which has been capitalized in property, plant, and equipment, net. The project will be completed in 2010 and the estimated total project cost is expected to be approximately $55,000,000.

Exhibit 99.4

GARY-WILLIAMS ENERGY CORPORATION AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(Unaudited)

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 28,956,508	$ 34,045,795
Restricted cash	124,782	124,101
Investments	322,480	372,786
Accounts receivable:		
Trade—net of allowances of $839,183 and $203,964 in 2011 and 2010, respectively	137,287,860	63,732,241
Affiliates	197,815	174,543
Note receivable—related-party	56,900	894
Inventories	177,212,978	169,756,197
Prepaid expenses and other	8,909,952	4,001,060
Total current assets	353,069,275	272,207,617
PROPERTY, PLANT, AND EQUIPMENT—Net	280,353,633	279,236,570
DEFERRED TURNAROUND COSTS—Net	14,208,158	24,044,574
INTANGIBLE ASSETS—Net	1,090,146	1,139,906
OTHER ASSETS—Net	3,495,150	9,910,006
TOTAL ASSETS	$652,216,362	$586,538,673
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$197,723,074	$215,522,352
Accrued liabilities and other	19,050,059	18,285,313
Derivative liabilities	7,435,210	—
Tax dividend obligation to parent	30,371,000	—
Long-term debt—current portion—net of discount	46,401,137	14,582,463
Total current liabilities	300,980,480	248,390,128
NONCURRENT LIABILITIES:		
Long-term debt—net of discount	53,823,116	129,676,133
Other	38,429	76,859
Total noncurrent liabilities	53,861,545	129,752,992
Total liabilities	354,842,025	378,143,120
COMMITMENTS AND CONTINGENCIES (Note 8)		
SHAREHOLDER'S EQUITY:		
Common stock, $0.01 par value; authorized 150,000 voting shares; issued and outstanding 96,900 shares		
Authorized 150,000 nonvoting shares; none issued	969	969
Contributed capital	36,357,640	36,357,640
Retained earnings	261,015,641	172,034,444
Accumulated other comprehensive income (loss)	87	2,500
Total shareholder's equity	297,374,337	208,395,553
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$652,216,362	$586,538,673

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(Unaudited)

	2011	2010
OPERATING REVENUE	$ 2,041,263,810	$ 1,541,973,414
OPERATING EXPENSES	1,857,185,583	1,512,229,444
GROSS PROFIT	184,078,227	29,743,970
GENERAL AND ADMINISTRATIVE EXPENSES	13,903,449	12,055,151
OPERATING INCOME	170,174,778	17,688,819
OTHER INCOME (EXPENSE):		
Interest and investment income	88,990	29,508
Interest expense	(22,900,258)	(16,647,608)
Gain on disposal of assets	176,201	12,052
Other income (expense)—net	(289,514)	726,651
Total other expense	(22,924,581)	(15,879,397)
NET INCOME	$ 147,250,197	$ 1,809,422

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN RETAINED EARNINGS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(Unaudited)

	2011	2010
BALANCE AT JANUARY 1,	$ 172,034,444	$ 155,889,012
NET INCOME	147,250,197	1,809,422
TAX DIVIDENDS DECLARED	(58,269,000)	—
BALANCE AT SEPTEMBER 30,	$ 261,015,641	$ 157,698,434

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(Unaudited)

	2011	2010
NET INCOME	$ 147,250,197	$1,809,422
UNREALIZED LOSS ON INVESTMENTS	(2,413)	(3,356)
COMPREHENSIVE INCOME	$ 147,247,784	$1,806,066

See accompanying notes to consolidated financial statements.

GARY-WILLIAMS ENERGY CORPORATION AND SUBSIDIARIES
(A Wholly Owned Subsidiary of GWEC Holding Company, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(Unaudited)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 147,250,197	$ 1,809,422
Adjustments to reconcile net income from continuing operations to net cash used in operating activities:		
Depreciation and amortization	13,132,852	10,629,882
Amortization of turnaround costs	9,836,416	10,466,956
Amortization of deferred debt issuance costs and discount on debt	9,059,837	5,827,696
Gain on sale of assets	(176,201)	(12,052)
Realized gain on sale of investments—net	(11,152)	(4,529)
Provision for losses on accounts receivable	839,183	—
Unrealized loss on derivative instrument	37,853,684	—
Changes in operating assets and liabilities:		
Increase in accounts receivable—net	(74,394,802)	(24,655,742)
Increase in accounts receivable—affiliate	(23,272)	(34,951)
(Increase) decrease in inventories	(7,456,781)	2,345,728
Increase in prepaid expenses and other	(2,530,038)	(1,433,640)
Decrease in accounts payable	(18,340,168)	(15,659)
Increase (decrease) in accrued liabilities	751,440	(2,179,442)
Decrease in derivative liabilities	(30,418,474)	—
Decrease in other liabilities	(25,124)	(18,736)
Net cash provided by operating activities	85,347,597	2,724,933
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures—refinery	(13,975,292)	(36,453,656)
Proceeds from sale of assets—net	492,229	13,652
Proceeds from property insurance	—	117,984
Purchase of investments	(1,494)	(321,034)
Proceeds from sale of investments—net	60,539	320,023
Change in restricted cash	(681)	308,080
Note receivable—related-party	(56,900)	—
Note receivable—related-party collection	894	2,298
Net cash used in investing activities	(13,480,705)	(36,012,653)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under long-term debt	$ 315,100,000	$ 724,788,766
Principal payments on long-term debt	(362,404,194)	(693,465,195)
Borrowings under notes payable to parent	89,000,000	31,100,000
Principal payments on notes payable to parent	(89,000,000)	(31,100,000)
Capital lease obligation payments	(346,708)	(317,365)
Payments of debt issuance costs	(1,407,277)	(2,903,539)
Tax dividend obligation distributed	(27,898,000)	—
Net cash (used in) provided by financing activities	(76,956,179)	28,102,667
Net decrease in cash and cash equivalents	(5,089,287)	(5,185,053)
CASH AND CASH EQUIVALENTS—Beginning of year	34,045,795	5,971,551
CASH AND CASH EQUIVALENTS—End of period	$ 28,956,508	$ 786,498
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest and financing expenses—net of amounts capitalized	$ 15,580,293	$ 14,408,147
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Additions to construction projects in progress funded through accounts payable	$ 1,265,077	$ 3,515,073

See accompanying notes to consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BACKGROUND AND ORGANIZATION

Gary-Williams Energy Corporation ("GWEC") is incorporated in Delaware. GWEC became a wholly owned subsidiary of GWEC Holding Company, Inc. (the "Holding Company") on October 30, 2009 when The Gary-Williams Company ("TGWC"), its then parent company, contributed all of its common shares of GWEC to the Holding Company and canceled its outstanding preferred stock. GWEC's primary activities are purchasing refinery feedstocks, marketing petroleum products, and providing management and support services to its subsidiaries.

Wynnewood Refining Company ("WRC"), a wholly owned subsidiary of GWEC, is incorporated in Delaware. WRC's primary activity is operating a refinery in Wynnewood, Oklahoma that has a capacity of approximately 70,000 barrels per day ("bpd").

Wynnewood Insurance Corporation ("WIC"), a wholly owned subsidiary of GWEC, is incorporated in Hawaii. WIC's primary activity is to provide a portion of the insurance coverage required by WRC.

References to the "Company" are to GWEC and its subsidiaries, collectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying unaudited consolidated financial statements include the accounts of GWEC and its wholly owned subsidiaries and have been prepared in accordance with United States generally accepted accounting principles ("US GAAP") for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements included in the Company's consolidated financial statements for the year ended December 31, 2010. Operating results for the nine months ended September 30, 2011, are not necessarily indicative of the results that may be expected for the year ending December 31, 2011, or for any other period.

Intercompany balances and transactions have been eliminated.

Subsequent Events—The Company evaluates events and transactions that occur after the balance sheet date but before the financial statements are issued. The Company evaluated such events and transactions through December 6, 2011, which is the day the consolidated financial statements were available to be issued.

Use of Estimates—The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the most significant areas in which management uses estimates and assumptions are in determining impairments of long-lived assets, in establishing estimated useful lives for long-lived assets, provision for uncollectible accounts receivable, in valuing inventory, and in the determination of liabilities, if any, for legal contingencies.

The Company evaluates these estimates on an ongoing basis using historical experience and other methods the Company considers reasonable based on the particular circumstances.

Nevertheless, actual results may differ significantly from the estimates. Any effects on the financial position or results of operations from revisions to these estimates are recorded in the period when the facts that give rise to the revision become known.

Cash, Cash Equivalents, and Investments—For purposes of these statements, the Company considers liquid investments purchased with an original maturity of three months or less to be cash equivalents. Investments, accounted for as available-for-sale, having an original maturity of more than three months, but less than 12, are recorded as a current asset in the accompanying consolidated balance sheets. Cash equivalents consist of money market funds and investments consist of equity securities and domestic and international bond funds.

Restricted Cash—Restricted cash includes cash balances which are legally or contractually restricted to use. At September 30, 2011 and December 31, 2010 the Company had short-term restricted cash of $124,782 and $124,101, respectively. The restricted cash is being held in a certificate of deposit as collateral on a bond that was initially set up to secure a right of way obligation on properties the Company previously owned. The Company is in the process of canceling the bond and releasing the restriction on the cash.

Allowance for Doubtful Accounts—The Company establishes an allowance for doubtful accounts on accounts receivable based on the expected ultimate recovery of these receivables. The Company establishes or adjusts the allowance as necessary using the specific identification method. The Company considers many factors including historical customer collection experience, general and specific economic trends, and known specific issues related to individual customers that might impact collectibility. The allowance for doubtful accounts was $839,183 and $203,964 at September 30, 2011 and December 31, 2010, respectively. For the nine months ended September 30, 2011, the Company recorded provisions for bad debts of $839,183.

Commodity Derivative Instruments—The Company periodically enters into commodity swaps to reduce commodity price uncertainty and enhance the predictability of cash flows relating to the purchase of raw materials and the marketing of refined products. Provisions in the Company's Risk Management Policy set forth quantity limits, authorization requirements, and exposure limits.

In all instances, the Company has decided not to designate its derivative activities as hedges. As a result, the gains or losses from the changes in fair value of the derivative instruments have been recognized as a component of operating expense. Generally, the Company incurs accounting losses on derivatives during periods where net margins are rising and gains during periods where net margins are falling, which may cause significant fluctuations in the Company's consolidated balance sheets and consolidated statements of operations. At September 30, 2011, the Company had a derivative liability of $7,435,210 net of a collateral balance of $31,200,000 held by its counterparty. For the nine months ended September 30, 2011, the Company recognized a realized loss of $22,897,515 and an unrealized loss of $37,853,684 in operating expense for commodity swaps.

At September 30, 2011 the Company had the following commodity swap positions:

Period	Volume (bpd)	Weighted Average Fixed Price	Weighted Average Fair Value Price	Fair Value
October 1, 2011 through December 31, 2011	24,000	$ 11.59	$ 28.74	$ (37,853,684)
Total				$ (37,853,684)

The information presented above shows the daily volume of West Texas intermediate crude oil contracted for purchase for the specified period. There is an offsetting equal daily volume of refined products contracted for sale for that same period. The weighted average fixed price represents the net margin between the crude purchase prices and the product sales prices. Quoted market prices, from trading counterparties, are used to value commodity derivative instruments at fair value.

At times the Company's commodity derivative contracts under master netting arrangements include both asset and liability positions. The Company has elected to offset the fair value amount recognized for multiple similar derivative instruments executed with the same counterparty, including any related cash collateral asset or obligation.

Commodity swaps expose the Company to counterparty credit risk. The Company's commodity derivative instruments are currently with a highly rated market participant, and the Company controls its level of financial exposure. The commodity derivative contracts are executed under master agreements which allow the Company to elect early termination of all contracts with the counterparty. If the Company chooses to elect early termination, all asset and liability positions with the counterparty would be net settled at the time of election.

Financial Instruments—The Company's financial instruments consist of cash, investments, accounts receivable, a note receivable, accounts payable, other current liabilities, and long-term debt. Except for long-term debt, the carrying amounts of financial instruments approximate their fair value due to their short maturities. The fair value of long-term debt is estimated differently based upon the type of loan. For variable rate loans, carrying value approximates fair value. For fixed rate loans, the carrying value of long-term debt (see note 3) approximates fair value because the interest rate on this debt approximates market yields for similar debt instruments.

Fair Value Measurements—A fair value hierarchy (Level 1, Level 2, or Level 3) is used to categorize fair value amounts based on the quality of inputs used to measure fair value. Accordingly, fair values determined by Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs are based on quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The tables below present information about the Company's financial assets and liabilities measured and recorded at fair value on a reoccurring basis and indicate the fair value hierarchy of the inputs utilized by the Company to determine the fair values as of September 30, 2011 and December 31, 2010.

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Counterparty and Cash Collateral Netting	Total September 30, 2011
Assets				
Investments	$322,480	$ —		$ 322,480
Liabilities				
Commodity derivative contracts	$ —	$37,853,684	$(31,200,000)*	$6,653,684**

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total December 31, 2010
Assets			
Investments	$372,786	$—	$372,786

* Amount represents the effect of legally enforceable master netting arrangements between the reporting entity and its counterparty and the receivable for cash collateral held by the same counterparty.

** Amount does not agree to the derivative liabilities in the consolidated balance sheet because it excludes the September 2011 settlement of $781,526.

The valuation methods used to measure financial instruments at fair value are as follows:

- Commodity derivative contracts, consisting of swaps, are measured at fair value using the market approach. Quoted market prices, from trading counterparties, are used to value commodity derivative instruments.
- Investments are measured at fair value using a market approach based on quotations from national securities exchanges.

Inventories—Inventories are valued at the lower of first-in, first-out cost or market. Write-downs to market are charged to operating expense. Inventories at September 30, 2011 and December 31, 2010 are as follows:

	2011	2010
Refined, unrefined, and intermediate products	$ 121,272,478	$ 100,025,660
Crude oil	48,891,206	64,537,833
Materials and supplies (valued at average cost)	7,049,294	5,192,704
Inventories	$ 177,212,978	$ 169,756,197

Property, Plant, and Equipment—The initial purchase and additions to property, plant, and equipment, including capitalized interest and certain costs allocable to construction, are recorded at cost. Ordinary maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method based on estimated useful lives ranging from 1 to 30 years. Gains or losses on sales or other dispositions of property appear in gain (loss) on disposal of assets in the consolidated statements of operations. Property, plant, and equipment under capital leases and related obligations is recorded at an amount equal to the present value of future minimum lease payments computed on the basis of the Company's incremental borrowing rate or, when known, the interest rate implicit in the lease. Assets acquired under capital leases and leasehold improvements are amortized using the straight-line method over the lease term and are included in depreciation expense.

At September 30, 2011 and December 31, 2010, property, plant, and equipment, with the range of useful lives, are comprised of the following:

	2011	2010
Refinery property, plant, and equipment (3 to 30 years)	$ 329,744,106	$ 318,737,295
Pipeline and copiers under capital lease (5 to 20 years)	557,602	641,743
Airplane (6 years)	8,345,920	7,808,376
Furniture, fixtures, and equipment (1 to 15 years)	6,768,280	6,303,688
Precious metals, land, and other non-depreciable assets	4,052,526	3,663,655
Catalyst (5 years)	7,450,553	7,484,385
Vehicles (2 to 3 years)	1,297,583	1,162,311
Construction in progress	8,880,683	7,179,785
Property, plant, and equipment—at cost	367,097,253	352,981,238
Less accumulated depreciation and amortization (including accumulated depreciation under capital lease of $58,084 and $119,912, respectively)	(86,743,620)	(73,744,668)
Property, plant, and equipment—net	$ 280,353,633	$ 279,236,570

Construction in progress consists of projects primarily related to additions and expansions to refinery processing units and replacements to the refinery plant and equipment. When the project is completed and placed in service, the costs are depreciated over their estimated life.

Major construction projects qualify for interest capitalization until the asset is ready for service. Capitalized interest is calculated by multiplying the Company’s weighted average interest rate from long-term debt by the amount of qualifying costs. As major construction projects are completed, the associated capitalized interest is amortized over the useful life of the asset with the underlying cost of the asset. For the nine months ended September 30, 2011 and 2010, the Company capitalized interest of $832,663 and $5,718,092, respectively.

Depreciation and amortization expense for the nine months ended September 30, 2011 and 2010 was $13,083,093 and $10,610,912, respectively.

Intangible Assets—Intangible assets consist of the cost of two processing licenses obtained for two refinery units, which are subject to amortization. Amortization is provided using the straight-line method based on an estimated useful life of 19 years. Amortization expense for the nine months ended September 30, 2011 and 2010 was $49,759 and $18,970, respectively.

The gross carrying amount and accumulated amortization totals related to the Company's intangible assets are as follows:

	Gross Carry Value	Accumulated Amortization	Net Carrying Value
As of September 30, 2011			
Processing license—sulfur recovery unit	$ 480,566	$ (132,788)	$ 347,778
Processing license—gasoline hydrotreater	780,000	(37,632)	742,368
Total	$ 1,260,566	$ (170,420)	$ 1,090,146
As of December 31, 2010			
Processing license—sulfur recovery unit	$ 480,566	$ (113,818)	$ 366,748
Processing license—gasoline hydrotreater	780,000	(6,842)	773,158
Total	$ 1,260,566	$ (120,660)	$ 1,139,906

Estimated amortization expense for succeeding years are as follows:

Year	Amortization Expense
2011	$ 16,586
2012	66,346
2013	66,346
2014	66,346
2015	66,346
Thereafter	808,176
Total	$ 1,090,146

Debt Issuance Costs—The Company capitalizes direct costs incurred to issue or modify debt agreements. Unamortized debt issuance costs are included in noncurrent or current other assets on the consolidated balance sheets. For the nine months ended September 30, 2011 and 2010, the Company capitalized $1,407,277 and $2,903,539, respectively, of costs incurred in connection with debt amendments. These costs are being amortized over the expected term of their respective financings and are included in interest expense. Costs associated with revolving debt are amortized on a straight-line basis and costs associated with debt agreements having scheduled payoffs are amortized using the effective interest method. For the nine months ended September 30, 2011, total interest expense from deferred debt issuance costs was $5,443,280, of which $2,208,617 represented a write off of a portion of unamortized debt issuance costs from amending and prepaying debt. For the nine months ended September 30, 2010, the Company amortized deferred debt issuance costs of $3,483,830.

Debt Issued at a Discount—Debt issued at a discount to the face amount is accreted up to its face amount utilizing the effective interest method over the expected term of the note and recorded as a component of interest expense on the consolidated statements of operations.

Impairment—The Company's long-lived assets are periodically reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairments, if any, are measured as the amount by which the carrying amount of the asset exceeds the forecast of discounted expected future cash flows. The Company recorded no impairments during the nine months ended September 30, 2011 and 2010, respectively.

Asset Retirement Obligation—The Company evaluates legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and/or the normal operation of a long-lived asset, and recognizes a liability equal to the estimated fair value of the asset retirement obligation in the period in which it is incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The asset retirement liability is accreted over time as an operating expense using a systematic and rational method.

The Company has asset retirement obligations with respect to certain of its refinery assets due to various legal obligations to clean and/or dispose of various component parts of the refinery at the time they are retired. However, these component parts can be used for extended and indeterminate periods of time as long as they are properly maintained and/or upgraded. It is the Company's practice and current intent to maintain the refinery assets and continue making improvements to those assets based on technological advances. As a result, management believes that the refinery has an indeterminate life for purposes of estimating asset retirement obligations because dates or ranges of dates upon which the Company would retire refinery assets cannot reasonably be estimated at this time. When a date or range of dates can reasonably be estimated for the retirement of any component part of the refinery, a liability will be recorded based on the estimated cost to perform the asset retirement activity at the fair value of those costs using established present value techniques. The Company will continue to monitor and evaluate its potential asset retirement obligations.

Deferred Turnaround Costs—Refinery turnaround costs are incurred in connection with planned shutdown and inspections of the refinery's major units to perform planned major maintenance. Refinery turnaround costs are deferred when incurred and amortized on a straight-line basis over that period of time estimated to lapse until the next planned turnaround occurs, generally four years. Refinery turnaround costs include, among other things, the cost to repair, restore, refurbish, or replace refinery equipment such as tanks, reactors, piping, rotating equipment, instrumentation, electrical equipment, heat exchangers, and fired heaters. A major turnaround was performed in the second quarter of 2008 and the next major turnaround is scheduled to be performed in the fourth quarter of 2012. As of September 30, 2011 and December 31, 2010, deferred turnaround costs amounted to $14,208,158 and $24,044,574, net of accumulated amortization of $47,666,875 and $37,830,459, respectively. Amortization expense for the nine months ended September 30, 2011 and 2010 was $9,836,416 and $10,466,956, respectively.

Revenue Recognition—The Company generates revenue primarily from the sale of refined products produced at the Company's refinery and refined products purchased directly from outside sources. In general, the Company enters into spot and short-term agreements that stipulate the terms and conditions of the sales. Revenue is recorded as products are delivered to customers, which is the point at which title and risk of loss are transferred. Nonmonetary product exchanges and certain buy/sell crude oil transactions which are entered into in the normal course of business are included on a net cost basis in operating expenses on the consolidated statements of operations.

The Company also engages in trading activities, whereby the Company enters into agreements to purchase and sell refined products with third parties. The Company acts as principle in these transactions, taking title to the products in purchases from counterparties, and accepting the risks and rewards of ownership. The Company records revenue for the gross amount of the sales transactions, and records cost of purchases as an operating expense in the accompanying consolidated financial statements.

Excise tax, motor fuel tax, sales tax, and other taxes invoiced to customers and payable to government agencies are recorded on a net basis with the tax portion of a sales invoice directly credited to a liability account.

Comprehensive Income (Loss)—Comprehensive income (loss) includes net income (loss) and other comprehensive income (loss), which includes unrealized gains and losses from available-for-sale securities.

Environmental Costs and Other Contingencies

Environmental Costs—The Company records an undiscounted liability on the consolidated balance sheets as other current and long-term liabilities when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liabilities are based on currently available facts, existing technology, and presently enacted laws and regulations taking into consideration the likely effects of other societal and economic factors, and include estimates of associated legal costs. These amounts also consider prior experience in remediating contaminated sites, other companies' clean-up experience, and data released by the United States Environmental Protection Agency ("EPA") or other organizations. The estimates are subject to revision in future periods based on actual costs or new circumstances.

Other Contingencies—The Company recognizes a liability for other contingencies when the Company has an exposure that, when fully analyzed, indicates it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Where the most likely outcome can be estimated, the Company accrues a liability for that amount. Alternatively, where the most likely outcome cannot be estimated, a range of potential losses is established and if no one amount in that range is more likely than any other, the low end of the range is accrued.

Recent Accounting Pronouncements—In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-05, *Comprehensive Income (Topic 220)—Presentation of Comprehensive Income*. ASU 2011-05 requires entities to present net income and other comprehensive income in either a single continuous statement or in two separate, but consecutive, statements of net income and other comprehensive income. ASU 2011-05 is effective for fiscal years and interim periods beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-05 to have a material impact on its results of operations, financial condition, or cash flows.

In May 2011, the FASB issued ASU No. 2011-04 that amends Accounting Standards Codification ("ASC") 820—*Fair Value Measurement* regarding fair value measurements and disclosure requirements. ASC 820 provides a framework for how companies should measure fair value when used in financial reporting, and sets out required disclosures. The amendments are intended to clarify how fair value should be measured, converge the U.S. guidance with International Financial Reporting Standards, and expand the disclosures that are required. The amendments are effective during interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. The Company does not expect that the adoption of

ASU 2011-04 to have a material effect on its results of operations, financial condition, or cash flows.

3. LONG-TERM DEBT

	September 30, 2011	December 31, 2010
Term loan—due November 2014	$ 49,212,121	$ 96,250,000
Finance obligation—due September 2029	19,693,658	19,828,228
Capital lease obligation—due September 2029	30,461,266	30,804,621
Airplane loan—due March 2014	4,605,033	4,734,717
Other notes—due February 2011	—	5,412
Less discount on term loan	(3,747,825)	(7,364,382)
Total debt	100,224,253	144,258,596
Less obligations due in one year	(46,401,137)	(14,582,463)
Long-term debt	$ 53,823,116	$ 129,676,133

Term Loan—GWEC, WRC, and the Holding Company, collectively, are a party to a secured five-year $110,000,000 discounted term loan facility (the “Term Loan”) dated November 13, 2009 (as amended) with a syndicate of financial institutions. Borrowings under the Term Loan accrue interest on floating rates based on LIBOR or the agent’s prime rate at the Company’s option. Borrowings were repayable quarterly starting December 31, 2009, with 10% of the principal payable in year’s one and two, 20% payable in year’s three and four, and 40% payable in year five, with the last scheduled payment due on September 30, 2014. The term loan allows for prepayment and is also subject to mandatory prepayment requirements with respect to certain asset sales, excess cash flow (as defined in the agreement), and certain other events. Prepayments are applied pro rata to the remaining scheduled term loan principal payments. The Company voluntarily prepaid $40,000,000 in the third quarter of 2011. The Company estimates a mandatory prepayment of $43,060,606 will be due on March 30, 2012 with respect to the year ended December 31, 2011 excess cash flow provision. At September 30, 2011, the Company had $49,212,121 outstanding under the facility.

Revolver—GWEC, WRC, and the Holding Company, collectively, entered into a $150,000,000 secured revolving credit facility (the “Revolver”) dated November 13, 2009 with a syndicate of financial institutions. On August 19, 2011, the credit facility was amended to extend the term to August 19, 2016, increase the borrowing base to $175,000,000, and reduce the interest rates. The Company can borrow and/or issue letters of credit, which in the aggregate, cannot exceed the lesser of the borrowing base or $175,000,000. The borrowing base is limited by the balances of cash, accounts receivable, inventory, exchange balances, and outstanding letters of credit for which no payable yet exists. The borrowing base was $175,000,000 at September 30, 2011. Borrowings under this facility accrue interest based on LIBOR or base rate options plus a margin based on the Company’s fixed charge coverage ratio. Borrowings are repayable at expiration of the revolving facility on August 19, 2016. There was no outstanding Revolver balance at September 30, 2011.

Letters of credit are primarily obtained by the Company for its routine purchases of crude oil. Letters of credit totaling $26,397,012 and $30,624,143 had been issued as of September 30, 2011 and December 31, 2010, respectively.

The Term Loan and Revolver are secured by substantially all of GWEC’s and WRC’s assets and are subject to various financial and non-financial covenants that limit distributions, dividends, acquisitions, capital expenditures, disposals and debt and require minimum debt service coverage, net worth, and working capital requirements. The Company was in compliance with its financial covenants and ratios at September 30, 2011.

Airplane Loan—GWEC has a $5,300,000 loan with a bank. Under the agreement, interest is payable at a fixed rate for the first three years and at a variable rate based on the 30-day LIBOR for the remaining four years. The loan is to be repaid over seven years with principal payments based on a 20-year amortization period and a balloon payment at the end of the seventh year in 2014. The loan is secured by the airplane. The outstanding balance at September 30, 2011 was $4,605,033.

Finance Obligation—On September 9, 2009, WRC sold its bulk terminal and loading facility for $20,000,000. WRC, in turn, agreed to lease back those same assets for 10 years with two five year renewal options. Under the terms of the lease agreement, WRC is required to support the operations of the terminal and loading facility at its own risk and GWEC has guaranteed WRC’s lease payments. Due to these various forms of continuing involvement, the transaction was recorded under the finance method of accounting. Accordingly, the value of the terminal and loading facility remain on the Company’s books and are continuing to be depreciated over their remaining useful lives. The proceeds received have been recorded as a finance obligation. The obligation is payable in monthly installments. The outstanding balance at September 30, 2011 was $19,693,658.

Capital Lease—On September 9, 2009, WRC entered into a sale-leaseback transaction where WRC sold a 49 mile pipeline for $32,000,000 and leased back the same pipeline for a term of 20 years. The transaction was recorded using sale-leaseback accounting. The gain of $30,741,039 is being deferred as an offset to the leased pipeline and is being amortized in proportion to the leased pipeline over the term of the lease. The lease is payable in monthly installments. The outstanding balance at September 30, 2011 was $30,461,266.

Letters of credit fees, bond fees, unused commitment fees, amortization of deferred debt issuance costs, write off of deferred debt issuance costs, accretion of discount on debt, amortization of premium on interest rate cap, and interest from borrowings under the various agreements are included in interest expense in the accompanying consolidated statements of operations (net of amounts capitalized).

The minimum remaining principal payments under the loan agreements and minimum lease payments under capital lease obligations are as follows:

Year Ending December 31,	Term Loan	Airplane Loan	Finance Obligation	Capital Lease	Total
2011	$ 3,075,758	$ 44,583	$ 57,281	$ 1,092,000	$ 4,269,622
2012	46,136,363	185,403	253,518	4,392,000	50,967,284
2013	—	197,250	322,103	4,380,000	4,899,353
2014	—	4,177,797	398,302	4,380,000	8,956,099
2015	—	—	482,881	4,380,000	4,862,881
Thereafter	—	—	18,179,573	60,357,058	78,536,631
Total minimum lease payments	$ 49,212,121	$4,605,033	$ 19,693,658	78,981,058	152,491,870
Less amount representing executory costs				(4,406,433)	(4,406,433)
Net minimum lease payments				74,574,625	148,085,437
Less amount representing interest				(44,113,359)	(44,113,359)
Present value of net minimum lease payments				$ 30,461,266	$ 103,972,078

4. TAX DIVIDEND OBLIGATION TO PARENT

GWEC and its subsidiaries are S Corporations for income tax purposes. In general, as an S Corporation, GWEC and its subsidiaries are not taxable, and taxable income and deductions flow from GWEC and its subsidiaries to TGWC, where the income is taxed at the shareholder level. Prior to October 1, 2009, the Company reimbursed TGWC for the computed state and federal income taxes based on the Company’s net income and a combined rate of approximately 33%. On November 13, 2009, with the creation of the Holding Company, a new tax agreement (effective October 1, 2009) was entered into between the Holding Company, its subsidiaries, and TGWC. Pursuant to this agreement, GWEC reimburses the Holding Company for the computed state and federal income taxes based on GWEC’s net taxable income and a combined rate of 40%, the rate that GWEC would pay if it determined its tax liability as a stand alone C Corporation. These amounts are reflected as tax dividends declared in the consolidated statements of changes in retained earnings. Each of GWEC’s subsidiaries reimburses GWEC on the same basis. When GWEC recognizes a net loss, such loss multiplied by 40% reduces its tax reimbursement liability in future years.

5. EMPLOYEE BENEFIT PLANS

The Company has two profit sharing plans (defined contribution plans), one covering certain nonunion employees and one covering union employees. The employees must meet eligibility requirements as to age and length of service. Contributions to the plans are determined annually by the Company. Contributions of $1,974,412 and $1,226,786 were expensed for the nine months ended September 30, 2011 and 2010, respectively.

6. CONCENTRATIONS

Substantially all of the Company's accounts receivable at September 30, 2011 and December 31, 2010 results from the sale of refined products to companies in the retail and wholesale distribution market. This concentration of customers may impact the Company's overall credit risk, either positively or negatively, in that these entities may be similarly affected by industry-wide changes in economic and other conditions. Such receivables are generally not collateralized. However, the Company performs credit evaluations on its customers to minimize the exposure to credit risk. No single customer accounted for more than 10% of product sales for the nine months ended September 30, 2011 and 2010, respectively. One customer accounted for more than 10% of gross accounts receivable at September 30, 2011 and no single customer accounted for more than 10% of gross accounts receivable at December 31, 2010.

In March 2010, the Company was awarded contracts to sell approximately 58,000,000 gallons of jet fuel to the United States Defense Energy Support Center ("DESC") for the period April 1, 2010 through March 31, 2011. This agreement was subsequently amended to run through May 31, 2011. In May 2011, the Company was awarded contracts to sell approximately 17,955,000 gallons of jet fuel to the DESC for the period June 1, 2011 through September 30, 2011. Pricing is variable, calculated based on market prices, as specified in the contract. For the nine months ended September 30, 2011 and 2010, product sales to this customer approximated 6%, respectively, of total operating revenue.

In addition, substantially all of the Company's raw materials purchased for refinery production and refined products purchased for resale are from companies in the oil and gas exploration and production industry in the United States. This concentration of suppliers may impact the Company's overall costs and/or profitability, either positively or negatively, in that these entities may be similarly affected by industry-wide changes in economic and other conditions. For the nine months ended September 30, 2011 and 2010, three vendors accounted for 39% and 44%, respectively, of total raw material and refined purchases.

Approximately 50% of the Company's labor force is covered by a collective bargaining agreement that is subject to review and renewal on a regular basis. The current collective bargaining agreement is due to expire in June 2012.

7. RELATED-PARTY TRANSACTIONS

GWEC has an agreement with an affiliate, as amended and renewed in May 2011, to sublease a hangar for the Company aircraft. Terms of the sublease provide for annual rentals of $87,000 until June 30, 2013.

On a monthly basis, the Company charges certain general and administrative support costs to its affiliates. At September 30, 2011 and December 31, 2010, the affiliated accounts receivable balance was $197,815 and $174,543, respectively.

GWEC entered into a promissory note in February 2010 with TGWC, whereby GWEC promised to pay TGWC the principal sum of $10,000,000 or such lesser amount the borrower shall borrow from the lender. Interest on the unpaid principal balance is computed daily based on the prime rate. All amounts borrowed, together with interest, are to be paid no later than ten business days after the funds are advanced. The note is due on January 31, 2012. There was no outstanding balance under the note at September 30, 2011 and December 31, 2010, respectively.

8. COMMITMENTS AND CONTINGENCIES

Legal Matters—In the ordinary course of business, the Company is a party to various other legal matters. In the opinion of management, none of these matters, either individually or in the aggregate, will have a material effect on the Company's financial condition, liquidity, or results of operations.

Health, Safety, and Environmental Matters—The Company is subject to certain environmental, safety, and other regulations primarily administered by the EPA and various state agencies. In addition, the EPA requires that the Company provide assurance of its financial wherewithal regarding certain future closure costs of the facility. Except as discussed below, management of the Company believes it has complied with all material aspects associated with these regulations.

By letter dated October 26, 2005, WRC received a "Finding of Violation" ("FOV") from the EPA, Region 6, purportedly pursuant to Section 113 of the Federal Clean Air Act. The FOV alleged certain violations of New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants. WRC has provided the EPA with explanatory and exculpatory information in response to the EPA FOV. Based on discussions with the EPA, the Company determined that the settlement would include both corrective actions and payment of civil penalties. The Company initially accrued $1,000,000 to cover the penalties. The EPA delegated settlement authority to the Oklahoma Department of Environmental Quality ("ODEQ"). The Company and the ODEQ entered into a consent order on August 1, 2011. The consent included a penalty of $950,000, which was paid in August 2011.

Other Matters—TGWC entered into a 10-year lease agreement extension for office space in June 2003. The Company pays all rent and occupancy costs in exchange for its use of the office space. The Company has guaranteed the performance of TGWC's obligations, under which the Company could be legally obligated to pay annual rent, as scheduled below, and annual occupancy costs of $356,918 with provisions for escalation based on actual expenses. The monthly rent is expensed on a straight-line basis over the term of the office lease. Rent expense, including occupancy costs, for the nine months ended September 30, 2011 and 2010 was $637,114 and $649,849, respectively.

The aggregate minimum rental commitments under non-cancelable leases for the periods shown at September 30, 2011, are as follows:

Year	Annual Rent
2011	$ 158,526
2012	634,102
2013	317,051
	$ 1,109,679

The Company currently has one throughput and deficiency agreement that expires in 2020. Under the terms of the agreement, the Company is obligated to pay a tariff fee on a minimum daily volume of crude or else pay for any deficiencies. The fees paid under throughput and deficiency obligations for the nine months ended September 30, 2011 and 2010 were $2,948,400 and $6,114,228, respectively.

At September 30, 2011, the minimum commitments under the throughput and deficiency agreement are as follows:

Year	Transportation Obligation
2011	$ 993,600
2012	3,952,800
2013	3,942,000
2014	3,942,000
2015	3,942,000
Thereafter	17,074,800
	$ 33,847,200

On March 14, 2011, WRC and GWEC, collectively, entered into a 15-year sulfur processing agreement with a third party. Under the terms of the agreement, the third party will process and remove sulfur from specified acid gas, sour water stripper gas and other streams containing hydrogen sulfide or other forms of sulfur that are generated as a byproduct of the operation of the Company's refinery for a guaranteed minimum monthly processing fee of $200,000. The payment of the monthly processing fee will start after the third party installs their proprietary equipment at the Company's refinery, which the Company estimates to be November 1, 2012.

Assuming operability of the proprietary equipment on November 1, 2012, the aggregate minimum commitments under the operating agreement for the periods shown at September 30, 2011 are as follows:

Year	Processing Obligation
2011	$ —
2012	400,000
2013	2,400,000
2014	2,400,000
2015	2,400,000
Thereafter	28,400,000
	$ 36,000,000

9. SUBSEQUENT EVENT

On November 2, 2011, the Holding Company entered into an agreement to sell its stock to Coffeyville Resources, LLC for $525,000,000, plus working capital on the closing date. The Company expects the transaction to close by the end of the fourth quarter of 2011.

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Exhibit 99.5

CVR ENERGY, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

Presented below are our pro forma condensed consolidated statements of operations for the year ended December 31, 2010 and the nine and twelve months ended September 30, 2011 and the pro forma condensed consolidated balance sheet as of September 30, 2011. The pro forma condensed consolidated statements of operations give effect to this offering and the Acquisition (including the acquisition of GWEC's working capital) as if they had occurred at the beginning of the periods presented, and the pro forma condensed consolidated balance sheet as of September 30, 2011 gives effect to this offering and the Acquisition (including the acquisition of GWEC's working capital) as if they had occurred on September 30, 2011. We describe the assumptions underlying the pro forma adjustments in the accompanying notes, which should be read in conjunction with these unaudited pro forma condensed consolidated financial statements.

The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The pro forma adjustments described in the accompanying notes will be made as of the closing date of the Acquisition and may differ from those reflected in these unaudited pro forma condensed consolidated financial statements. Revisions to the pro forma adjustments which may be required by final purchase price allocations and/or pre-closing or post-closing price adjustments, if any, may have a significant impact on the total assets, total liabilities and stockholders' equity, depreciation and amortization and interest expense. The unaudited pro forma condensed consolidated financial information is for informational purposes only and does not purport to represent what our results of operation or financial position actually would have been if the Acquisition had occurred at any date, and such data does not purport to project our financial position as of any future date or our results of operations for any future period. The unaudited pro forma condensed consolidated financial information should be read in conjunction with the financial statements and related notes of GWEC and CVR Energy and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" for CVR Energy.

CVR ENERGY, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2011

	Historical CVR Energy	Historical GWEC	Adjustments for the Transactions	Total Pro Forma
	(in thousands, except share data)			
ASSETS				
Current assets:				
Cash and cash equivalents	$ 898,456	$ 28,956	$ 209,000 (a)	$ 438,581
			(5,200) (b)	
			(3,900) (c)	
			(2,600) (d)	
			(602,794) (e)	
			(3,000) (f)	
			(151) (g)	
			(50,070) (h)	
			255 (i)	
			(30,371) (j)	
Restricted cash	—	125	—	125
Accounts receivable, net of allowance for doubtful accounts of $912 for CVR Energy, $839 for GWEC and $912 on a pro forma basis	83,370	137,288	—	220,658
Accounts receivable, affiliates	—	198	(198) (i)	—
Note receivable—related party	—	57	(57) (i)	—
Investments	—	322	—	322
Inventories	308,929	177,213	19,500 (k)	516,819
			11,177 (l)	
Prepaid expenses and other current assets	45,723	8,910	1,600 (b)	54,580
			700 (d)	
			(2,353) (m)	
Deferred income taxes	17,643	—	—	17,643
Income taxes receivable	9,340	—	—	9,340
Total current assets	1,363,461	353,069	(458,462)	1,258,068
		—	—	—
Property, plant, and equipment, net of accumulated depreciation	1,079,601	280,354	308,198 (n)	1,654,601
			(1,709) (o)	
			(666) (p)	
			(11,177) (l)	
Deferred turnaround costs, net	—	14,208	(14,208) (p)	—
Intangible assets, net	320	1,090	—	1,410
Goodwill	40,969	—	—	40,969
Deferred financing costs, net	15,194	—	3,600 (b)	20,846
			1,900 (d)	
			3,495 (q)	
			(3,343)(m)	
Insurance receivable	4,076	—	—	4,076
Other assets, net	—	3,495	(3,495)(q)	—
Other long-term assets	4,674	—	—	4,674
Total assets	$2,508,295	$ 652,216	$ (175,867)	$2,984,644

CVR ENERGY, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET—(Continued) AS OF SEPTEMBER 30, 2011

	Historical CVR Energy	Historical GWEC	Adjustments for the Transactions	Total Pro Forma
	(in thousands, except share data)			
LIABILITIES AND EQUITY				
Current liabilities:				
Current portion of long-term debt	—	46,401	(45,647) (h)	—
			(754) (r)	
Note payable and capital lease obligations, current portion	165	—	754 (r)	919
Accounts payable	185,553	197,723	—	383,276
Personnel accruals	16,260	—	3,479 (s)	19,739
Accrued taxes other than income taxes	20,399	—	14,491 (t)	34,890
Tax dividend obligation to parent	—	30,371	(30,371) (j)	—
Deferred revenue	20,565	—	—	20,565
Derivative liabilities	—	7,435	(7,435) (u)	—
Other current liabilities	61,148	19,050	(151) (g)	69,512
			(3,479) (s)	
			(14,491) (t)	
			7,435 (u)	
Total current liabilities	304,090	300,980	(76,169)	528,901
Long-term liabilities:				
Long-term debt, net of current portion and discount	591,662	53,823	209,000 (a)	800,662
			(4,423) (h)	
			(49,400) (r)	
Note payable and capital lease obligations	—	—	49,400 (r)	49,400
Accrued environmental liabilities, net of current portion	1,600	—	—	1,600
Deferred income taxes	360,122	—	—	360,122
Other long-term liabilities	19,256	38	—	19,294
Total long-term liabilities	972,640	53,861	204,577	1,231,078
Commitments and contingencies				
Equity:				
CVR stockholders' equity:				
Common Stock $0.01 par value per share, 350,000,000 shares authorized, 86,634,651 shares issued	866	1	(1) (v)	866
Additional paid-in-capital	584,339	36,358	(36,358) (v)	584,339
Retained earnings	500,997	261,016	(3,900) (c)	494,097
			(3,000) (f)	
			(5,696) (m)	
			(14,874) (p)	
			(238,737) (v)	
			(1,709) (o)	
Treasury stock, 61,153 at cost	(1,605)	—	—	(1,605)
Accumulated other comprehensive income, net of tax	(1,016)	—	—	(1,016)
Total CVR stockholders' equity	1,083,581	297,375	(304,275)	1,076,681
Noncontrolling interest	147,984	—	—	147,984
Total equity	1,231,565	297,375	(304,275)	1,224,665
Total liabilities and equity	$2,508,295	$ 652,216	$ (175,867)	$2,984,644

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

CVR ENERGY, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Historical CVR Energy	Historical GWEC	Adjustments for the Transactions	Total Pro Forma
	(in thousands except share data)			
Net sales	$4,079,768	$2,141,043	$ —	$6,220,811
Operating costs and expenses:				
Operating expenses	—	2,086,819	(2,086,819) (a)	—
Cost of product sold (exclusive of depreciation and amortization)	3,568,118	—	1,968,559 (a)	5,536,677
Direct operating expenses (exclusive of depreciation and amortization)	239,791	—	118,260 (a)	329,895
			(13,716) (b)	
			(14,440) (c)	
Insurance recovery—business interruption	—	—	—	—
Selling, general and administrative expenses (exclusive of depreciation and amortization)	92,034	15,768	(289) (c)	106,897
			(616) (d)	
Depreciation and amortization	86,761	—	30,263 (c)	117,024
Total operating costs and expenses	3,986,704	2,102,587	1,202	6,090,493
Operating income	93,064	38,456	(1,202)	130,318
Other income (expense):				
Interest expense and other financing costs	(50,268)	(22,432)	(2,218) (e)	(74,918)
Interest income	2,211	41	—	2,252
Gain (loss) on derivatives, net	(1,505)	—	—	(1,505)
Loss on extinguishment of debt	(16,647)	—	—	(16,647)
Other income, net	1,218	80	—	1,298
Total other income (expense)	(64,991)	(22,311)	(2,218)	(89,520)
Income before income tax expense	28,073	16,145	(3,420)	40,798
Income tax expense	13,783	—	5,049 (f)	18,832
Net income	14,290	16,145	(8,469)	21,966
Less: Net income attributable to noncontrolling interest	—	—	—	—
Net income attributable to CVR Energy stockholders	$ 14,290	$ 16,145	$ (8,469)	$ 21,966

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

CVR ENERGY, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

	Historical CVR Energy	Historical GWEC	Adjustments for the Transactions	Total Pro Forma
	(in thousands, except share data)			
Net sales	$3,966,945	$2,041,264	—	$6,008,209
Operating costs and expenses:				
Operating expenses	—	1,857,186	(1,857,186) (a)	—
Cost of product sold (exclusive of depreciation and amortization)	3,086,237	—	1,699,329 (a)	4,785,566
Direct operating expenses (exclusive of depreciation and amortization)	209,256	—	97,106 (a)	284,288
			(9,200) (b)	
			(12,874) (c)	
Insurance recovery—business interruption	(3,360)	—	—	(3,360)
Selling, general and administrative expenses (exclusive of depreciation and amortization)	69,017	13,903	(259) (c)	82,102
			(559) (d)	
Depreciation and amortization	66,079	—	22,697 (c)	88,776
Total operating costs and expenses	3,427,229	1,871,089	(60,946)	5,237,372
Operating income	539,716	170,175	60,946	770,837
Other income (expense):				
Interest expense and other financing costs	(41,152)	(22,900)	4,455 (e)	(59,597)
Interest income	578	89	—	667
Gain (loss) on derivatives, net	(25,099)	—	(60,751) (a)	(85,850)
Loss on extinguishment of debt	(2,078)	—	—	(2,078)
Other income, net	720	(114)	—	606
Total other income (expense)	(67,031)	(22,925)	(56,296)	(146,252)
Income before income tax expense	472,685	147,250	4,650	624,585
Income tax expense	172,460	—	60,274 (f)	232,734
Net income	300,225	147,250	(55,624)	391,851
Less: Net income attributable to noncontrolling interest	20,307	—	—	20,307
Net income attributable to CVR Energy stockholders	$ 279,918	$ 147,250	$ (55,624)	$ 371,544

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

CVR ENERGY, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2011

	Historical CVR Energy	Historical GWEC	Adjustments for the Transactions	Total Pro Forma
		(in thousands except share data)		
Net sales	$5,115,129	$2,640,334	$ —	$7,755,463
Operating costs and expenses:				
Operating expenses	—	2,431,776	(2,431,776) (a)	—
Cost of product sold (exclusive of depreciation and amortization)	4,069,963	—	2,243,141 (a)	6,313,104
Direct operating expenses (exclusive of depreciation and amortization)	273,472	—	127,884 (a)	371,992
	—	—	(12,468) (b)	
	—	—	(16,896) (c)	
Insurance recovery—business interruption	(3,360)	—	—	(3,360)
Selling, general and administrative expenses (exclusive of depreciation and amortization)	112,467	17,616	(336) (c)	129,113
			(634) (d)	
Depreciation and amortization	88,084	—	30,263 (c)	118,347
Total operating costs and expenses	4,540,626	2,449,392	(60,822)	6,929,196
Operating income	574,503	190,942	60,822	826,267
Other income (expense):				
Interest expense and other financing costs	(54,869)	(28,684)	4,083 (e)	(79,470)
Interest income	1,181	100	—	1,281
Gain (loss) on derivatives, net	(34,419)	—	(60,751) (a)	(95,170)
Loss on extinguishment of debt	(3,673)	—	—	(3,673)
Other income, net	1,237	(772)	—	465
Total other income (expense)	(90,543)	(29,356)	(56,668)	(176,567)
Income before income tax expense	483,960	161,586	4,154	649,700
Income tax expense	181,441	—	65,765 (f)	247,206
Net income	302,519	161,586	(61,611)	402,494
Less: Net income attributable to noncontrolling interest	20,307	—	—	20,307
Net income attributable to CVR Energy stockholders	$ 282,212	$ 161,586	$ (61,611)	$ 382,187

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

CVR ENERGY, INC.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Organization and Basis of Presentation

The unaudited pro forma condensed consolidated financial statements have been prepared based upon the audited and unaudited historical consolidated financial statements of CVR Energy, Inc. and Gary-Williams Energy Corporation.

The unaudited pro forma condensed consolidated balance sheets give effect to the following, as if they had occurred at the end of the respective reporting period:

- the consummation of the Acquisition, including the payment of $525.0 million plus working capital to the Seller;
- adjustments to the fair value of the tangible and intangible assets;
- our issuance of $200.0 million of aggregate principal amount of notes offered hereby, including the estimated payment of associated deferred financing fees of $5.2 million;
- the payment of approximately $6.5 million for fees associated with a bridge loan commitment and the $150.0 million increase to the ABL Credit Facility;
- the distribution by GWEC to its shareholders, prior to the consummation of the Acquisition, of the airplane owned by it and the associated debt;
- the repayment of the GWEC’s historical term debt and associated accrued interest prior to the consummation of the Acquisition;
- the payment of approximately $3.0 million of fees associated with the Acquisition; and
- conformity of presentation of GWEC’s consolidated financial statements to CVR Energy’s consolidated financial statements.

The unaudited pro forma condensed consolidated statement of operations give effect to the following, as if they had occurred at the beginning of the respective reporting period:

- adjustments to depreciation and amortization based upon the estimated fair value of tangible and intangible property acquired;
- adjustments to reflect (1) the estimated tax impact of the pro forma adjustments and (2) the effect of income tax on the historical net income of GWEC (which was not subject to income tax), in both cases at the statutory rate of approximately 39.7% during the period presented; and
- conformity of presentation of GWEC’s consolidated financial statements to CVR Energy’s consolidated financial statements.

The Acquisition will be accounted for under the purchase method of accounting as described in Accounting Standards Codification (“ASC”) Topic 805, Business Combinations.

As part of the preparation of the unaudited pro forma condensed consolidated financial statements, we have performed a preliminary review of tangible and intangible assets to be acquired in the Acquisition, and we have based certain assumptions upon that preliminary review. A formal valuation will be completed following the consummation of the Acquisition to assist us in identifying and valuing all tangible and intangible assets and their respective lives. We have not fully identified all of the adjustments that would result from conforming GWEC’s critical accounting policies to those of CVR Energy. Accordingly, actual results will differ from those reflected in the unaudited pro forma condensed consolidated financial statements once we have determined the final purchase price for GWEC, completed the valuation analyses necessary to finalize the required purchase price allocations and identified all necessary conforming accounting changes and other acquisition-related adjustments. There can be no assurance that such finalization will not result in material changes to the unaudited pro forma condensed consolidated financial statements.

We expect the Acquisition to generate annual cost savings associated with synergies by combining overlapping corporate functions, optimizing purchasing of crude oil, and through greater economies of scale of other procurement and purchasing functions.

However, the unaudited pro forma condensed consolidated financial statements do not reflect any cost savings from operating efficiencies or synergies.

We expect to incur significant costs to integrate the businesses, including costs in conjunction with the Transition Services Agreement entered into with GWEC. The unaudited pro forma condensed consolidated financial statements do not reflect anticipated future costs associated with the integration of the businesses or the costs expected under the Transition Services Agreement. The effect of the cost of integrating the businesses could materially impact the pro forma financial statements.

(2) Pro Forma Balance Sheet Adjustments and Assumptions

(a) Reflects the issuance of $200.0 million principal amount of new notes at a premium. These are recorded at their face amount, adjusted for the premium received.

(b) Reflects the estimated deferred financing costs, including professional fees incurred, of approximately $5.2 million associated with the issuance of the new notes.

(c) Reflects fees and associated financing costs of approximately $3.9 million associated with the bridge loan that was committed but undrawn. These amounts are immediately expensed and not deferred.

(d) Reflects deferred financing fees of approximately $2.6 million associated with the $150.0 million incremental ABL facility.

(e) Reflects the payment for the stock of GWEC at a purchase price of $525.0 million plus working capital.

(f) Reflects an approximate $3.0 million decrease to cash and retained earnings to reflect the estimated transaction costs associated with the Acquisition. These represent estimated legal, audit, and other professional fees. Additionally, these costs are not included in the Unaudited Pro Forma Condensed Consolidated Statement of Operations as they are nonrecurring expenses.

(g) Reflects the elimination of accrued interest associated with historical debt that is being repaid by GWEC prior to the closing of the Acquisition.

(h) Reflects the elimination of historical debt of GWEC that is being repaid by GWEC prior to closing the Acquisition.

(i) Reflects the settlement of affiliate receivables and note receivables prior to the closing of the Acquisition.

(j) Reflects the tax distribution made by GWEC to its parent prior to the closing of the Acquisition.

(k) GWEC inventory will be purchased by CVR Energy at market value. The inventory has historically been carried at the lower of first-in, first-out ("FIFO") cost, or market. The estimated increase in crude oil and refined products inventory value of approximately $19.5 million is reflected to adjust to estimated pro forma inventories to the initial market value at acquisition.

(l) Reflects the reclassification of GWEC's catalysts and precious metals to conform the presentation in GWEC's consolidated financial statements to the presentation in CVR Energy's consolidated financial statements.

(m) Reflects the elimination of the deferred financing fees associated with the historical debt of GWEC that is being repaid prior to closing.

(n) Pro forma Adjustment to record the estimated fair value of GWEC's owned properties, plant and equipment including property and equipment recorded under capital leases. This estimated value is preliminary and is subject to further adjustments based on the final fair value determination to be completed subsequent to the acquisition closing date.

(o) Reflects the distribution of GWEC's airplane and the associated airplane hangar sublease prior to the closing.

(p) GWEC's deferred turnaround costs are eliminated as these costs previously incurred by GWEC relate to periodic overhauls and refurbishments to GWEC's Wynnewood refinery. These costs are implicit in the estimated fair value assigned to GWEC's refining facilities as they contribute to the physical and operating condition of the refineries and have been factored into the estimated fair value of the GWEC's refinery. Approximately $14.2 million relates to the 2008 turnaround and approximately $0.7 million eliminated from property, plant and equipment related to costs incurred for the upcoming turnaround in 2012. Also, CVR Energy's expenses turnaround costs as they are incurred. This adjustment also is to conform accounting methods of GWEC to CVR Energy.

(q) Reflects the reclassification of GWEC's deferred financing fees to conform the presentation in GWEC's consolidated financial statements to the presentation in CVR Energy's consolidated financial statements.

(r) Reflects reclassification of GWEC's presentation of current and long-term capital leases to conform the presentation in GWEC's consolidated financial statements to the presentation in CVR Energy's consolidated financial statements.

(s) Reflects reclassification of GWEC's presentation of personnel accruals to conform the presentation in GWEC's consolidated financial statements to the presentation in CVR Energy's consolidated financial statements.

(t) Reflects reclassification of GWEC's presentation of accrued taxes other than income taxes to conform the presentation in GWEC's consolidated financial statements to the presentation in CVR Energy's consolidated financial statements.

(u) Reflects reclassification of GWEC's presentation of derivative liabilities to conform the presentation in GWEC's consolidated financial statements to the presentation in CVR Energy's consolidated financial statements.

(v) Reflects the elimination of all of GWEC's stockholders' equity.

(3) Pro Forma Statement of Operations Adjustments and Assumptions

(a) Reflects the reclassification of operating expenses, cost of product sold, and gain (loss) on derivatives, net from operating expenses to conform GWEC's consolidated financial statement presentation to CVR Energy's consolidated financial statement presentation.

(b) To eliminate the turnaround expense for GWEC as amortized in 2010 and to expense deferred turnaround expense incurred during the period associated with the 2012 turnaround. This adjustment conforms the accounting method of GWEC to CVR Energy's accounting method of expensing as incurred.

(c) Depreciation and amortization has been increased to reflect the estimated additional depreciation expense related to the increase in property, plant, and equipment based on the estimated fair market value of the acquired assets. The estimated incremental depreciation expense for the twelve months ended December 31, 2010, nine months ended September 30, 2011, and twelve months ended September 30, 2011 is approximately $15.5 million, $9.6 million and $13.0 million respectively, based upon average lives of 19 years.

	Year Ended December 31, 2011	Nine Months Ended September 30, 2011	Twelve Months Ended September 30, 2011
		(in millions)	
Pro forma depreciation and amortization expense	$ 30,263	$ 22,697	$ 30,263
Elimination of depreciation and amortization of GWEC	(14,729)	(13,133)	(17,232)
Estimated incremental annual increase to depreciation and amortization	$ 15,534	$ 9,564	$ 13,031

GWEC recorded depreciation and amortization of approximately $14.4 million and $0.3 million in operating expenses and selling, general and administrative expenses (SG&A), respectively for the twelve months ended December 31, 2010; depreciation and amortization of approximately $12.9 million and $0.3 million in cost of operating expenses, and SG&A, respectively for the nine months ended September 30, 2011; and amortization of approximately $16.9 million and $0.3 million in operating expenses and SG&A expenses, respectively for the twelve months ended September 30, 2011. CVR Energy records cost of product sold, operating expenses and SG&A expenses, exclusive of depreciation and amortization. The pro forma adjustment conforms the classification.

(d) Reflects the annual costs of the airplane that will not be ongoing expenses as the airplane will be distributed to GWEC's stockholders prior to the close of the Acquisition (exclusive of depreciation).

(e) GWEC's historical interest expense for its term debt has been eliminated, and this adjustment adds interest in respect of the additional borrowings of CVR Energy to fund the Acquisition. The amortization of debt issuance costs is $2.3 million, $1.7 million, and $2.3 million respectively for the year ended December 31, 2010, nine months ended September 30, 2011, and twelve months ended September 30, 2011.

CVR ENERGY, INC.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Year Ended December 31, 2010	Nine Months Ended September 30, 2011	Twelve Months Ended September 30, 2011
		(in millions)	
Elimination of interest, amortization of deferred financing fees, on historical GWEC debt, excluding the capital lease and financing obligation	$ (16,828)	$ (18,740)	$ (23,129)
Estimated net interest on additional borrowings to fund the Acquisition	15,300	11,475	15,300
Amortization of new debt issuance costs	2,256	1,692	2,256
Additional annual commitment fees estimated under the current ABL of CVR	1,490	1,118	1,490
Total adjustment to interest expense	$ 2,218	$ (4,455)	$ (4,083)

(f) Income tax has been adjusted (1) to reflect the effect of income tax on the GWEC's financials (as GWEC was an entity not subject to income tax) and (2) to reflect the tax impact of the pro forma adjustments at the statutory rate of approximately 39.7% during the period presented.

RISK FACTORS

You should carefully consider each of the following risks and all of the information included or incorporated by reference into our public filings before deciding to invest in our securities. If any of the following risks and uncertainties develops into actual events, our business, financial condition or results of operations could be materially adversely affected.

Risks Related to Our Petroleum Business

The price volatility of crude oil, other feedstocks and refined products may have a material adverse effect on our earnings, profitability and cash flows.

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

Our profitability is also impacted by the ability to purchase crude oil at a discount to benchmark crude oils, such as WTI, as we do not produce any crude oil and must purchase all of the crude oil we refine. These crude oils include, but are not limited to, crude oil from our gathering system that we use at the Coffeyville refinery and crude oils that we intend to purchase in support of the Wynnewood refinery in the future. Crude oil differentials can fluctuate significantly based upon overall economic and crude oil market conditions. Declines in crude oil differentials can adversely impact refining margins, earnings and cash flows.

Refining margins are also impacted by domestic and global refining capacity. Continued downturns in the economy impact the demand for refined fuels and, in turn, generate excess capacity. In addition, the expansion and construction of refineries domestically and globally can increase refined fuel production capacity. Excess capacity can adversely impact refining margins, earnings and cash flows.

During the current year, favorable crack spreads and access to a variety of price advantaged crude oils have resulted in EBITDA and cash flow generation that is higher than usual. We cannot assure you that these trends will continue and, in fact, crack spreads, refining margins and crude oil prices could decline, possibly materially, at any time. In particular, this trend may be mitigated in the future as a result of Enbridge's purchase of 50% of the Seaway pipeline and intent to reverse the pipeline to make it flow from Cushing to the U.S. Gulf Coast. Any such decline would have a material adverse effect on our earnings, results of operations and cash flows. Volatile prices for natural gas and electricity also affect our manufacturing and operating costs. Natural gas and electricity prices have been, and will continue to be, affected by supply and demand for fuel and utility services in both local and regional markets.

If we are required to obtain our crude oil supply without the benefit of a crude oil supply agreement, our exposure to the risks associated with volatile crude oil prices may increase and our liquidity may be reduced. We currently have no crude oil intermediation agreement in place with respect to the Wynnewood Refinery.

We currently obtain the majority of our crude oil supply for the Coffeyville refinery through the Supply Agreement with Vitol, which was entered into on March 30, 2011 to replace an existing supply agreement with Vitol. The Supply Agreement, whose initial term expires on December 31, 2013, minimizes the amount of in-transit inventory and mitigates crude oil pricing risks by ensuring pricing takes place extremely close to the time when the crude oil is refined and the yielded products are sold. If we were required to obtain our crude oil supply without the benefit of an intermediation agreement, our exposure to crude oil pricing risks may increase, despite any hedging activity in which we may engage, and our liquidity would be negatively impacted due to the increased inventory and the negative impact of market volatility.

In addition, there is currently no crude oil supply intermediation agreement in place with respect to the Wynnewood refinery. Although we may choose to enter into such an agreement in the future, or seek to expand our existing crude oil supply intermediation agreement with Vitol to cover the Wynnewood refinery, there can be no assurance that we will be able to do so on commercially reasonable terms or at all.

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

For the Coffeyville refinery, in addition to the crude oil we gather locally in Kansas, Oklahoma, Missouri, and Nebraska, we purchase an additional 80,000 to 90,000 bpd of crude oil to be refined into liquid fuels. Although GWEC has historically acquired most of its crude oil from Texas and Oklahoma, it also purchases crude oil from other regions. Coffeyville obtains a portion of its non-gathered crude oil, approximately 16% in 2010, from foreign sources and Wynnewood obtained a small amount from foreign sources as well. The majority of these foreign sourced crude oil barrels were derived from Canada. In addition to Canadian crude oil, we have access to crude oils from Latin America, South America, the Middle East, West Africa and the North Sea. The actual amount of foreign crude oil we purchase is dependent on market conditions and will vary from year to year. We are subject to the political, geographic, and economic risks attendant to doing business with suppliers located in those regions. Disruption of production in any of such regions for any reason could have a material impact on other regions and our business.

In the event that one or more of our traditional suppliers becomes unavailable to us, we may be unable to obtain an adequate supply of crude oil, or we may only be able to obtain our crude oil supply at unfavorable prices. As a result, we may experience a reduction in our liquidity and our results of operations could be materially adversely affected.

Severe weather, including hurricanes along the U.S. Gulf Coast, have in the past and could in the future interrupt our supply of crude oil. Supplies of crude oil to our refinery are periodically shipped from U.S. Gulf Coast production or terminal facilities, including through the Seaway Pipeline from the U.S. Gulf Coast to Cushing, Oklahoma. U.S. Gulf Coast facilities could be subject to damage or production interruption from hurricanes or other severe weather in the future which could interrupt or materially adversely affect our crude oil supply. If our supply of crude oil is interrupted, our business, financial condition and results of operations could be materially adversely impacted.

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

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

If sufficient Renewable Identification Numbers (RINs) are unavailable for purchase or if we have to pay a significantly higher price for RINs, or if we are otherwise unable to meet the EPA's Renewable Fuels Standard mandates, our business, financial condition and results of operations could be materially adversely affected.

Pursuant to the Energy Independence and Security Act of 2007, the U.S. Environmental Protection Agency, or the EPA, has promulgated the Renewable Fuel Standard, or RFS, which requires refiners to blend "renewable fuels," such as ethanol, with their petroleum fuels or purchase renewable energy credits, known as renewable identification numbers, or RINs, in lieu of blending. Annually, the EPA establishes the volume of renewable fuels that refineries must blend into their finished petroleum fuels. Beginning in 2011, our Coffeyville refinery was required to blend renewable fuels into its gasoline and diesel fuel or purchase RINs in lieu of blending. We have requested additional time to comply in the form of "hardship relief" from the EPA based on the disproportionate impact of the rule on our Coffeyville refinery, but the EPA has not yet responded to our request. The Wynnewood refinery is a small refinery under the RFS and has received a two year extension of time to comply. If we are unable to pass the costs of compliance with RFS on to our customers, our profits would be significantly lower. Moreover, if sufficient RINs are unavailable for purchase or if we have to pay a significantly higher price for RINs, or if we are otherwise unable to meet the EPA's RFS mandates, our business, financial condition and results of operations could be materially adversely affected.

Our petroleum business' financial results are seasonal and generally lower in the first and fourth quarters of the year.

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

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

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

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

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

Changes in our credit profile may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity and our ability to operate our refineries at full capacity.

Changes in our credit profile may affect the way crude oil suppliers view our ability to make payments and may induce them to shorten the payment terms for our purchases or require us to post security prior to payment. Given the large dollar amounts and volume of our crude oil and other feedstock purchases, a burdensome change in payment terms may have a material adverse effect on our liquidity and our ability to make payments to our suppliers. This, in turn, could cause us to be unable to operate our refineries at full capacity. A failure to operate our refineries at full capacity could adversely affect our profitability and cash flows.

The adoption of derivatives legislation by the U.S. Congress could have an adverse effect on our ability to hedge risks associated with our petroleum business.

The U.S. Congress has adopted the Dodd-Frank Act, comprehensive financial reform legislation that establishes federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market, and requires the Commodities Futures Trading Commission, or CFTC, to institute broad new position limits for futures and options traded on regulated exchanges. The Dodd-Frank Act requires the CFTC and the SEC to promulgate rules and regulations implementing the new legislation. The rulemaking process is still ongoing, and we cannot predict the ultimate outcome of the rulemakings. New regulations in this area may result in increased costs and cash collateral for derivative instruments we may use to hedge and otherwise manage our financial risks related to volatility in oil and gas commodity prices.

Risks Related to the Nitrogen Fertilizer Business

The nitrogen fertilizer business is, and nitrogen fertilizer prices are, cyclical and highly volatile, and the nitrogen fertilizer business has experienced substantial downturns in the past. Cycles in demand and pricing could potentially expose the nitrogen fertilizer business to significant fluctuations in its operating and financial results and have a material adverse effect on our earnings, profitability and cash flows.

The nitrogen fertilizer business is exposed to fluctuations in nitrogen fertilizer demand in the agricultural industry. These fluctuations historically have had and could in the future have significant effects on prices across all nitrogen fertilizer products and, in turn, our results of operations, financial condition and cash flows.

Nitrogen fertilizer products are commodities, the price of which can be highly volatile. The prices of nitrogen fertilizer products depend on a number of factors, including general economic conditions, cyclical trends in end-user markets, supply and demand imbalances, and weather conditions, which have a greater relevance because of the seasonal nature of fertilizer application. If seasonal demand exceeds the projections on which the nitrogen fertilizer business bases production, customers may acquire nitrogen fertilizer products from competitors, and the profitability of the nitrogen fertilizer business will be negatively impacted. If seasonal demand is less than expected, the nitrogen fertilizer business will be left with excess inventory that will have to be stored or liquidated.

Demand for nitrogen fertilizer products is dependent on demand for crop nutrients by the global agricultural industry. Nitrogen-based fertilizers are currently in high demand, driven by a growing world population, changes in dietary habits and an expanded use of corn for the production of ethanol. Supply is affected by available capacity and operating rates, raw material costs, government policies and global trade. A decrease in nitrogen fertilizer prices would have a material adverse effect on our results of operations, financial condition and cash flows.

The costs associated with operating the nitrogen fertilizer plant are largely fixed. If nitrogen fertilizer prices fall below a certain level, the nitrogen fertilizer business may not generate sufficient revenue to operate profitably or cover its costs.

The nitrogen fertilizer plant has largely fixed costs compared to natural gas-based nitrogen fertilizer plants. As a result, downtime, interruptions or low productivity due to reduced demand, adverse weather conditions, equipment failure, a decrease in nitrogen fertilizer prices or other causes can result in significant operating losses. Declines in the price of nitrogen fertilizer products could have a material adverse effect on our results of operations and financial condition. Unlike its competitors, whose primary costs are related to the purchase of natural gas and whose costs are therefore largely variable, the nitrogen fertilizer business has largely fixed costs that are not dependent on the price of natural gas because it uses pet coke as the primary feedstock in its nitrogen fertilizer plant.

A decline in natural gas prices could impact the nitrogen fertilizer business' relative competitive position when compared to other nitrogen fertilizer producers.

Most nitrogen fertilizer manufacturers rely on natural gas as their primary feedstock, and the cost of natural gas is a large component of the total production cost for natural gas-based nitrogen fertilizer manufacturers. The dramatic increase in nitrogen fertilizer prices in recent years has not been the direct result of an increase in natural gas prices, but rather the result of increased demand for nitrogen-based fertilizers due to historically low stocks of global grains and a surge in the prices of corn and wheat, the primary crops in the nitrogen fertilizer business’ region. This increase in demand for nitrogen-based fertilizers has created an environment in which nitrogen fertilizer prices have disconnected from their traditional correlation with natural gas prices. A decrease in natural gas prices would benefit the nitrogen fertilizer business’ competitors and could disproportionately impact our operations by making the nitrogen fertilizer business less competitive with natural gas-based nitrogen fertilizer manufacturers. A decline in natural gas prices could impair the nitrogen fertilizer business’ ability to compete with other nitrogen fertilizer producers who utilize natural gas as their primary feedstock, and therefore have a material adverse impact on the cash flows of the nitrogen fertilizer business. In addition, if natural gas prices in the United States were to decline to a level that prompts those U.S. producers who have permanently or temporarily closed production facilities to resume fertilizer production, this would likely contribute to a global supply/demand imbalance that could negatively affect nitrogen fertilizer prices and therefore have a material adverse effect on our results of operations, financial condition and cash flows.

Any decline in U.S. agricultural production or limitations on the use of nitrogen fertilizer for agricultural purposes could have a material adverse effect on the sales of nitrogen fertilizer, and on our results of operations, financial condition and cash flows.

Conditions in the U.S. agricultural industry significantly impact the operating results of the nitrogen fertilizer business. The U.S. agricultural industry can be affected by a number of factors, including weather patterns and field conditions, current and projected grain inventories and prices, domestic and international demand for U.S. agricultural products and U.S. and foreign policies regarding trade in agricultural products.

State and federal governmental policies, including farm and biofuel subsidies and commodity support programs, as well as the prices of fertilizer products, may also directly or indirectly influence the number of acres planted, the mix of crops planted and the use of fertilizers for particular agricultural applications. Developments in crop technology, such as nitrogen fixation, the conversion of atmospheric nitrogen into compounds that plants can assimilate, could also reduce the use of chemical fertilizers and adversely affect the demand for nitrogen fertilizer. In addition, from time to time various state legislatures have considered limitations on the use and application of chemical fertilizers due to concerns about the impact of these products on the environment.

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

A major factor underlying the current high level of demand for nitrogen-based fertilizer products produced by the nitrogen fertilizer business is the expanding production of ethanol in the United States and the expanded use of corn in ethanol production. Ethanol production in the United States is highly dependent upon a myriad of federal and state legislation and regulations, and is made significantly more competitive by various federal and state incentives. Such incentive programs may not be renewed, or if renewed, they may be renewed on terms significantly less favorable to ethanol producers than current incentive programs. Studies showing that expanded ethanol production may increase the level of greenhouse gases in the environment may reduce political support for ethanol production. The elimination or significant reduction in ethanol incentive programs, such as the 45 cents per gallon ethanol tax credit and the 54 cents per gallon ethanol import tariff, could have a material adverse effect on our results of operations, financial condition and cash flows.

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

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

The nitrogen fertilizer business is subject to intense price competition from both U.S. and foreign sources, including competitors operating in the Persian Gulf, the Asia-Pacific region, the Caribbean, Russia and the Ukraine. Fertilizers are global commodities, with little or no product differentiation, and customers make their purchasing decisions principally on the basis of delivered price and availability of the product. Furthermore, in recent years the price of nitrogen fertilizer in the United States has been substantially driven by pricing in the global fertilizer market. The nitrogen fertilizer business competes with a number of U.S. producers and producers in other countries, including state-owned and government-subsidized entities. Some competitors have greater total resources and are less dependent on earnings from fertilizer sales, which makes them less vulnerable to industry downturns and better positioned to pursue new expansion and development opportunities. The nitrogen fertilizer business' competitive position could suffer to the extent it is not able to expand its resources either through investments in new or existing operations or through acquisitions, joint ventures or partnerships. An inability to compete successfully could result in a loss of customers, which could adversely affect the sales, profitability and the cash flows of the nitrogen fertilizer business and therefore have a material adverse effect on our results of operations, financial condition and cash flows.

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

The nitrogen fertilizer business' sales to agricultural customers are concentrated in the Great Plains and Midwest states and are seasonal in nature. For example, the nitrogen fertilizer business generates greater net sales and operating income in the first half of the year, which is referred to herein as the planting season, compared to the second half of the year. Accordingly, an adverse weather pattern affecting agriculture in these regions or during the planting season could have a negative effect on fertilizer demand, which could, in turn, result in a material decline in the nitrogen fertilizer business' net sales and margins and otherwise have a material adverse effect on our results of operations, financial condition and cash flows. The nitrogen fertilizer business' quarterly results may vary significantly from one year to the next due largely to weather-related shifts in planting schedules and purchase patterns. As a result, it is expected that the nitrogen fertilizer business' distributions to holders of its common units (including us) will be volatile and will vary quarterly and annually.

The nitrogen fertilizer business is seasonal, which may result in it carrying significant amounts of inventory and seasonal variations in working capital. Our inability to predict future seasonal nitrogen fertilizer demand accurately may result in excess inventory or product shortages.

The nitrogen fertilizer business is seasonal. Farmers tend to apply nitrogen fertilizer during two short application periods, one in the spring and the other in the fall. The strongest demand for nitrogen fertilizer products typically occurs during the planting season. In contrast, the nitrogen fertilizer business and other nitrogen fertilizer producers generally produce products throughout the year. As a result, the nitrogen fertilizer business and its customers generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. The seasonality of nitrogen fertilizer demand results in sales volumes and net sales being highest during the North American spring season and working capital requirements typically being highest just prior to the start of the spring season.

If seasonal demand exceeds projections, the nitrogen fertilizer business will not have enough product and its customers may acquire products from its competitors, which would negatively impact profitability. If seasonal demand is less than expected, the nitrogen fertilizer business will be left with excess inventory and higher working capital and liquidity requirements.

The degree of seasonality of the nitrogen fertilizer business can change significantly from year to year due to conditions in the agricultural industry and other factors. As a consequence of such seasonality, it is expected that the distributions we receive from the nitrogen fertilizer business will be volatile and will vary quarterly and annually.

The nitrogen fertilizer business' operations are dependent on third-party suppliers, including Linde, which owns an air separation plant that provides oxygen, nitrogen and compressed dry air to its gasifiers, and the City of Coffeyville, which supplies the nitrogen fertilizer business with electricity. A deterioration in the financial condition of a third-party supplier, a mechanical problem with the air separation plant, or the inability of a third-party supplier to perform in accordance with its contractual obligations could have a material adverse effect on our results of operations, financial condition and cash flows.

The operations of the nitrogen fertilizer business depend in large part on the performance of third-party suppliers, including Linde for the supply of oxygen, nitrogen and compressed dry air, and the City of Coffeyville for the supply of electricity. With respect to Linde, operations could be adversely affected if there were a deterioration in Linde's financial condition such that the operation of the air separation plant located adjacent to the nitrogen fertilizer plant was disrupted. Additionally, this air separation plant in the past has experienced numerous short-term interruptions, causing interruptions in gasifier operations. With respect to electricity, the nitrogen fertilizer business recently settled litigation with the City of Coffeyville regarding the price they sought to charge the nitrogen fertilizer business for electricity and entered into an amended and restated electric services agreement which gives the nitrogen fertilizer business an option to extend the term of such agreement through June 30, 2024. Should Linde, the City of Coffeyville or any of its other third-party suppliers fail to perform in accordance with existing contractual arrangements, operations could be forced to halt. Alternative sources of supply could be difficult to obtain. Any shutdown of operations at the nitrogen fertilizer plant, even for a limited period, could have a material adverse effect on our results of operations, financial condition and cash flows.

The nitrogen fertilizer business' results of operations, financial condition and cash flows may be adversely affected by the supply and price levels of pet coke.

The profitability of the nitrogen fertilizer business is directly affected by the price and availability of pet coke obtained from our Coffeyville refinery pursuant to a long-term agreement and pet coke purchased from third parties, both of which vary based on market prices. Pet coke is a key raw material used by the nitrogen fertilizer business in the manufacture of nitrogen fertilizer products. If pet coke costs increase, the nitrogen fertilizer business may not be able to increase its prices to recover these increased costs, because market prices for nitrogen fertilizer products are not correlated with pet coke prices.

The nitrogen fertilizer business may not be able to maintain an adequate supply of pet coke. In addition, it could experience production delays or cost increases if alternative sources of supply prove to be more expensive or difficult to obtain. The nitrogen fertilizer business currently purchases 100% of the pet coke the refinery produces. Accordingly, if the nitrogen fertilizer business increases production, it will be more dependent on pet coke purchases from third-party suppliers at open market prices. There is no assurance that the nitrogen fertilizer business would be able to purchase pet coke on comparable terms from third parties or at all.

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

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

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

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

The nitrogen fertilizer business' results of operations are highly dependent upon and fluctuate based upon business and economic conditions and governmental policies affecting the agricultural industry. These factors are outside of our control and may significantly affect our profitability.

The nitrogen fertilizer business' results of operations are highly dependent upon business and economic conditions and governmental policies affecting the agricultural industry, which we cannot control. The agricultural products business can be affected by a number of factors. The most important of these factors in the United States are:

- weather patterns and field conditions (particularly during periods of traditionally high nitrogen fertilizer consumption);
- quantities of nitrogen fertilizers imported to and exported from North America;

- current and projected grain inventories and prices, which are heavily influenced by U.S. exports and world-wide grain markets; and
- U.S. governmental policies, including farm and biofuel policies, which may directly or indirectly influence the number of acres planted, the level of grain inventories, the mix of crops planted or crop prices

International market conditions, which are also outside of the nitrogen fertilizer business' control, may also significantly influence its operating results. The international market for nitrogen fertilizers is influenced by such factors as the relative value of the U.S. dollar and its impact upon the cost of importing nitrogen fertilizers, foreign agricultural policies, the existence of, or changes in, import or foreign currency exchange barriers in certain foreign markets, changes in the hard currency demands of certain countries and other regulatory policies of foreign governments, as well as the laws and policies of the United States affecting foreign trade and investment.

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

The nitrogen fertilizer business manufactures, processes, stores, handles, distributes and transports ammonia, which can be very volatile and extremely hazardous. Major accidents or releases involving ammonia could cause severe damage or injury to property, the environment and human health, as well as a possible disruption of supplies and markets. Such an event could result in civil lawsuits, fines, penalties and regulatory enforcement proceedings, all of which could lead to significant liabilities. Any damage to persons, equipment or property or other disruption of the ability of the nitrogen fertilizer business to produce or distribute its products could result in a significant decrease in operating revenues and significant additional cost to replace or repair and insure its assets, which could have a material adverse effect on our results of operations, financial condition and cash flows. The nitrogen fertilizer facility periodically experiences minor releases of ammonia related to leaks from its equipment. It experienced more significant ammonia releases in August 2007 due to the failure of a high-pressure pump and in August and September 2010 due to a heat exchanger leak and a UAN vessel rupture. Similar events may occur in the future.

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

Given the risks inherent in transporting ammonia, the costs of transporting ammonia could increase significantly in the future. Ammonia is most typically transported by pipeline and railcar. A number of initiatives are underway in the railroad and chemical industries that may result in changes to railcar design in order to minimize railway accidents involving hazardous materials. In addition, in the future, laws may more severely restrict or eliminate our ability to transport ammonia via railcar. If any railcar design changes are implemented, or if accidents involving hazardous freight increase the insurance and other costs of railcars, freight costs of the nitrogen fertilizer business could significantly increase.

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

Future environmental laws and regulations on the end-use and application of fertilizers could cause changes in demand for the nitrogen fertilizer business' products. In addition, future environmental laws and regulations, or new interpretations of existing laws or regulations, could limit the ability of the nitrogen fertilizer business to market and sell its products to end users. From time to time, various state legislatures have proposed bans or other limitations on fertilizer products. In addition, a number of states have adopted or proposed numeric nutrient water quality criteria that could result in decreased demand for fertilizer products in those states. Similarly, a new final rule of the EPA establishing numeric nutrient criteria for certain Florida water bodies may require farmers to implement best management practices, including the reduction of fertilizer use, to reduce the impact of fertilizer on water quality. Any such laws, regulations or interpretations could have a material adverse effect on our results of operations, financial condition and cash flows.

If licensed technology were no longer available, the nitrogen fertilizer business may be adversely affected.

The nitrogen fertilizer business has licensed, and may in the future license, a combination of patent, trade secret and other intellectual property rights of third parties for use in its business. In particular, the gasification process it uses to convert pet coke to high purity hydrogen for subsequent conversion to ammonia is licensed from General Electric. The license, which is fully paid, grants the nitrogen fertilizer business perpetual rights to use the pet coke gasification process on specified terms and conditions and is integral to the operations of the nitrogen fertilizer facility. If this, or any other license agreements on which the nitrogen fertilizer business' operations rely were to be terminated, licenses to alternative technology may not be available, or may only be available on terms that are not commercially reasonable or acceptable. In addition, any substitution of new technology for currently-licensed technology may require substantial changes to manufacturing processes or equipment and may have a material adverse effect on our results of operations, financial condition and cash flows.

The nitrogen fertilizer business may face third-party claims of intellectual property infringement, which if successful could result in significant costs.

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

There can be no assurance that the transportation costs of the nitrogen fertilizer business' competitors will not decline.

The nitrogen fertilizer plant is located within the U.S. farm belt, where the majority of the end users of its nitrogen fertilizer products grow their crops. Many of its competitors produce fertilizer outside of this region and incur greater costs in transporting their products over longer distances via rail, ships and pipelines. There can be no assurance that competitors' transportation costs will not decline or that additional pipelines will not be built, lowering the price at which competitors can sell their products, which would have a material adverse effect on our results of operations, financial condition, and cash flows.

Risks Related to Our Entire Business

Instability and volatility in the capital, credit and commodity markets in the global economy could negatively impact our business, financial condition, results of operations and cash flows.

The global capital and credit markets experienced extreme volatility and disruption in 2009 and 2010. Our business, financial condition and results of operations could be negatively impacted by difficult conditions and extreme volatility in the capital, credit and commodities markets and in the global economy. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, precipitated an economic recession in the U.S. and globally during 2009 and 2010. The difficult conditions in these markets and the overall economy affect us in a number of ways. For example:

- Although we believe we will have sufficient liquidity under our ABL Credit Facility following the exercise of the $150.0 million incremental facility to operate both the Coffeyville and Wynnewood refineries, and that the nitrogen fertilizer business will have sufficient liquidity under its credit facility to run the nitrogen fertilizer business, under extreme market conditions there can be no assurance that such funds would be available or sufficient, and in such a case, we may not be able to successfully obtain additional financing on favorable terms, or at all.
- Market volatility could exert downward pressure on our stock price, which may make it more difficult for us to raise additional capital and thereby limit our ability to grow. Similarly, market volatility could exert downward pressure on the price of the Partnership's common units, which may make it more difficult for the Partnership to raise additional capital and thereby limit its ability to grow.
- Our ABL Credit Facility, the indentures governing the notes, and the nitrogen fertilizer business' credit facility contain various covenants that must be complied with, and if we or the Partnership are not in compliance, there can be no assurance that we or the Partnership would be able to successfully amend the agreement in the future. Further, any such amendment could be very expensive.
- Market conditions could result in our significant customers experiencing financial difficulties. We are exposed to the credit risk of our customers, and their failure to meet their financial obligations when due because of bankruptcy, lack of liquidity, operational failure or other reasons could result in decreased sales and earnings for us.

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

Our operations are subject to significant operating hazards and interruptions. If any of our facilities, including our Coffeyville or Wynnewood refineries or the nitrogen fertilizer plant, experiences a major accident or fire, is damaged by severe weather, flooding or other natural disaster, or is otherwise forced to significantly curtail its operations or shut down, we could incur significant losses which could have a material adverse effect on our results of operations, financial condition and cash flows. Conducting the majority of our refining operations and all of our fertilizer manufacturing at a single location compounds such risks.

Operations at either or both of our refineries and the nitrogen fertilizer plant could be curtailed or partially or completely shut down, temporarily or permanently, as the result of a number of circumstances, most of which are not within our control, such as:

- unscheduled maintenance or catastrophic events such as a major accident or fire, damage by severe weather, flooding or other natural disaster;
- labor difficulties that result in a work stoppage or slowdown;
- environmental proceedings or other litigation that compel the cessation of all or a portion of the operations; and
- increasingly stringent environmental regulations.

The magnitude of the effect on us of any shutdown will depend on the length of the shutdown and the extent of the plant operations affected by the shutdown. Our refineries require a scheduled maintenance turnaround every four to five years for each unit, and the nitrogen fertilizer plant requires a scheduled maintenance turnaround every two years. A major accident, fire, flood, or other event could damage our facilities or the environment and the surrounding community or result in injuries or loss of life. For example, the flood that occurred during the weekend of June 30, 2007 shut down our Coffeyville refinery for seven weeks, shut down the nitrogen fertilizer facility for approximately two weeks and required significant expenditures to repair damaged equipment. In addition, the nitrogen fertilizer business' UAN plant was out of service for approximately six weeks after the rupture of a high pressure vessel in September 2010, which required significant expenditures to repair. Our Coffeyville refinery experienced an equipment malfunction and small fire in connection with its fluid catalytic cracking unit in December 28, 2010, which led to reduced crude throughput for approximately one month and required significant expenditures to repair. Similarly, the Wynnewood refinery experienced a small explosion and fire in its hydrocracker process unit due to metal failure also in December 2010. Scheduled and unscheduled maintenance could reduce our net income and cash flows during the period of time that any of our units is not operating. Any unscheduled future downtime could have a material adverse effect on our results of operations, financial condition and cash flows.

If we experience significant property damage, business interruption, environmental claims or other liabilities, our business could be materially adversely affected to the extent the damages or claims exceed the amount of valid and collectible insurance available to us. CVR Energy's property and business interruption insurance policies (which also cover the Partnership) have a $1.0 billion limit, with a $2.5 million deductible for physical damage and a 45- to 60-day waiting period (depending on the insurance carrier) before losses resulting from business interruptions are recoverable. We are fully exposed to all losses in excess of the applicable limits and sub-limits and for losses due to business interruptions of fewer than 45 to 60 days. GWEC has in place property and business interruption insurance policies with an $800.0 million limit, with a $10.0 million deductible for physical damage and a 75-day waiting period. We expect these policies to remain in place immediately after closing. The policies also contain exclusions and conditions that could have a materially adverse impact on our ability to receive indemnification thereunder, as well as customary sub-limits for particular types of losses. For example, CVR Energy's current property policy contains a specific sub-limit of $150.0 million for damage caused by flooding.

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

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

Our operations are subject to a variety of federal, state and local environmental laws and regulations relating to the protection of the environment, including those governing the emission or discharge of pollutants into the environment, product specifications and the generation, treatment, storage, transportation, disposal and remediation of solid and hazardous waste and materials. Violations of these laws and regulations or permit conditions can result in substantial penalties, injunctive orders compelling installation of additional controls, civil and criminal sanctions, permit revocations and/or facility shutdowns.

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

Our facilities operate under a number of federal and state permits, licenses and approvals with terms and conditions containing a significant number of prescriptive limits and performance standards in order to operate. Our facilities are also required to comply with prescriptive limits and meet performance standards specific to refining and/or chemical facilities as well as to general manufacturing facilities. All of these permits, licenses, approvals and standards require a significant amount of monitoring, record keeping and reporting in order to demonstrate compliance with the underlying permit, license, approval or standard. Incomplete documentation of compliance status may result in the imposition of fines, penalties and injunctive relief. Additionally, due to the nature of our manufacturing and refining processes, there may be times when we are unable to meet the standards and terms and conditions of these permits and licenses due to operational upsets or malfunctions, which may lead to the imposition of fines and penalties or operating restrictions that may have a material adverse effect on our ability to operate our facilities and accordingly our financial performance.

Our businesses are subject to the occurrence of accidental spills, discharges or other releases of petroleum or hazardous substances into the environment. Past or future spills related to any of our current or former operations, including our refineries, pipelines, product terminals, fertilizer plant or transportation of products or hazardous substances from those facilities, may give rise to liability (including strict liability, or liability without fault, and potential cleanup responsibility) to governmental entities or private parties under federal, state or local environmental laws, as well as under common law. For example, we could be held strictly liable under the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, and similar state statutes for past or future spills without regard to fault or whether our actions were in compliance with the law at the time of the spills. Pursuant to CERCLA and similar state statutes, we could be held liable for contamination associated with facilities we currently own or operate (whether or not such contamination occurred prior to our acquisition thereof), facilities we formerly owned or operated (if any) and facilities to which we transported or arranged for the transportation of wastes or byproducts containing hazardous substances for treatment, storage, or disposal.

The potential penalties and cleanup costs for past or future releases or spills, liability to third parties for damage to their property or exposure to hazardous substances, or the need to address newly discovered information or conditions that may require response actions could be significant and could have a material adverse effect on our results of operations, financial condition and cash flows. In addition, we may incur liability for alleged personal injury or property damage due to exposure to chemicals or other hazardous substances located at or released from our facilities. We may also face liability for personal injury, property damage, natural resource damage or for cleanup costs for the alleged migration of contamination or other hazardous substances from our facilities to adjacent and other nearby properties.

In March 2004, Coffeyville Resources Refining & Marketing, LLC, or CRRM, and Coffeyville Resources Terminal, LLC, or CRT entered into a Consent Decree, or the Coffeyville Consent Decree, with the EPA and the Kansas Department of Health and Environment, or the KDHE, to address certain allegations of Clean Air Act violations by Farmland (the prior owner) at our Coffeyville refinery and now-closed Phillipsburg terminal facility in order to address the alleged violations and eliminate liabilities going forward. The remaining costs of complying with the Coffeyville Consent Decree are expected to be approximately $49 million, which does not include the cleanup obligations for historic contamination at the site that are being addressed pursuant to administrative orders issued under the Resource Conservation and Recovery Act, or RCRA, and described in “Business—Environmental Matters—RCRA—Impacts of Past Manufacturing.” To date, we have materially complied with the Consent Decree and have not had to pay any stipulated penalties, which are required to be paid for failure to comply with various terms and conditions of the Coffeyville Consent Decree. As described in “Business—Environmental Matters—The Federal Clean Air Act,” we and the EPA agreed to extend the refinery’s deadline under the Coffeyville Consent Decree to install certain air pollution controls on its FCCU due to delays caused by the June/July 2007 flood. Pursuant to this agreement, we would offset any incremental emissions resulting from the delay by providing additional controls to existing emission sources over a set timeframe. We have been negotiating with the EPA and KDHE to replace the current Coffeyville Consent Decree, including the fifteen month extension, with a global settlement under the national Petroleum Refining Initiative.

The Wynnewood Refining Company , or WRC, entered into a consent order, or the Wynnewood Consent Order, with the Oklahoma Department of Environmental Quality, or ODEQ, in August 2011 addressing some, but not all of the traditional marquee issues under the EPA’s National Petroleum Refining Initiative and addressing certain historic Clean Air Act compliance issues that are generally beyond the scope of a traditional global settlement. Under the Wynnewood Consent Order, WRC agreed to pay a civil penalty, install certain controls, enhance certain compliance programs, and undertake additional testing and auditing. The costs of complying with the Wynnewood Consent Order, other than costs associated with a planned turnaround, are expected to be approximately $1.5 million. A number of factors could affect our ability to meet the requirements imposed by either the Coffeyville Consent Decree or the Wynnewood Consent Order and could have a material adverse effect on our results of operations, financial condition and profitability.

Three of our facilities, including our Coffeyville refinery, the now-closed Phillipsburg terminal (which operated as a refinery until 1991), and the Wynnewood refinery have environmental contamination. We have assumed Farmland's responsibilities under certain RCRA administrative orders related to contamination at or that originated from the Coffeyville refinery (which includes portions of the nitrogen fertilizer plant) and the Phillipsburg terminal. The Wynnewood refinery is required to conduct investigations to address potential off-site migration of contaminants from the west side of the property. Other known areas of contamination at the Wynnewood refinery have been partially addressed but corrective action has not been completed, and portions of the Wynnewood refinery have not yet been investigated to determine whether corrective action is necessary. If significant unknown liabilities are identified at any of our facilities, that liability could have a material adverse effect on our results of operations and financial condition and may not be covered by insurance.

We may incur future costs relating to the off-site disposal of hazardous wastes. Companies that dispose of, or arrange for the transportation or disposal of, hazardous substances at off-site locations may be held jointly and severally liable for the costs of investigation and remediation of contamination at those off-site locations, regardless of fault. We could become involved in litigation or other proceedings involving off-site waste disposal and the damages or costs in any such proceedings could be material.

We may be unable to obtain or renew permits necessary for our operations, which could inhibit our ability to do business.

We hold numerous environmental and other governmental permits and approvals authorizing operations at our facilities. Future expansion of our operations is also predicated upon securing the necessary environmental or other permits or approvals. A decision by a government agency to deny or delay issuing a new or renewed material permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations and on our financial condition, results of operations and cash flows.

Climate change laws and regulations could have a material adverse effect on our results of operations, financial condition, and cash flows.

Various regulatory and legislative measures to address greenhouse gas emissions (including CO_2, methane and nitrous oxides) are in different phases of implementation or discussion. In the aftermath of its 2009 "endangerment finding" that greenhouse gas emissions pose a threat to human health and welfare, the EPA has begun to regulate greenhouse gas emissions under the authority granted to it under the Clean Air Act. In October 2009, the EPA finalized a rule requiring certain large emitters of greenhouse gases to inventory and annually report their greenhouse gas emissions to the EPA. In accordance with the rule, we have begun monitoring our greenhouse gas emissions and have already reported the emissions to the EPA for the year ended 2010. In May 2010, the EPA finalized the "Greenhouse Gas Tailoring Rule," which established new greenhouse gas emissions thresholds that determine when stationary sources, such as the refineries and the nitrogen fertilizer plant, must obtain permits under Prevention of Significant Deterioration, or PSD, and Title V programs of the federal Clean Air Act. The significance of the permitting requirement is that, in cases where a new source is constructed or an existing source undergoes a major modification, the facility would need to evaluate and install best available control technology, or BACT, to control greenhouse gas emissions. Beginning in July 2011, a major modification resulting in a significant increase in greenhouse gas emissions at our nitrogen fertilizer plant or refineries may require the installation of BACT controls. We do not believe that any currently anticipated projects at our facilities will result in a significant increase in greenhouse gas emissions triggering the need to install BACT controls. The EPA's endangerment finding, Greenhouse Gas Tailoring Rule and certain other greenhouse gas emission rules have been challenged and will likely be subject to extensive litigation. In the meantime, in December 2010, the EPA reached a settlement agreement with numerous parties under which it agreed to promulgate final decisions on New Source Performance Standards for petroleum refineries by November 2012.

At the federal legislative level, Congressional passage of legislation adopting some form of federal mandatory greenhouse gas emission reduction, such as a nationwide cap-and-trade program, does not appear likely at this time, although it could be adopted at a future date. It is also possible that Congress may pass alternative climate change bills that do not mandate a nationwide cap-and-trade program and instead focus on promoting renewable energy and energy efficiency.

In addition to potential federal legislation, a number of states have adopted regional greenhouse gas initiatives to reduce CO_2 and other greenhouse gas emissions. In 2007, a group of Midwest states, including Kansas (where our Coffeyville refinery and the nitrogen fertilizer facility are located), formed the Midwestern Greenhouse Gas Reduction Accord, which calls for the development of a cap-and-trade system to control greenhouse gas emissions and for the inventory of such emissions. However, the individual states that have signed on to the accord must adopt laws or regulations implementing the trading scheme before it becomes effective, and the timing and specific requirements of any such laws or regulations in Kansas are uncertain at this time.

The implementation of EPA greenhouse gas regulations or potential federal, state or regional programs to reduce greenhouse gas emissions will result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls on our facilities and (iii) administer and manage any greenhouse gas emissions program. Increased costs associated with compliance with any future legislation or regulation of greenhouse gas emissions, if it occurs, may have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, climate change legislation and regulations may result in increased costs not only for our business but also for users of our refined and fertilizer products, thereby potentially decreasing demand for our products. Decreased demand for our products may have a material adverse effect on our results of operations, financial condition and cash flows.

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

We are subject to the requirements of the federal Occupational Safety and Health Act, or OSHA, and comparable state statutes that regulate the protection of the health and safety of workers. In addition, OSHA and certain environmental regulations require that we maintain information about hazardous materials used or produced in our operations and that we provide this information to employees and state and local governmental authorities. Failure to comply with these requirements, including general industry standards, record keeping requirements and monitoring and control of occupational exposure to regulated substances, could have a material adverse effect on our results of operations, financial condition and cash flows if we are subjected to significant fines or compliance costs.

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

The petroleum and nitrogen fertilizer businesses both have a high concentration of customers. The five largest customers of the Coffeyville refinery represented 47.6% of our petroleum sales for the year ended December 31, 2010, and the five largest customers of the Wynnewood refinery represented approximately 34% of GWEC's sales for the year ended December 31, 2010. Further in the aggregate, the top five ammonia customers of the nitrogen fertilizer business represented 44.2% of its ammonia sales for the year ended December 31, 2010 and the top five UAN customers of the nitrogen fertilizer business represented 43.3% of its UAN sales for the same period. Several significant petroleum, ammonia and UAN customers each account for more than 10% of sales of petroleum, ammonia and UAN, respectively. Given the nature of our business, and consistent with industry practice, we do not have long-term minimum purchase contracts with any of our customers. The loss of one or several of these significant customers, or a significant reduction in purchase volume by any of them, could have a material adverse effect on our results of operations, financial condition and cash flows.

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

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

The nitrogen fertilizer business is in the process of expanding its nitrogen fertilizer plant using a portion of the proceeds from the Partnership's April 2011 initial public offering, which is expected to allow it the flexibility to upgrade all of its ammonia production to UAN. This expansion is premised in large part on the historically higher margin that it has received for UAN compared to ammonia. If the premium that UAN currently earns over ammonia decreases, this expansion project may not yield the economic benefits and accretive effects that are currently anticipated.

In addition to the risks involved in identifying and completing acquisitions described above, even when acquisitions are completed, integration of acquired entities can involve significant difficulties, such as:

- unforeseen difficulties in the acquired operations and disruption of the ongoing operations of our petroleum business and the nitrogen fertilizer business;
- failure to achieve cost savings or other financial or operating objectives with respect to an acquisition;
- strain on the operational and managerial controls and procedures of our petroleum business and the nitrogen fertilizer business, and the need to modify systems or to add management resources;
- difficulties in the integration and retention of customers or personnel and the integration and effective deployment of operations or technologies;

- assumption of unknown material liabilities or regulatory non-compliance issues;
- amortization of acquired assets, which would reduce future reported earnings;
- possible adverse short-term effects on our cash flows or operating results; and
- diversion of management's attention from the ongoing operations of our business.

In addition, in connection with any potential acquisition or expansion project involving the nitrogen fertilizer business, the nitrogen fertilizer business will need to consider whether the business it intends to acquire or expansion project it intends to pursue could affect the nitrogen fertilizer business' tax treatment as a partnership for federal income tax purposes. If the nitrogen fertilizer business is otherwise unable to conclude that the activities of the business being acquired or the expansion project would not affect the Partnership's treatment as a partnership for federal income tax purposes, the nitrogen fertilizer business may elect to seek a ruling from the Internal Revenue Service, or the IRS. Seeking such a ruling could be costly or, in the case of competitive acquisitions, place the nitrogen fertilizer business in a competitive disadvantage compared to other potential acquirers who do not need to seek such a ruling. If the nitrogen fertilizer business is unable to conclude that an activity would not affect its treatment as a partnership for federal income tax purposes, and is unable or unwilling to obtain an IRS ruling, the nitrogen fertilizer business may choose to acquire such business or develop such expansion project in a corporate subsidiary, which would subject the income related to such activity to entity-level taxation.

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

We are a holding company and depend upon our subsidiaries for our cash flow.

CRLLC is a holding company, and its subsidiaries conduct all of our operations and own substantially all of our assets. Consequently, our cash flow and our ability to meet our obligations in the future will depend upon the cash flow of our subsidiaries and the payment of funds by our subsidiaries to us in the form of dividends, tax sharing payments or otherwise. Furthermore, in future periods, as a result of the April 2011 initial public offering of the Partnership, public unitholders will be entitled to approximately 30% of the available cash generated by the nitrogen fertilizer business. The ability of our subsidiaries (including the Partnership) to make any payments to us will depend on their earnings, the terms of their indebtedness, tax considerations and legal restrictions. In particular, the Partnership's credit facility currently imposes significant limitations on its ability to make distributions to us to pay principal and interest on the notes.

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

If we cannot generate adequate cash flow or otherwise secure sufficient liquidity to meet our working capital needs or support our short-term and long-term capital requirements, we may be unable to meet our debt obligations, pursue our business strategies or comply with certain environmental standards, which would have a material adverse effect on our business and results of operations. As of September 30, 2011, we had cash and cash equivalents of $898.5 million and $223.8 million available under our ABL Credit Facility (net of $26.2 million of outstanding letters of credit). Crude oil price volatility can significantly impact working capital on a week-to-week and month-to-month basis.

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

As of September 30, 2011, approximately 61% of the employees at the Coffeyville refinery and 65% of the employees at the Wynnewood refinery were represented by labor unions under collective bargaining agreements. At Coffeyville, the collective bargaining agreement with six Metal Trades Unions (which covers union members who work directly at the Coffeyville refinery) is effective through March 2013, and the collective bargaining agreement with United Steelworkers (which covers the balance of CVR Energy's unionized employees, who work in the terminalling and related operations) is effective through March 2012, and automatically renews on an annual basis thereafter unless a written notice is received sixty days in advance of the relevant expiration date. The collective bargaining agreement with the International Union of Operating Engineers with respect to the Wynnewood refinery expires in June 2012. We may not be able to renegotiate our collective bargaining agreements when they expire on satisfactory terms or at all. A failure to do so may increase our costs. In addition, our existing labor agreements may not prevent a strike or work stoppage at any of our facilities in the future, and any work stoppage could negatively affect our results of operations and financial condition.

Our business may suffer if any of our key senior executives or other key employees discontinues employment with us. Furthermore, a shortage of skilled labor or disruptions in our labor force may make it difficult for us to maintain labor productivity.

Our future success depends to a large extent on the services of our key senior executives and key senior employees, including new employees as a result of the Acquisition. Our business depends on our continuing ability to recruit, train and retain highly qualified employees in all areas of our operations, including accounting, business operations, finance and other key back-office and mid-office personnel. Furthermore, our operations require skilled and experienced employees with proficiency in multiple tasks. In particular, the nitrogen fertilizer facility relies on gasification technology that requires special expertise to operate efficiently and effectively. The competition for these employees is intense, and the loss of these executives or employees could harm our business. If any of these executives or other key personnel resign or become unable to continue in their present roles and are not adequately replaced, our business operations could be materially adversely affected. We do not maintain any "key man" life insurance for any executives.

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

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

Compliance with and changes in the tax laws could adversely affect our performance.

We are subject to extensive tax liabilities, including United States and state income taxes and transactional taxes such as excise, sales/use, payroll, franchise and withholding taxes. New tax laws and regulations are continuously being enacted or proposed that could result in increased expenditures for tax liabilities in the future.

Risks Related to Our Indebtedness

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

As of September 30, 2011, we had outstanding $247.1 million of existing first lien notes, $222.8 million of existing second lien notes, and $26.2 million of issued but undrawn letters of credit (leaving borrowing availability of $223.8 million under the ABL Credit Facility), and Coffeyville Resources Nitrogen Fertilizers, our consolidated subsidiary that operates the nitrogen fertilizer plant, had $125.0 million in outstanding term loan borrowings and borrowing availability of $25.0 million under its revolving credit facility.

We and our subsidiaries may be able to incur significant additional indebtedness in the future. If new indebtedness is added to our current indebtedness, the risks described below could increase. Our high level of indebtedness could have important consequences, such as:

- limiting our ability to obtain additional financing to fund our working capital needs, capital expenditures, debt service requirements, acquisitions or for other purposes;
- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to service debt;
- limiting our ability to compete with other companies who are not as highly leveraged, as we may be less capable of responding to adverse economic and industry conditions;
- restricting us from making strategic acquisitions, introducing new technologies or exploiting business opportunities;
- restricting the way in which we conduct our business because of financial and operating covenants in the agreements governing our and our subsidiaries' existing and future indebtedness, including, in the case of certain indebtedness of subsidiaries, certain covenants that restrict the ability of subsidiaries to pay dividends or make other distributions to us;
- exposing us to potential events of default (if not cured or waived) under financial and operating covenants contained in our or our subsidiaries' debt instruments that could have a material adverse effect on our business, financial condition and operating results;

- increasing our vulnerability to a downturn in general economic conditions or in pricing of our products; and
- limiting our ability to react to changing market conditions in our industry and in our customers' industries.

In addition, borrowings under the ABL Credit Facility and the Partnership's credit facility bear interest at variable rates. If market interest rates increase, such variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow.

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

In addition to our debt service obligations, our operations require substantial investments on a continuing basis. Our ability to make scheduled debt payments, to refinance our obligations with respect to our indebtedness and to fund capital and non-capital expenditures necessary to maintain the condition of our operating assets, properties and systems software, as well as to provide capacity for the growth of our business, depends on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and financial, business, competitive, legal and other factors.

In addition, we are and will be subject to covenants contained in agreements governing our present and future indebtedness. These covenants include, and will likely include, restrictions on certain payments, the granting of liens, the incurrence of additional indebtedness, dividend restrictions affecting subsidiaries, asset sales, transactions with affiliates and mergers and consolidations. Any failure to comply with these covenants could result in a default under the ABL Credit Facility and the Partnership's credit facility. Upon a default, unless waived, the lenders under the ABL Credit Facility and the Partnership's credit facility would have all remedies available to a secured lender, and could elect to terminate their commitments, cease making further loans, institute foreclosure proceedings against our or our subsidiaries' assets, and force us and our subsidiaries into bankruptcy or liquidation, subject to the intercreditor agreements. In addition, any defaults could trigger cross defaults under other or future credit agreements. Our operating results may not be sufficient to service our indebtedness or to fund our other expenditures and we may not be able to obtain financing to meet these requirements.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness that may not be successful.

Our ability to satisfy our debt obligations will depend upon, among other things:

- our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control; and
- our future ability to borrow under the ABL Credit Facility, the availability of which depends on, among other things, our complying with the covenants in the ABL Credit Facility.

We cannot assure you that our business will generate sufficient cash flow from operations, or that we will be able to draw under the ABL Credit Facility or otherwise, in an amount sufficient to fund our liquidity needs. In addition, our board of directors may in the future elect to pay a special or regular dividend, engage in share repurchases or pursue other strategic options including acquisitions of other business or asset purchases, which would reduce cash available to service our debt obligations.

If our cash flows and capital resources are insufficient to service our indebtedness, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of existing or future debt agreements may restrict us from adopting some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations, sell equity, and/or negotiate with our lenders to restructure the applicable debt, in order to meet our debt service and other obligations. We may not be able to consummate those dispositions for fair market value or at all. The ABL Credit Facility and the indentures governing the notes may restrict, or market or business conditions may limit, our ability to avail ourselves of some or all of these options. Furthermore, any proceeds that we could realize from any such dispositions may not be adequate to meet our debt service obligations then due. Neither CVR Energy's shareholders nor any of their respective affiliates has any continuing obligation to provide us with debt or equity financing.

The borrowings under the ABL Credit Facility and CRNF's credit facility bear interest at variable rates and other debt we incur could likewise be variable-rate debt. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we may enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

Our debt agreements contain restrictions that will limit our flexibility in operating our business.

The ABL Credit Facility and the indentures governing the notes contain, and any instruments governing future indebtedness of ours would likely contain, a number of covenants that will impose significant operating and financial restrictions on us, including restrictions on the Issuers' and the guarantors' ability to, among other things:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on or make distributions in respect of our capital stock or make other restricted payments;
- make certain payments on debt that is subordinated or secured on a junior basis;
- make certain investments;
- sell certain assets;
- create liens on certain assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- designate our subsidiaries as unrestricted subsidiaries.

Any of these restrictions could limit our ability to plan for or react to market conditions and could otherwise restrict corporate activities. Any failure to comply with these covenants could result in a default under the ABL Credit Facility and the indentures governing the notes. Upon a default, unless waived, the lenders under the ABL Credit Facility would have all remedies available to a secured lender, and could elect to terminate their commitments, cease making further loans, institute foreclosure proceedings against our assets, and force us into bankruptcy or liquidation, subject to the intercreditor agreements. Holders of the notes would also have the ability ultimately to foreclose against our assets and force us into bankruptcy or liquidation, subject to the intercreditor agreements. In addition, a default under the ABL Credit Facility or the indentures governing the notes would trigger a cross default under our other agreements and could trigger a cross default under the agreements governing our future indebtedness. Our operating results may not be sufficient to service our indebtedness or to fund our other expenditures and we may not be able to obtain financing to meet these requirements.

Despite our substantial indebtedness, we may still be able to incur significantly more debt, including secured indebtedness. This could intensify the risks described above.

We may be able to incur substantially more debt in the future, including secured indebtedness. Although the indentures governing the notes and the ABL Credit Facility contain restrictions on our incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, indebtedness incurred in compliance with these restrictions could be substantial. In particular, we can incur additional indebtedness so long as our fixed charge coverage ratio (as defined in the indentures) exceeds 2:1. Also, these restrictions may not prevent us from incurring obligations that do not constitute indebtedness. To the extent such new debt or new obligations are added to our existing indebtedness, the risks described above could substantially increase.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, that is not waived by the required holders of such indebtedness, could leave us unable to pay principal, premium, if any, or interest on the notes and could substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on such indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with any accrued and unpaid interest, the lenders under the ABL Credit Facility could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against the assets securing such facilities and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek waivers from the required lenders under the ABL Credit Facility and holders of the existing second lien notes to avoid being in default. If we breach our covenants under the ABL Credit Facility and the indenture governing the existing second lien notes and seek waivers, we may not be able to obtain waivers from the required lenders thereunder.

We may not have access to the assets of our non-guarantor subsidiaries, including CVR Partners, LP and its subsidiary, which could adversely affect our ability to make payments on the notes.

CVR Partners, LP and its subsidiary which directly owns the nitrogen fertilizer business are not guarantors of the notes, and the notes may not be guaranteed by certain of our other future subsidiaries, including any future non-U.S. subsidiaries and certain non-wholly owned domestic subsidiaries. Our non-guarantor subsidiaries have no obligation to pay any amounts due on the notes. The creditors of our non-guarantor subsidiaries, including their trade creditors and holders of any of their indebtedness (including, in the case of CVR Partners, LP and its subsidiary, their term loan and revolving credit facility indebtedness), will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us or our creditors, including the holders of the notes and lenders under the ABL Credit Facility. Accordingly, claims of holders of the notes and the ABL Credit Facility lenders are effectively subordinated to the claims of creditors of our non-guarantor subsidiaries, including trade creditors, which could adversely affect their ability to be repaid. All obligations of CVR Partners, LP and its subsidiary and any other non-guarantor subsidiaries must be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to the Issuers or a guarantor of the notes.

The indentures governing the notes and the ABL Credit Agreement permit non-guarantor subsidiaries to incur certain additional debt, including secured debt, and do not limit the ability of non-guarantor subsidiaries to incur other liabilities that are not considered indebtedness under the indenture. CVR Partners, LP and its subsidiary are specifically excluded from the definition of subsidiary for purposes of the indentures governing the notes and the ABL Credit Agreement. Accordingly, these assets do not constitute collateral for the notes, and none of the indentures governing the notes or the ABL Credit Agreement place any restriction on the ability of CVR Partners, LP and its subsidiary to incur indebtedness.

A portion of the collateral securing the notes is subject to first-priority liens securing our indebtedness under the ABL Credit Facility and, in the event of a default, will be used first to repay lenders under the ABL Credit Facility. There can be no assurance that any proceeds from such collateral will remain to repay the holders of the notes.

The first lien notes and guarantees are secured on a (i) first-priority lien basis by the Note Priority Collateral and (ii) on a second-priority lien basis by the ABL Priority Collateral and the second lien notes and guarantees are secured on a (i) second-priority lien basis by the Note Priority Collateral and (ii) a third-party lien basis by the ABL Priority Collateral. The notes and the guarantees are effectively subordinated in right of payment to all of our and the guarantors' secured indebtedness under the ABL Credit Facility with respect to the ABL Priority Collateral that secures the indebtedness under the ABL Credit Facility on a first-priority lien basis. The effect of this subordination is that upon a default in payment on, or the acceleration of, any indebtedness under the ABL Credit Facility or other indebtedness secured by the ABL Priority Collateral on a first-priority basis, or in the event of bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding of us or any of the subsidiary guarantors of the ABL Credit Facility or of such other secured debt, the proceeds from the sale of assets securing the ABL Credit Facility or such other indebtedness secured on a first-priority basis will be available to pay obligations on the notes only after all indebtedness under the ABL Credit Facility or such other secured debt has been paid in full. There may be no ABL Priority Collateral remaining after claims of the lenders under the ABL Credit Facility or such other secured debt have been satisfied in full that may be applied to satisfy the second-priority claims of holders of the notes.

We have the ability to sell, assign, transfer, convey, lease or dispose of all or a portion of the common units that we own in CVR Partners, LP, which owns the nitrogen fertilizer business. If we sell, assign, transfer, convey, lease or dispose of the common units and your notes are not purchased pursuant to the Fertilizer Business Event offer required by the indenture governing the notes, they will remain outstanding and we may not be able to generate sufficient cash to service the notes.

The nitrogen fertilizer business generated net sales of $263.0 million, $208.4 million and $180.5 million, and operating income of $116.8 million, $48.9 million and $20.4 million for the years ended December 31, 2008, 2009 and 2010, respectively. The indentures governing the notes provides us with the ability to sell, assign, transfer, convey, lease or dispose of all or a portion of the nitrogen fertilizer business (including the common units we own in CVR Partners, LP). If we sell, assign, transfer, convey, lease or dispose of the Partnership's common units, we may be required to offer to buy back a certain portion of the notes outstanding on such date at a price equal to 103% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase. In connection with the Partnership's April 2011 initial public offering, we made an offer to repurchase $100.0 million of the notes and the existing second lien notes; approximately $2.7 million aggregate principal amount of notes were tendered as a result of this offer. Pursuant to the terms of the indentures, any future Fertilizer Business Event Repurchase Offer obligation shall be credited by an amount equal to the amount of any prior offer to repurchase. As a result, we may not be required to make an offer to repurchase the notes in the event of future sales of the Partnership's common units. Any of your notes not repurchased pursuant to such Fertilizer Business Event offer will remain outstanding and we cannot assure you that we will be able to generate sufficient cash to service the notes.

We may not have the ability to raise the funds necessary to finance the change of control offer, the asset sale offer or the Fertilizer Business Event offer required by the indentures governing the notes.

Upon the occurrence of a "change of control," as defined in the indentures governing the notes, we must offer to buy back the notes at a price equal to 101% of the principal amount, together with accrued and unpaid interest, if any, to the date of the repurchase. Similarly, we must offer to buy back the notes (or repay other indebtedness in certain circumstances) at a price equal to 100% of the principal amount of the notes (or other debt) purchased, together with accrued and unpaid interest, if any, to the date of repurchase, with the proceeds of certain asset sales (as defined in the indentures). Furthermore, upon the occurrence of a "Fertilizer Business Event," as defined in the indentures governing the notes, we may be required to offer to buy back a certain portion of the notes outstanding on such date at a price equal to 103% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of the repurchase. Our failure to purchase, or give notice of purchase of, the notes would be a default under the indentures governing the notes, which would also trigger a cross default under the ABL Credit Facility.

A change of control would also trigger a default under the ABL Credit Facility. In order to satisfy our obligations, we could seek to refinance the indebtedness under the ABL Credit Facility and the indentures governing the notes or obtain a waiver from the lenders or holders of the notes. We cannot assure you that we would be able to obtain a waiver or refinance our indebtedness on terms acceptable to us, if at all. Any failure to make the required change of control offer, asset sale offer or Fertilizer Business Event offer would result in an event of default under the indentures.

Certain restrictive covenants in the indentures governing the notes will be suspended if such notes achieve investment grade ratings.

Most of the restrictive covenants in the indentures governing the notes will not apply for so long as the notes achieve investment grade ratings from Moody's Investors Service, Inc. and Standard & Poor's Rating Services, and no default or event of default has occurred. If these restrictive covenants cease to apply, we may take actions, such as incurring additional debt or making certain dividends or distributions that would otherwise be prohibited under the indentures. Ratings are given by these rating agencies based upon analyses that include many subjective factors. We cannot assure you that the notes will achieve investment grade ratings, nor can we assure you that investment grade ratings, if granted, will reflect all of the factors that would be important to holders of the notes.

The value of the collateral may not be sufficient to repay holders of the notes in full.

The obligations under the ABL Credit Facility and related guarantees are secured on a first-priority lien basis by the ABL Priority Collateral and a second-priority lien basis, together with the second lien notes and related guarantees, on the Notes Priority Collateral. The obligations under the first lien notes and related guarantees are secured, subject to certain exceptions, on a first-priority lien basis by the Note Priority Collateral and on a second priority-lien basis by the ABL Priority Collateral and the obligations under the second lien notes and related guarantees are secured, subject to certain exceptions, on a second-priority basis by the Notes Priority Collateral and a third priority basis by the ABL Priority Collateral. The indentures governing the notes and the ABL Credit Facility permit us to share both the ABL Priority Collateral and the Note Priority Collateral with future creditors, subject to limitations.

Accordingly, any proceeds received upon a realization in respect of ABL Priority Collateral will first be applied to the ABL Credit Facility and any other obligations secured by the ABL Priority Collateral on a first lien basis before any amounts will be available to pay the holders of notes and other indebtedness permitted to be secured by the ABL Priority Collateral on a second lien basis or third lien basis, and any proceeds received upon a realization in respect of Note Priority Collateral will be applied equally in respect of the first lien notes and other indebtedness permitted to be secured by the Note Priority Collateral on a first priority basis, then to the ABL Credit Facility and then to the second lien notes. As a result, if there is a default, the value of the collateral may not be sufficient to repay our obligations under the notes.

The rights of holders of notes to the collateral securing the notes may be adversely affected by the failure to perfect security interests in the collateral and other issues generally associated with the realization of security interests in collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the collateral securing the notes may not be perfected with respect to the claims of the notes if the first lien collateral trustee is not able to take the actions necessary to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, can only be perfected at the time such property and rights are acquired and identified and additional steps to perfect in such property and rights are taken. We will have limited obligations to perfect the security interest of the holders of the notes in specified collateral. There can be no assurance that the trustee and the collateral trustees for the notes will monitor, or that we will inform such trustee and collateral trustee of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The trustee and collateral trustees for the notes have no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in the collateral or the priority of the security interest in favor of the notes against third parties.

In addition, the security interest of the collateral trustees will be subject to practical challenges generally associated with the realization of security interests in collateral. For example, the collateral trustees may need to obtain the consent of third parties and make additional filings. If we are unable to obtain these consents or make these filings, the security interests may be invalid and the holders of the notes will not be entitled to the collateral or any recovery with respect thereto. We cannot assure you that we or the collateral trustees will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the collateral trustees may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

In the event of our bankruptcy, the ability of the holders of the notes to realize upon the collateral will be subject to certain bankruptcy law limitations.

The ability of holders of the notes to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of our bankruptcy. Under federal bankruptcy law, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case, or from disposing of security repossessed from such a debtor, without bankruptcy court approval, which may not be given. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to use and expend collateral, including cash collateral, and to provide liens senior to the first lien collateral trustee for the notes' liens to secure indebtedness incurred after the commencement of a bankruptcy case, provided that the secured creditor either consents or is given "adequate protection." "Adequate protection" could include cash payments or the granting of additional security, if and at such times as the presiding court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition of the collateral during the pendency of the bankruptcy case, the use of collateral (including cash collateral) and the incurrence of such senior indebtedness. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case, whether or when the first lien collateral trustee would repossess or dispose of the collateral, or whether or to what extent holders of the notes would be compensated for any delay in payment of loss of value of the collateral through the requirements of "adequate protection." Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the notes, the ABL Credit Facility and any other first lien or *pari passu* debt secured by the collateral, the indebtedness under the notes would be "undersecured" and the holders of the notes would have unsecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest, costs, and attorneys' fees on undersecured indebtedness during the debtor's bankruptcy case.

The value of the collateral securing the notes may not be sufficient to secure post-petition interest. Should our obligations under the notes equal or exceed the fair market value of the collateral securing the notes, the holders of the notes may be deemed to have an unsecured claim.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against the Issuers or the Guarantors, holders of the notes will be entitled to post-petition interest under the U.S. Bankruptcy Code only if the value of their security interest in the collateral is greater than their pre-bankruptcy claim. Holders of the notes may be deemed to have an unsecured claim if the Issuers' obligation under the notes equals or exceeds the fair market value of the collateral securing the notes. Holders of the notes that have a security interest in the collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the U.S. Bankruptcy Code. The bankruptcy trustee, the debtor-in-possession or competing creditors could possibly assert that the fair market value of the collateral with respect to the notes on the date of the bankruptcy filing was less than the then-current principal amount of the notes. Upon a finding by a bankruptcy court that the notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of holders of the notes to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the notes to receive other "adequate protection" under U.S. federal bankruptcy laws. In addition, if any payments of post-petition interest were made at the time of such a finding of under-collateralization, such payments could be re-characterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to notes. No appraisal of the fair market value of the collateral securing the notes has been prepared and, therefore, the value of the first lien collateral trustee's interests in the collateral may not equal or exceed the principal amount of the notes. We cannot assure you that there will be sufficient collateral to satisfy our and the Guarantors' obligations under the notes.

There may not be sufficient collateral to repay all or any of the notes, especially if we incur additional senior secured indebtedness, which will dilute the value of the collateral securing the notes.

No appraisal of the value of the collateral securing the notes has been made, and the fair market value is subject to fluctuations based on factors that include, among others, changing economic conditions, competition and other future trends. The fair market value of the collateral is subject to fluctuations based on factors that include, among others, the condition of the markets and sectors in which we operate, the ability to sell the collateral in an orderly sale, the condition of the national and local economies, the availability of buyers and other similar factors. The value of the assets pledged as collateral for the notes also could be impaired in the future as a result of our failure to implement our business strategy, competition, or other future trends.

In the event of foreclosure on the collateral, the proceeds from the sale of the collateral may not be sufficient to satisfy in full our obligations under the ABL Credit Facility and the notes or any additional permitted secured indebtedness. The amount to be received upon such a sale would be dependent on numerous factors, including but not limited to the timing and the manner of the sale. In addition, the book value of the collateral should not be relied on as a measure of realizable value for such assets. By its nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the collateral can be sold in a short period of time in an orderly manner. A significant portion of the collateral includes assets that may only be usable, and thus retain value, as part of the existing operating business. Accordingly, any such sale of the collateral separate from the sale of certain of our operating businesses may not be feasible or of significant value.

To the extent that pre-existing liens, liens relating to the ABL Credit Facility, liens permitted under the indentures and other rights, encumber any of the collateral securing the notes and the guarantees, holders of such liens may exercise rights and remedies with respect to the collateral that could adversely affect the value of the collateral and the ability of the first lien collateral trustee, the trustee under the indenture or the holders of the notes to realize or foreclose on the collateral. In particular, GWEC granted Excel Pipeline, LLC a mortgage and security interests in certain real property and certain personal property thereon in connection with its sale of the portion of the Excel Pipeline System running from Duncan, Oklahoma to the Wynnewood refinery to Excel Pipeline, LLC in 2009. These security interests are senior in priority to the security interests in favor of the notes in respect of such property, and prohibit us from granting any liens on such property without the consent of Excel Pipeline, LLC, which consent may not be obtained. Consequently, liquidating the collateral securing the notes may not result in proceeds in an amount sufficient to pay any amounts due under the notes after satisfying the obligations to pay any creditors with equal or prior liens. If the proceeds of any sale of collateral are not sufficient to repay all amounts due on the notes, the holders of the notes (to the extent not repaid from the proceeds of the sale of the collateral) would have only an unsecured, unsubordinated claim against our and the Guarantors' remaining assets.

The Issuers or any Guarantor may incur additional secured indebtedness under the indentures governing the notes, including (1) the issuance of additional first lien notes or the incurrence of other forms of indebtedness secured equally and ratably with the first lien notes, (2) the issuance of additional second lien notes or other forms of indebtedness secured equally and ratably with the second lien notes, and/or (3) borrowings under the ABL Credit Facility or other facilities which are secured equally and ratably with the ABL Credit Facility. Any such incurrence could dilute the value of the collateral securing the notes and guarantees.

In addition, not all of our assets secure the notes and guarantees. None of the assets of the Partnership, including the nitrogen fertilizer business, constitute part of the collateral. In addition, the collateral will not include, among other things, any intellectual property if the grant of a security interest therein would result in the abandonment or invalidation of such intellectual property and any contract or agreement if the grant of a security interest therein would result in a breach or termination of any such contract or agreement.

The collateral securing the notes is subject to casualty risks.

We intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the collateral, the insurance proceeds may not be sufficient to satisfy payment of the notes.

With respect to the real properties underlying our pipeline system that were mortgaged as security for the notes, title insurance was not required to be delivered. Therefore, there will be no independent assurance that the mortgages with respect to such real properties securing the notes are encumbering the correct real properties or that there are no liens other than those permitted by the indentures encumbering such real properties.

In connection with the April 2010 notes offering, we were not required to obtain title insurance with respect to the real properties underlying our pipeline system intended to constitute collateral. As a result, there is no independent assurance that, among other things, (i) we have the rights to such real properties that we purport to have in the mortgages encumbering such real properties and that our title to such real properties is not encumbered by liens not permitted by the indenture, and (ii) such mortgages have the priority intended and described in this offering memorandum. We did, however, represent that (i) we had the rights to such real properties that we purport to have in the mortgage and that our title to such real property is not encumbered by liens not permitted by the indenture, and (ii) the mortgages have the priority intended and described in the offering memorandum.

Surveys were not provided with respect to the real properties underlying our pipeline system that were mortgaged as security for the notes. As a result, there is no independent assurance that all properties underlying our pipeline system were mortgaged and that there will be no liens encumbering such real property interests other than those permitted by the indenture.

In connection with the April 2010 notes offering, we were not required to provide surveys with respect to the real properties underlying our pipeline system (which is comprised of approximately 300 miles of feeder and trunk pipelines and associated storage facilities) intended to constitute collateral for the notes. As a result, there is no independent assurance that, among other things, (i) such real properties encumbered by each mortgage encumbering such properties includes the property owned by us or the subsidiary guarantors that was intended to be mortgaged and (ii) no encroachments, adverse possession claims, zoning or other restrictions exist with respect to such real properties which could result in a material adverse effect on the value or utility of such real properties.

Federal and state statutes allow courts, under specific circumstances, to void notes and guarantees and require holders of the notes to return payments received.

If we or any guarantor become a debtor in a case under the U.S. Bankruptcy Code or encounter other financial difficulty, under federal or state fraudulent transfer law, a court may void, subordinate or otherwise decline to enforce the notes or the guarantees. A court might do so if it found that when we issued the notes or the guarantor entered into its guarantee, or in some states when payments became due under the notes or the guarantees, we or the guarantor received less than reasonably equivalent value or fair consideration and either:

- was insolvent or rendered insolvent by reason of such incurrence; or
- was left with inadequate capital to conduct its business; or
- believed or reasonably should have believed that it would incur debts beyond its ability to pay.

The court might also void an issuance of notes or a guarantee without regard to the above factors, if the court found that we issued the notes or the applicable guarantor entered into its guarantee with actual intent to hinder, delay or defraud its creditors.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the notes or its guarantee, if we or a guarantor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void the issuance of the notes or guarantees you would no longer have any claim against us or the applicable guarantor. Sufficient funds to repay the notes may not be available from other sources, including the remaining obligors, if any. In addition, the court might direct you to repay any amounts that you already received from us or a guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets; or
- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that each guarantor, after giving effect to its guarantee of the notes, will not be insolvent, will not have unreasonably small capital for the business in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

Any future note guarantees or additional liens on collateral provided after the notes are issued could also be avoided by a trustee in bankruptcy.

The indentures governing the notes provides that certain of our future subsidiaries will guarantee the notes and secure their note guarantees with liens on their assets. The indentures governing the notes also requires the Issuers and the guarantors to grant liens on certain assets that they acquire after the notes are issued. Any future note guarantee or additional lien in favor of the collateral trustee for the benefit of the holders of the notes might be avoidable by the grantor (as debtor-in-possession) or by its trustee in bankruptcy or other third parties if certain events or circumstances exist or occur. For instance, if the entity granting the future note guarantee or additional lien were insolvent at the time of the grant and if such grant was made within 90 days before that entity commenced a bankruptcy proceeding (or one year before commencement of a bankruptcy proceeding if the creditor that benefited from the note guarantee or lien is an “insider” under the U.S. Bankruptcy Code), and the granting of the future note guarantee or additional lien enabled the holders of the notes to receive more than they would if the grantor were liquidated under chapter 7 of the U.S. Bankruptcy Code, then such note guarantee or lien could be avoided as a preferential transfer.

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

The board of directors of the Partnership’s general partner has adopted a policy to distribute all of the available cash the nitrogen fertilizer business generates each quarter, which could limit its ability to grow and make acquisitions.

The board of directors of the Partnership’s general partner has adopted a policy to distribute all of the available cash the Partnership generates each quarter to its unitholders. As a result, the Partnership’s general partner will rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion capital expenditures at the nitrogen fertilizer business. To the extent it is unable to finance growth externally, the Partnership’s cash distribution policy will significantly impair its ability to grow. As of the date hereof, we owned approximately 70% of the Partnership’s outstanding common units, and public unitholders owned the remaining 30% of the Partnership’s common units.

In addition, because the board of directors of the Partnership's general partner will adopt a policy to distribute all of the available cash it generates each quarter, growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent the Partnership issues additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units will decrease the amount the Partnership distributes on each outstanding unit. There are no limitations in the partnership agreement on the Partnership's ability to issue additional units, including units ranking senior to the common units that we own. The incurrence of additional commercial borrowings or other debt to finance the Partnership's growth strategy would result in increased interest expense, which, in turn, would reduce the available cash that the Partnership has to distribute to unitholders, including us.

The Partnership may not have sufficient available cash to pay any quarterly distribution on its common units. Furthermore, the Partnership is not required to make distributions to holders of its common units on a quarterly basis or otherwise, and may elect to distribute less than all of its available cash.

The Partnership may not have sufficient available cash each quarter to pay any distributions to its common unitholders, including us. Furthermore, the partnership agreement does not require it to pay distributions on a quarterly basis or otherwise. Although the Partnership's general partners' board has adopted a policy to distribute all available cash each quarter, the board may at any time, for any reason, change this policy nor decide not to make any distribution. The amount of cash the Partnership will be able to distribute on its common units principally depends on the amount of cash it generates from operations, which is directly dependent upon operating margins, which have been volatile historically. Operating margins at the nitrogen fertilizer business are significantly affected by the market-driven UAN and ammonia prices it is able to charge customers and pet coke-based gasification production costs, as well as seasonality, weather conditions, governmental regulation, unscheduled maintenance or downtime at the nitrogen fertilizer plant and global and domestic demand for nitrogen fertilizer products, among other factors. In addition:

- The Partnership's credit facility, and any credit facility or other debt instruments it may enter into in the future, may limit the distributions that the Partnership can make. The credit facility provides that the Partnership can make distributions to holders of common units only if it is in compliance with leverage ratio and interest coverage ratio covenants on a pro forma basis after giving effect to any distribution, and there is no default or event of default under the facility. In addition, any future credit facility may contain other financial tests and covenants that must be satisfied. Any failure to comply with these tests and covenants could result in the lenders prohibiting Partnership distributions.
- The amount of available cash for distribution to unitholders depends primarily on cash flow, and not solely on the profitability of the nitrogen fertilizer business, which is affected by non-cash items. As a result, the Partnership may make distributions during periods when it records losses and may not make distributions during periods when it records net income.

The actual amount of available cash will depend on numerous factors, some of which are beyond the Partnership's control, including UAN and ammonia prices, operating costs, global and domestic demand for nitrogen fertilizer products, fluctuations in working capital needs, and the amount of fees and expenses incurred by us.

If the Partnership were to be treated as a corporation, rather than as a partnership, for U.S. federal income tax purposes or if the Partnership were otherwise subject to entity-level taxation, the Partnership's cash available for distribution to its common unitholders, including to us, and the value of the Partnership's common units, including the common units held by us, could be substantially reduced.

During 2011, and in each taxable year thereafter, current law requires the Partnership to derive at least 90% of its annual gross income from certain specified activities in order to continue to be treated as a partnership, rather than as a corporation, for U.S. federal income tax purposes. The Partnership may not find it possible to meet this qualifying income requirement, or may inadvertently fail to meet this qualifying income requirement. If the Partnership were to be treated as a corporation for U.S. federal income tax purposes, it would pay U.S. federal income tax on all of its taxable income at the corporate tax rate, which is currently a maximum of 35%, it would likely pay additional state and local income taxes at varying rates, and distributions to the Partnership's common unitholders, including to us, would generally be taxed as corporate distributions.

In addition, current U.S. federal income tax treatment of publicly traded partnerships, including the Partnership, may be modified at any time by legislation, administrative rulings or judicial authority. Any such change may cause the Partnership to be treated as a corporation for U.S. federal income tax purposes or otherwise subject the Partnership to entity-level taxation. For example, members of Congress have considered substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships. Any modification to the U.S. federal income tax laws or interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible for the Partnership to be treated as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted.

If the Partnership were to be treated as a corporation, rather than as a partnership, for U.S. federal income tax purposes or if the Partnership were otherwise subject to entity-level taxation, the Partnership's cash available for distribution to its common unitholders, including to us, and the value of the Partnership's common units, including the common units held by us, could be substantially reduced.

Increases in interest rates could adversely impact the Partnership's unit price and the Partnership's ability to issue additional equity to make acquisitions, incur debt or for other purposes.

We expect that the price of the Partnership's common units will be impacted by the level of the Partnership's quarterly cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank related yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates may affect the yield requirements of investors who invest in the Partnership's common units, and a rising interest rate environment could have a material adverse impact on the Partnership's unit price (and therefore the value of our investment in the Partnership) as well as the Partnership's ability to issue additional equity to make acquisitions or to incur debt.

We may have liability to repay distributions that are wrongfully distributed to us.

Under certain circumstances, we may, as a holder of common units in the Partnership, have to repay amounts wrongfully returned or distributed to us. Under the Delaware Revised Uniform Limited Partnership Act, the Partnership may not make a distribution to unitholders if the distribution would cause its liabilities to exceed the fair value of its assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the company for the distribution amount.

Public investors own approximately 30% of the nitrogen fertilizer business as a result of the Partnership's April 2011 initial public offering. Although we own the majority of the Partnership's common units and the nitrogen fertilizer business' general partner, the general partner owes a duty of good faith to public unitholders, which could cause it to manage the nitrogen fertilizer business differently than if there were no public unitholders.

As a result of the initial public offering of the Partnership's common units which closed in April 2011, public investors own approximately 30% of the nitrogen fertilizer business' common units. As a result of this offering, we are no longer entitled to receive all of the cash generated by the nitrogen fertilizer business or freely borrow money from the nitrogen fertilizer business to finance operations at the refinery, as we have in the past. Furthermore, although we own the Partnership's general partner and continue to own the majority of the Partnership's common units, the Partnership's general partner is subject to certain fiduciary duties, which may require the general partner to manage the nitrogen fertilizer business in a way that may differ from our best interests.

CVR Energy cannot own or operate a fertilizer business other than the Partnership without the consent of the Partnership's general partner.

CVR Energy and the Partnership have entered into an agreement in order to clarify and structure the division of corporate opportunities. Under this agreement, CVR Energy has agreed not to engage in the production, transportation or distribution, on a wholesale basis, of fertilizers in the contiguous United States, subject to limited exceptions (fertilizer restricted business) without the consent of the Partnership's general partner.

The Partnership is managed by the executive officers of its general partner, most of whom are employed by and serve as part of the senior management team of CVR Energy and its affiliates. Conflicts of interest could arise as a result of this arrangement.

The Partnership is managed by the executive officers of its general partner, most of whom are employed by and serve as part of the senior management team of CVR Energy. Furthermore, although the Partnership has entered into a services agreement with CVR Energy under which it compensates CVR Energy for the services of its management, CVR Energy's management is not required to devote any specific amount of time to the nitrogen fertilizer business and may devote a substantial majority of their time to the business of CVR Energy. Moreover, following the one year anniversary of the Partnership's initial public offering (which will occur in April 2012), CVR Energy will be able to terminate the services agreement at any time, subject to a 180-day notice period. In addition, the executive officers of CVR Energy, including its chief operating officer, chief financial officer and general counsel, will face conflicts of interest if decisions arise in which the Partnership and CVR Energy have conflicting points of view or interests.

The Partnership's general partner has limited its liability in the partnership agreement and replaced default fiduciary duties with contractual corporate governance standards set forth therein, thereby restricting the remedies available to unitholders, including us, for actions that, without such replacement, might constitute breaches of fiduciary duty.

CVR Partners, LP's partnership agreement contains provisions that restrict the remedies available to its unitholders, including CVR Energy, for actions that might otherwise constitute breaches of fiduciary duty. For example, the partnership agreement:

- permits the general partner to make a number of decisions in its individual capacity, as opposed to its capacity as general partner, thereby entitling it to consider only the interests and factors that it desires, and imposes no duty or obligation on the general partner to give any consideration to any interest of, or factors affecting, any limited partner;
- provides that the general partner shall not have any liability to unitholders for decisions made in its capacity as general partner so long as it acted in good faith, meaning it believed that the decision was in the best interests of the Partnership;
- generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of the board of directors of the general partner and not involving a vote of unitholders must be on terms no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or be "fair and reasonable" to the Partnership, as determined by its general partner in good faith, and that, in determining whether a transaction or resolution is "fair and reasonable," the general partner may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to affiliated parties, including us;
- provides that the general partner and its officers and directors will not be liable for monetary damages to common unitholders, including us, for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that the general partner or its officers or directors acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and
- provides that in resolving conflicts of interest, it will be presumed that in making its decision, the general partner or its conflicts committee acted in good faith, and in any proceeding brought by or on behalf of any holder of common units, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

With respect to the common units that we own, we have agreed to become bound by the provisions in our partnership agreement, including the provisions discussed above.

The Partnership may issue additional common units and other equity interests without the approval of its common unitholders, which would dilute the existing ownership interests and rights to receive distributions from the Partnership.

Under the Partnership's partnership agreement, the Partnership is authorized to issue an unlimited number of additional interests without a vote of the unitholders. The issuance of additional common units or other equity interests of equal or senior rank will have the following effects:

- our proportionate ownership interest will decrease;
- the amount of cash distributions on each common unit will decrease;
- the ratio of our taxable income to distributions may increase;

- the relative voting strength of each previously outstanding unit will be diminished; and
- the market price of the common units may decline.

In addition, the Partnership's partnership agreement does not prohibit the issuance by our subsidiaries of equity interests, which may effectively rank senior to the common units that we own.

The nitrogen fertilizer business will incur increased costs as a result of being a publicly traded partnership.

As a publicly traded partnership, the nitrogen fertilizer business will incur significant legal, accounting and other expenses that it did not incur prior to any such offering. As a result of CVR Partners' initial public offering, which closed in April 2011, the nitrogen fertilizer business is now subject to the public reporting requirements of Exchange Act. These requirements will increase legal and financial compliance costs and will make compliance activities more time-consuming and costly. For example, the Partnership will be required to adopt policies regarding internal controls and disclosure controls and procedures, including the preparation of reports on internal control over financial reporting. In addition, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act of 2010, as well as rules implemented by the SEC and the New York Stock Exchange, require, or will require, publicly traded entities to adopt various corporate governance practices that will further increase its costs. Before the Partnership is able to make distributions to us, it must first pay its expenses, including the costs of being a public company and other operating expenses. As a result, the amount of cash it has available for distribution to us will be affected by its expenses, including the costs associated with being a publicly traded partnership.

As a stand-alone public company, the nitrogen fertilizer business will be exposed to risks relating to evaluations of controls required by Section 404 of the Sarbanes-Oxley Act.

The nitrogen fertilizer business is in the process of evaluating its internal controls systems to allow management to report on, and our independent auditors to audit, its internal control over financial reporting. It will be performing the system and process evaluation and testing (and any necessary remediation) required to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, and under current rules will be required to comply with Section 404 for the year ended December 31, 2012. Upon of this process, the nitrogen fertilizer business may identify control deficiencies of varying degrees of severity under applicable SEC and Public Company Accounting Oversight Board, or PCAOB, rules and regulations that remain unremediated. Although the nitrogen fertilizer business produces financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), internal accounting controls may not currently meet all standards applicable to companies with publicly traded securities. As a publicly traded partnership, it will be required to report, among other things, control deficiencies that constitute a "material weakness" or changes in internal controls that, or that are reasonably likely to, materially affect internal control over financial reporting. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

If the nitrogen fertilizer business fails to implement the requirements of Section 404 in a timely manner, it might be subject to sanctions or investigation by regulatory authorities such as the SEC. If it does not implement improvements to its disclosure controls and procedures or to its internal controls in a timely manner, its independent registered public accounting firm may not be able to certify as to the effectiveness of its internal control over financial reporting pursuant to an audit of its internal control over financial reporting. This may subject the nitrogen fertilizer business to adverse regulatory consequences or a loss of confidence in the reliability of its financial statements. It could also suffer a loss of confidence in the reliability of its financial statements if its independent registered public accounting firm reports a material weakness in its internal controls, if it does not develop and maintain effective controls and procedures or if it is otherwise unable to deliver timely and reliable financial information. Any loss of confidence in the reliability of its financial statements or other negative reaction to its failure to develop timely or adequate disclosure controls and procedures or internal controls could result in a decline in the price of its common units, which would reduce the value of our investment in the nitrogen fertilizer business. In addition, if the nitrogen fertilizer business fails to remedy any material weakness, its financial statements may be inaccurate, it may face restricted access to the capital markets and the price of its common units may be adversely affected, which would reduce the value of our investment in the nitrogen fertilizer business.

Risks Related to the Acquisition

Challenges in operating the acquired business and/or newly enlarged combined business or difficulties in successfully integrating the businesses of CVR Energy and GWEC within the expected time frame would adversely affect our company's future results following the Acquisition.

As a result of the Acquisition of GWEC, we are doubling our number of refineries from one to two and increasing our refining throughput capacity by over 50%. The success of the Acquisition will depend, in large part, on our ability to successfully expand the scale and geographic scope of our operations across state lines and to realize the anticipated benefits, including synergies, cost savings, innovation and operational efficiencies, from combining the businesses of CVR Energy and GWEC. To realize these anticipated benefits, the business of GWEC must be must be successfully integrated into CVR Energy. This integration will be complex and time-consuming.

The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in the combined company not achieving the anticipated benefits of the merger. Potential difficulties that may be encountered in the integration process include the following:

- the inability to successfully integrate the business of GWEC into CVR Energy in a manner that permits the combined company to achieve the full revenue and cost savings anticipated to result from the merger;
- complexities associated with managing the larger, more complex, combined business;
- integrating personnel from the two companies while maintaining focus on providing consistent, high-quality service;
- potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the Acquisition;
- performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the Acquisition and integrating the companies' operations;
- difficulty retaining key personnel of GWEC and CVR Energy following the Acquisition; and
- the disruption of, or the loss of momentum in, each company's ongoing business or inconsistencies in standards, controls, procedures and policies.

Even if CVR Energy is able to successfully integrate the business operations of GWEC, there can be no assurance that this integration will result in the realization of the full benefits of the expected synergies, cost savings, innovation and operational efficiencies or that these benefits will be achieved within the anticipated time frame.

The future results of the combined company will suffer if CVR Energy does not effectively manage its expanded operations following the Acquisition.

Following the Acquisition, the size of CVR Energy's business will increase significantly and our existing management and operational infrastructure will be responsible for operating two refineries located in different states. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the Acquisition.

CVR Energy is expected to incur substantial expenses related to the Acquisition and the integration of GWEC.

CVR Energy is expected to incur substantial expenses in connection with the Acquisition and the integration of GWEC. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, billing, payroll, pricing, revenue management, maintenance, marketing and benefits. While CVR Energy has assumed that a certain level of expenses would be incurred, there are many factors beyond its control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings. These integration expenses likely will result in the combined company taking significant charges against earnings following the completion of the Acquisition, and the amount and timing of such charges are uncertain at present.

Uncertainties associated with the Acquisition may cause a loss of management personnel and other key employees, which could adversely affect the future business and operations of the combined company.

CVR Energy and GWEC are dependent on the experience and industry knowledge of their officers and other key employees to execute their business plans. The combined company's success after the merger will depend in part upon the ability of CVR Energy and GWEC to retain key management personnel and other key employees. Current and prospective employees of CVR Energy and GWEC employees may experience uncertainty about their roles within the combined company following the Acquisition, which may have an adverse effect on the ability of each of CVR Energy and GWEC to attract or retain key management and other key personnel. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of CVR Energy and GWEC to the same extent that CVR Energy and GWEC have previously been able to attract or retain their own employees.

There are risks associated with U.S. government contracts that differ from the risks associated with typical commercial contracts. These risks could have a material adverse effect on our business.

Since 1996, GWEC has been party to a contract (renewed annually) with the United States government to sell jet fuel to Mid-Continent Air Force bases. This contract accounted for 5% of GWEC's sales in 2010. U.S. government contracts contain provisions and are subject to laws and regulations that provide the government with rights and remedies not typically found in commercial contracts. In the event that GWEC is found to have violated certain laws or regulations, GWEC could be subject to penalties and sanctions, including, in the most serious cases, potential suspension or debarment from conducting future business with the U.S. government. As a result of the need to comply with these laws and regulations, GWEC could also be subject to increased risks of governmental investigations, civil fraud actions, criminal prosecutions, whistleblower law suits and other enforcement actions. By way of example, civil False Claims Act actions could subject us to treble penalties, and we could be subject to fines of up to $12,000 for each claim submitted to the U.S. government.

U.S. government contracts are subject to modification, curtailment or termination by the U.S. government with little notice, either for convenience or for default as a result of GWEC's failure to perform under the applicable contract. If the U.S. government terminates this contract as a result of GWEC's default, GWEC could be liable for additional costs the U.S. government incurs in acquiring undelivered goods or services from another source and any other damages it suffers. Additionally, GWEC cannot assign prime U.S. government contracts without the prior consent of the U.S. government contracting officer, and GWEC is required to register with the Central Contractor Registration Database.

There can be no assurance that GWEC will maintain this jet fuel contract with the United States Government in the future.

The preliminary unaudited pro forma condensed consolidated financial information included elsewhere in this Current Report on Form 8-K may not be representative of the combined results of CVR Energy and GWEC after the consummation of the Acquisition.

CVR Energy and GWEC currently operate as separate companies. We have had no prior history as an integrated entity and our operations have not previously been managed on an integrated basis. The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and may not be indicative of the combined company's financial position or results of operations that would have actually occurred had the Acquisition been completed at or as of the dates indicated, nor is it indicative of our future operating results or financial position. For example, the unaudited pro forma condensed consolidated financial information has been derived from our historical financial statements and GWEC's historical financial statements, and certain adjustments and assumptions have been made regarding the combined company after giving effect to the Acquisition. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with accuracy. In particular, the unaudited pro forma condensed consolidated financial information reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to GWEC's net assets, whereas the final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of GWEC as of the date of the completion of the Acquisition. The preliminary purchase price estimates underlying the pro forma financial information may be adjusted for up to one year following the closing of the Acquisition, and the final purchase price adjustments may be materially different from the pro forma adjustments presented herein. Additionally, the unaudited pro forma condensed consolidated financial information does not reflect future non-recurring charges resulting from the Acquisition or future events that may occur after the Acquisition, including the potential costs or savings related to the planned integration of GWEC such as investments in environmental, health and safety matters that we intend to make following the Acquisition, and does not consider potential impacts of current market conditions on revenues or expense efficiencies.

The pro forma financial information presented in this Current Report on Form 8-K is based in part on certain assumptions regarding the Acquisition that we believe are reasonable under the circumstances. We cannot assure you that our assumptions will prove to be accurate over time.

We may not uncover all risks associated with the Acquisition and a significant liability may arise after closing.

We may become responsible for unexpected liabilities that we failed or were unable to discover in the course of performing due diligence in connection with the Acquisition. We have required the seller to indemnify us under certain circumstance. However our rights to indemnification are limited and we cannot assure you that the indemnification, even if obtained, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.