CVR PARTNERS, LP
Form 10-K
February 18, 2016

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

Form 10-K
(Mark One)

þ	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the fiscal year ended December 31, 2015
	OR
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the transition period from to .

Commission file number: 001-35120

CVR Partners, LP
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	56-2677689 (I.R.S. Employer Identification No.)
2277 Plaza Drive, Suite 500 Sugar Land, Texas (Address of principal executive offices)	77479 (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
Common units representing limited partner interests	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this

Form 10-K. o

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant computed based on the New York Stock Exchange closing price on June 30, 2015 (the last business day of the registrant's second fiscal quarter) was $427,694,729. Common units held by each executive officer and director and by each entity or person that, to the registrant's knowledge, owned 10% or more of the registrant's outstanding common units as of June 30, 2015 have been excluded from this number in that these persons may be deemed affiliates of the registrant. This determination of possible affiliate status is not necessarily a conclusive determination for other purposes.

Class	Outstanding at February 16, 2016
Common unit representing limited partner interests	73,128,269 units

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GLOSSARY OF SELECTED TERMS

The following are definitions of certain terms used in this Annual Report on Form 10-K for the year ended December 31, 2015 (this "Report").

ammonia	Ammonia is a direct application fertilizer and is primarily used as a building block for other nitrogen products for industrial applications and finished fertilizer products.
capacity	Capacity is defined as the throughput a process unit is capable of sustaining, either on a calendar or stream day basis. The throughput may be expressed in terms of maximum sustainable, nameplate or economic capacity. The maximum sustainable or nameplate capacities may not be the most economical. The economic capacity is the throughput that generally provides the greatest economic benefit based on considerations such as feedstock costs, product values and downstream unit constraints.
catalyst	A substance that alters, accelerates, or instigates chemical changes, but is neither produced, consumed nor altered in the process.
Coffeyville Resources or CRLLC	Coffeyville Resources, LLC, the subsidiary of CVR Energy which directly owns our general partner and 38,920,000 common units, or approximately 53% of our common units.
common units	Common units representing limited partner interests of CVR Partners, LP.
corn belt	The primary corn producing region of the United States, which includes Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, Ohio and Wisconsin.
CVR Energy	CVR Energy, Inc., a publicly traded company listed on the New York Stock Exchange under the ticker symbol "CVI," which indirectly owns our general partner and the common units owned by CRLLC.
CVR Refining	CVR Refining, LP, a publicly traded limited partnership listed on the New York Stock Exchange under the ticker symbol "CVRR," which currently owns and operates a complex full coking medium-sour crude oil refinery with a rated capacity of 115,000 barrels per calendar day (bpcd) in Coffeyville, Kansas, a complex crude oil refinery with a rated capacity of 70,000 bpcd in Wynnewood, Oklahoma and ancillary businesses.
ethanol	A clear, colorless, flammable oxygenated hydrocarbon. Ethanol is typically produced chemically from ethylene, or biologically from fermentation of various sugars from carbohydrates found in agricultural crops and cellulosic residues from crops or wood. It is used in the United States as a gasoline octane enhancer and oxygenate.
farm belt	Refers to the states of Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Wisconsin.
feedstocks	Petroleum coke and petroleum products (such as crude oil and natural gas liquids) that are processed and blended into refined products, such as gasoline,

	diesel fuel and jet fuel, which are produced by a refinery.
general partner or CVR GP	CVR GP, LLC, our general partner, which is a wholly-owned subsidiary of Coffeyville Resources.
Initial Public Offering	The initial public offering of CVR Partners, LP common units that closed on April 13, 2011.
MMbtu	One million British thermal units: a measure of energy. One Btu of heat is required to raise the temperature of one pound of water one degree Fahrenheit.
MSCF	One thousand standard cubic feet, a customary gas measurement.
netback	Netback represents net sales less freight revenue divided by product sales volume in tons. Netback is also referred to as product pricing at gate.
NYSE	The New York Stock Exchange.
on-stream	Measurement of the reliability of the gasification, ammonia and UAN units, defined as the total number of hours operated by each unit divided by the total number of hours in the reporting period.

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OSHA	Federal Occupational Safety and Health Act.
pet coke	Petroleum coke — a coal-like substance that is produced during the oil refining process.
prepaid sales	Represents customer payments under contracts to guarantee a price and supply of fertilizer in quantities expected to be delivered in the next twelve months. Revenue is not recorded for such sales until the product is considered delivered. Prepaid sales are also referred to as deferred revenue.
product pricing at gate	Product pricing at gate represents net sales less freight revenue divided by product sales volume in tons. Product pricing at gate is also referred to as netback.
recordable incident	An injury, as defined by OSHA. All work-related deaths and illnesses, and those work-related injuries which result in loss of consciousness, restriction of work or motion, transfer to another job, or require medical treatment beyond first aid.
Secondary Offering	The registered public offering of 12,000,000 common units of CVR Partners, LP, by CRLLC, which closed on May 28, 2013.
slag	A glasslike substance removed from the gasifier containing the metal impurities originally present in pet coke.
slurry	Ground pet coke blended with water and a fluxant (a mixture of fly ash and sand).
spot market	A market in which commodities are bought and sold for cash and delivered immediately.
syngas	Synthesized gas — a mixture of gases (largely carbon monoxide and hydrogen) that results from gasifying carbonaceous feedstock such as pet coke.
throughput	The volume processed through a unit.
ton	One ton is equal to 2,000 pounds.
turnaround	A periodically required standard procedure to refurbish and maintain a facility that involves the shutdown and inspection of major processing units.
UAN	UAN is an aqueous solution of urea and ammonium nitrate used as a fertilizer.
wheat belt	The primary wheat producing region of the United States, which includes Kansas, North Dakota, Oklahoma, South Dakota and Texas.

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PART I

Item 1. Business

Overview

CVR Partners, LP ("CVR Partners," the "Partnership," "we," "us," or "our") is a Delaware limited partnership formed by CVR Energy to own, operate and grow our nitrogen fertilizer business. Strategically located adjacent to CVR Refining's refinery in Coffeyville, Kansas, our nitrogen fertilizer manufacturing facility is the only operation in North America that utilizes a petroleum coke, or pet coke, gasification process to produce nitrogen fertilizer.

We produce and distribute nitrogen fertilizer products, which are used primarily by farmers to improve the yield and quality of their crops. Our principal products are UAN and ammonia. These products are manufactured at our facility in Coffeyville, Kansas. Our product sales are heavily weighted toward UAN and all of our products are sold on a wholesale basis.

Our facility includes a 1,300 ton-per-day ammonia unit, a 3,000 ton-per-day UAN unit and a gasifier complex having a capacity of 89 million standard cubic feet per day of hydrogen. Our gasifier is a dual-train facility, with each gasifier able to function independently of the other, thereby providing redundancy and improving our reliability. Subsequent to the completion of the UAN expansion in February 2013, we upgrade substantially all of the ammonia we produce to higher margin UAN fertilizer, an aqueous solution of urea and ammonium nitrate which has historically commanded a premium price over ammonia. In 2015, we produced 928.6 thousand tons of UAN and 385.4 thousand tons of ammonia. Approximately 96% of our produced ammonia tons and the majority of the purchased ammonia were upgraded into UAN.

CVR Energy, which indirectly owns our general partner and approximately 53% of our outstanding common units, also indirectly owns the general partner and approximately 66% of the outstanding common units of CVR Refining at December 31, 2015. CVR Refining owns and operates a complex full coking medium-sour crude oil refinery with a rated capacity of 115,000 barrels per calendar day (bpcd) in Coffeyville, Kansas, a complex crude oil refinery with a rated capacity of 70,000 bpcd in Wynnewood, Oklahoma and ancillary businesses.

We intend to continue to expand our existing asset base and utilize the experience of our and CVR Energy's management teams to execute our growth strategy, which includes expanded production of UAN and acquiring and building additional infrastructure and production assets.

We generated net sales of $289.2 million, $298.7 million and $323.7 million and net income of $62.0 million, $76.1 million and $118.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The primary raw material feedstock utilized in our nitrogen fertilizer production process is pet coke, which is produced during the crude oil refining process. In contrast, substantially all of our nitrogen fertilizer competitors use natural gas as their primary raw material feedstock. Historically, pet coke has been less expensive than natural gas on a per ton of fertilizer produced basis. Our facility's pet coke gasification process results in a significantly higher percentage of fixed costs than a natural gas-based fertilizer plant. We currently purchase most of our pet coke from CVR Refining pursuant to a long-term agreement having an initial term that ends in 2027, subject to renewal. During the past five years, over 70% of the pet coke consumed by our plant was produced and supplied by CVR Refining's Coffeyville, Kansas crude oil refinery.

Pending Mergers

On August 9, 2015, CVR Partners entered into an Agreement and Plan of Merger (the "Merger Agreement") with Rentech Nitrogen Partners, L.P. ("Rentech Nitrogen") and Rentech Nitrogen GP, LLC ("Rentech Nitrogen GP"), pursuant to which CVR Partners would acquire Rentech Nitrogen and Rentech Nitrogen GP by merging two newly-created direct wholly-owned subsidiaries of CVR Partners with and into those entities with Rentech Nitrogen and Rentech Nitrogen GP continuing as surviving entities and wholly-owned subsidiaries of CVR Partners (together, the "mergers"). In accordance with accounting principles generally accepted in the United States and in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 805, Business Combinations, the Partnership anticipates accounting for the mergers as an acquisition of a business with CVR Partners as the acquirer. Refer to Note 1 ("Formation of the Partnership, Organization and Nature of Business") of Part II. Item 8 of this Report for further discussion of the mergers.

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Organizational Structure and Related Ownership

The following chart illustrates the organizational structure of the Partnership as of the date of this Report. The newly created merger subsidiaries as described in Note 1 ("Formation of the Partnership, Organization and Nature of Business") of Part II. Item 8 of this Report are not included in the chart.

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Raw Material Supply

The nitrogen fertilizer facility's primary input is pet coke. Pet coke is produced as a byproduct of a refinery's coker unit process. In order to refine heavy or sour crude oil, which are lower in cost and more prevalent than higher quality crude oil, refiners use coker units, which enables refiners to further upgrade heavy crude oil. Our fertilizer plant is located in Coffeyville, Kansas, which is part of the Midwest pet coke market. Our average daily pet coke demand from 2013-2015 was approximately 1,300 tons per day.

During the past five years, over 70% of our pet coke requirements on average were supplied by CVR Refining's adjacent crude oil refinery, pursuant to a renewable long-term agreement. Historically we have obtained the remainder of our pet coke requirements from third parties such as other Midwestern refineries or pet coke brokers at spot-prices. We are party to a pet coke supply agreement with HollyFrontier Corporation. The term of this agreement ends in December 2016. If necessary, the gasification process can be modified to operate on coal as an alternative, which provides an additional raw material source. There are significant supplies of coal within a 60-mile radius of our nitrogen fertilizer plant.

Linde LLC ("Linde") owns, operates, and maintains the air separation plant that provides contract volumes of oxygen, nitrogen, and compressed dry air to our facility for a monthly fee. We provide and pay for all utilities required for operation of the air separation plant. The air separation plant has not experienced any long-term operating problems; however, CVR Energy maintains, for our benefit, contingent business interruption insurance with a $200.0 million limit for any interruption caused by physical damage to the air separation plant that results in a loss of production from an insured peril. The agreement with Linde provides that if our requirements for liquid or gaseous oxygen, liquid or gaseous nitrogen or clean dry air exceed specified instantaneous flow rates by at least 10%, we can solicit bids from Linde and third parties to supply our incremental product needs. We are required to provide notice to Linde of the approximate quantity of excess product that we will need and the approximate date by which we will need it. We 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.

Although we have our own boiler that is used to create start-up steam, we also have the ability to import start-up steam for the nitrogen fertilizer plant from CVR Refining's adjacent crude oil refinery and then export steam back to the crude oil refinery once all of our units are in service. We have entered into a feedstock and shared services agreement with a subsidiary of CVR Refining, which regulates, among other things, the import and export of start-up steam between the adjacent refinery and the nitrogen fertilizer plant. Monthly charges and credits are recorded with the steam valued at the natural gas price for the month.

Production Process

Our nitrogen fertilizer plant was built in 2000 with two separate gasifiers to provide redundancy and reliability. It uses a gasification process, licensed from an affiliate of the General Electric Company ("General Electric"), to convert pet coke to high purity hydrogen for subsequent conversion to ammonia. The nitrogen fertilizer plant is capable of producing approximately 1,300 tons per day of ammonia. Substantially all of the ammonia produced is converted to approximately 3,000 tons per day of UAN. Typically, about 0.41 tons of ammonia are required to produce one ton of UAN.

Pet coke is first ground and blended with water and a fluxant (a mixture of fly ash and sand) to form a slurry that is then pumped into the partial oxidation gasifier. The slurry is then contacted with oxygen from the air separation unit. Partial oxidation reactions take place and the synthesis gas, or syngas, consisting predominantly of hydrogen and carbon monoxide, is formed. The mineral residue from the slurry is a molten slag (a glasslike substance containing the metal impurities originally present in pet coke) and flows along with the syngas into a quench chamber. The syngas and slag are rapidly cooled and the syngas is separated from the slag.

Slag becomes a byproduct of the process. The syngas is scrubbed and saturated with moisture. The syngas next flows through a shift reactor unit where the carbon monoxide in the syngas is reacted with the moisture to form hydrogen and CO_2. The heat from this reaction generates saturated steam. Most of this steam along with other steam produced in the ammonia and UAN plants is used internally. The excess steam not consumed by the process can be sent to the adjacent crude oil refinery.

After additional heat recovery, the high-pressure syngas is cooled and processed in the acid gas removal unit where carbon dioxide and hydrogen sulfide are removed. The syngas is then fed to a pressure swing adsorption ("PSA") unit, where the remaining impurities are extracted. The PSA unit reduces residual carbon monoxide and CO2 levels to trace levels, and the moisture-free, high-purity hydrogen is sent directly to the ammonia synthesis loop.

The hydrogen is reacted with nitrogen from the air separation unit in the ammonia unit to form the ammonia product. A large portion of the ammonia is converted to UAN. In 2015, we produced 928.6 thousand tons of UAN and 385.4 thousand tons

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of ammonia. Approximately 96% of our produced ammonia tons and the majority of the purchased ammonia were upgraded into UAN.

We schedule and provide routine maintenance to our critical equipment using our own maintenance technicians. Pursuant to a technical services agreement with General Electric, which licenses the gasification technology to us, General Electric provides 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 perpetual license agreement that is fully paid. The license grants us perpetual rights to use the pet coke gasification process on specified terms and conditions.

Distribution, Sales and Marketing

The primary geographic markets for our fertilizer products are Kansas, Missouri, Nebraska, Iowa, Illinois, Colorado and Texas. We market the ammonia products to industrial and agricultural customers and the UAN products to agricultural customers.

UAN and ammonia 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. We lease and own a fleet of railcars for use in product delivery. We incur costs to maintain and repair our railcar fleet that include expenses related to regulatory inspections and repairs. For example, many of our railcars require specific regulatory inspections and repairs due on ten-year intervals. The extent and frequency of railcar fleet maintenance and repair costs are generally expected to change based partially on when regulatory inspections and repairs are due for our railcars under the relevant regulations. We operate eight rail loading and two truck loading racks for UAN. We also operate four rail loading and two truck loading racks for ammonia.

We own all of the truck and rail loading equipment at our nitrogen fertilizer facility. We also utilize two separate UAN storage tanks and related truck and railcar load-out facilities. Each of these facilities, located in Phillipsburg and Dartmouth, Kansas, has a UAN storage tank that has a capacity of two million gallons, or approximately 10,000 tons. The Phillipsburg property that the terminal was constructed on is owned by a subsidiary of CVR Refining, which operates the terminal. The Dartmouth terminal is located on leased property owned by the Pawnee County Cooperative Association, which operates the terminal. The purpose of the UAN terminals is to collectively distribute approximately 40,000 tons of UAN fertilizer annually.

We market agricultural products to destinations that produce strong margins. The UAN market is primarily located near the Union Pacific Railroad lines or destinations that can be supplied by truck. The ammonia market is primarily located 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, we reduce our dependence on distributors serving the same customer base, which enables us to capture a larger margin and allows us to better control our product distribution. Most of the agricultural sales are made on a competitive spot basis. We also offer 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. Most of the industrial sales are spot sales.

We often use forward sales of our fertilizer products to optimize our 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 we propose. We use this program to varying degrees during the year and between years depending on market conditions. We have the flexibility to decrease or increase forward sales depending on our view as to whether price environments will be increasing or decreasing. Fixing the selling prices of our products months in advance of their ultimate delivery to customers typically causes our reported selling prices and margins to differ from spot market prices and margins available at the time of shipment. As of December 31, 2015 and 2014, we had sold forward 171.6 thousand and 279.8 thousand tons of UAN at an average netback of $223 and $263 per ton over the next six months, respectively. Cash received as a result of prepayments is recognized as deferred revenue on our Consolidated Balance Sheet upon receipt, and revenue and resultant net income and EBITDA are recorded as the product is delivered.

Customers

We sell UAN products to retailers and distributors. In addition, we sell ammonia to agricultural and industrial customers. Some of our larger customers include Crop Production Services, Inc., Gavilon Fertilizer, LLC, Interchem, J.R. Simplot, Inc., MFA and United Suppliers, Inc. Given the nature of our business, and consistent with industry practice, we do not have long-term minimum purchase contracts with our UAN and ammonia customers.

For the year ended December 31, 2015, the top five UAN customers in the aggregate represented 40% of our fertilizer sales. Our top two fertilizer customers on a consolidated basis accounted for approximately 14% and 10%, respectively, of our net sales. While we do have high concentration of customers, we do not believe that the loss of any single customer would have

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a material adverse effect on our results of operations, financial condition and ability to make cash distributions. Refer to Part I, Item 1A, Risk Factors, Our business depends on significant customers, and the loss of significant customers may have a material adverse effect on our results of operations, financial condition and ability to make cash distributions, of this Report for further discussion.

Competition

We have experienced and expect to continue to meet significant levels of competition from current and potential competitors, many of whom have significantly greater financial and other resources. Refer to Part I, Item 1A, Risk Factors, Nitrogen fertilizer products are global commodities, and we face intense competition from other nitrogen fertilizer producers, of this Report for further discussion.

Competition in our 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. We maintain a large fleet of leased and owned railcars and seasonally adjust inventory to enhance our manufacturing and distribution operations.

Our major competitors include Agrium, Inc.; Koch Nitrogen Company, LLC; Potash Corporation of Saskatchewan, Inc.; CF Industries Holdings, Inc. and Terra Nitrogen Company, LP. Domestic competition is intense due to customers' sophisticated buying tendencies and competitor strategies that focus on cost and service. We also encounter competition from producers of fertilizer products manufactured in foreign countries. In certain cases, foreign producers of fertilizer who export to the United States may be subsidized by their respective governments.

Based on Blue Johnson & Associates, Inc. data regarding total U.S. use of UAN and ammonia, we estimate that our UAN capacity in 2015 represented approximately 7% of total U.S. UAN demand and that the net ammonia produced and marketed at our facility represented less than 1% of total U.S. ammonia demand.

Seasonality

Because we primarily sell agricultural commodity products, our business is exposed to seasonal fluctuations in demand for nitrogen fertilizer products in the agricultural industry. As a result, we typically generate greater net sales in the first half of the 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.

Environmental Matters

Our business is subject to extensive and frequently changing federal, state and local, environmental, health and safety laws and regulations governing the emission and release of hazardous substances into the environment, the treatment and discharge of waste water and the storage, handling, use and transportation of our nitrogen fertilizer products. These laws and regulations, their underlying regulatory requirements and the enforcement thereof impact us by imposing:

- restrictions on operations 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 we market, primarily UAN and ammonia.

Our operations require numerous permits and authorizations. Failure to comply with these permits or environmental laws and regulations 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 and state agencies. The ultimate impact on our business of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that our operations may change over time and certain implementing regulations for laws, such as the federal Clean Air Act, have not yet been finalized, are under governmental or judicial review or are being revised. These laws and regulations could result in increased capital, operating and compliance costs or result in

delays or limits to our operations or growth while attempting to obtain required permits.
The principal environmental risks associated with our business are outlined below.

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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 us through the federal Clean Air Act's permitting requirements and 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 substances. 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 nitrogen fertilizer facility in order to comply. If new controls or changes to operations are needed, the costs could be material. 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 facility 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 operations. Various regulations specific to our operations have been implemented, such as National Emission Standard for Hazardous Air Pollutants, New Source Performance Standards and New Source Review. We have incurred, and expect to continue to have to make substantial capital expenditures to attain or maintain compliance with these and other air emission regulations that have been promulgated or may be promulgated or revised in the future.

Release Reporting

The release of hazardous substances or extremely hazardous substances into the environment is subject to release reporting requirements under federal and state environmental laws. We periodically experience releases of hazardous or extremely hazardous substances from our equipment. Our facility periodically has excess emission events from flaring and other planned and unplanned startup, shutdown and malfunction events. Such releases are reported to the U.S. Environmental Protection Agency (the "EPA") and relevant state and local agencies. From time to time, the EPA has conducted inspections and issued information requests to us with respect to our compliance with release reporting requirements under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and the Emergency Planning and Community Right-to-Know Act. If we fail to properly report a release, or if the release violates the law or our permits, it could cause us to become the subject of a governmental enforcement action or third-party claims. Government enforcement or third-party claims relating to releases of hazardous or extremely hazardous substances could result in significant expenditures and liability.

Greenhouse Gas Emissions

Refer to Part I, Item 1A, Risk Factors, Climate change laws and regulations could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions, of this Report for further discussion of the Greenhouse Gas ("GHG") Emissions regulations.

Environmental Remediation

Under CERCLA, the Resource Conservation and Recovery Act, and related state laws, certain persons may be liable for the release or threatened release of hazardous substances. These persons can include the current owner or operator of property where a release or threatened release occurred, any persons who owned or operated the property when the release occurred, and any persons who disposed of, or arranged for the transportation or disposal of, hazardous substances at a contaminated property. Liability under CERCLA is strict, and, under certain circumstances, joint and several, so that any responsible party may be held liable for the entire cost of investigating and remediating the release of hazardous substances. As is the case with all companies engaged in similar industries, 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 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 our release of hazardous or extremely hazardous substances 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.

Environmental Insurance

We are covered by CVR Energy's site pollution legal liability insurance policy with an aggregate limit of $50.0 million per pollution condition, subject to a self-insured retention of $1.0 million. The policy includes business interruption coverage, subject to a 5-day waiting period deductible. This insurance expires on March 1, 2016 and is expected to be renewed without any material changes in terms. The policy insures any location owned, leased, rented or operated by the Partnership, including our nitrogen fertilizer facility. The policy insures certain pollution conditions at, or migrating from, a covered location, certain waste transportation and disposal activities and business interruption.

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In addition to the site pollution legal liability insurance policy, we benefit from umbrella and excess casualty insurance policies maintained by CVR Energy having an aggregate and occurrence limit of $200.0 million, subject to a self-insured retention of $2.0 million. This insurance provides coverage due to named perils for claims involving pollutants where the discharge is sudden and accidental and first commenced at a specific day and time during the policy period. The casualty insurance policies, including umbrella and excess policies, expire on March 1, 2016 and are expected to be renewed or replaced by insurance policies containing materially equivalent sudden and accidental pollution coverage with no reduction in limits.

The site pollution legal liability policy and the pollution coverage provided in the casualty insurance policies contain discovery requirements, reporting requirements, exclusions, definitions, conditions and limitations that could apply to a particular pollution claim, and there can be no assurance such claim will be adequately insured for all potential damages.

Safety, Health and Security Matters

We are subject to a number of federal and state laws and regulations related to safety, including the Occupational Safety and Health Administration Act ("OSHA"), and comparable state statutes, the purpose of which are to protect the health and safety of workers. We also are subject to OSHA Process Safety Management regulations, which are designed to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable or explosive chemicals.

We operate a comprehensive safety, health and security program, with participation by employees at all levels of the organization. We have developed comprehensive safety programs aimed at preventing OSHA 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.

Process Safety Management.   We maintain a process safety management program ("PSM"). This program is designed to address all aspects of OSHA guidelines for developing and maintaining a comprehensive process safety management program. We will continue to audit our programs and consider improvements in our management systems and equipment.

Risk Management Program.   We maintain an EPA risk management program. This program is similar to PSM but also includes environmental and worst case scenario protections.

Emergency Planning and Response.   We have an emergency response plan that describes the organization, responsibilities and plans for responding to emergencies in our facility. This plan is communicated to local regulatory and community groups. We have on-site warning siren systems and personal radios. We will continue to audit our programs and consider improvements in our management systems and equipment.

Employees

As of December 31, 2015, we had 149 direct employees. As of December 31, 2015, these employees are covered by health insurance, disability and retirement plans established by CVR Energy. None of our employees are unionized, and we believe that our relationship with our employees is good.

We also rely on the services of employees of CVR Energy and its subsidiaries in the operation of our business pursuant to a services agreement. Additionally, the Partnership's general partner manages the Partnership's operations and activities as specified in the partnership agreement and had 5 employees as of December 31, 2015. For more information on these agreements, see Note 14 ("Related Party Transactions") to Part II. Item 8 of this Report.

Available Information

Our website address is www.cvrpartners.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, are available free of charge through our website under "Investor Relations," as soon as reasonably practicable after the electronic filing of these reports is made with the Securities and Exchange Commission (the "SEC"). In addition, our Corporate Governance Guidelines, Codes of Ethics and the Charter of the Audit Committee and the Compensation Committee of the Board of Directors of our general partner are available on our website. These guidelines, policies and charters are also available in print without charge to any unitholder requesting them. We do not intend for information contained in our website to be part of this Report.

Trademarks, Trade Names and Service Marks

This Report may include our and our affiliates' trademarks, including Coffeyville Resources, the Coffeyville Resources logo, the CVR Partners, LP logo, the CVR Refining, LP logo and the CVR Energy, Inc. logo, each of which is registered or for which we are applying for federal registration with the United States Patent and Trademark Office. This Report may also contain trademarks, service marks, copyrights and trade names of other companies.

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Item 1A. Risk Factors

You should carefully consider each of the following risks together with the other information contained in this Report and all of the information set forth in our filings with the SEC. If any of the following risks and uncertainties develop into actual events, our business, financial condition, cash flows or results of operations could be materially adversely affected. In that case, we might not be able to pay distributions on our common units, the trading price of our common units could decline, and you could lose all or part of your investment. Although many of our business risks are comparable to those faced by a corporation engaged in a similar business, limited partner interests are inherently different from the capital stock of a corporation and involve additional risks described below.

Risks Related to Our Business

We may not have sufficient cash available to pay any quarterly distribution on our common units. Furthermore, we are not required to make distributions to holders of our common units on a quarterly basis or otherwise, and may elect to distribute less than all of our available cash.

We may not have sufficient cash available each quarter to enable us to pay any distributions to our common unitholders. Furthermore, our partnership agreement does not require us to pay distributions on a quarterly basis or otherwise. Although our general partner's current policy is to distribute all of our available cash on a quarterly basis. Available cash is defined as Adjusted EBITDA reduced for cash needed for (i) net interest expense (excluding capitalized interest) and debt service and other contractual obligations; (ii) maintenance capital expenditures; and (iii) to the extent applicable, major scheduled turnaround expenses, reserves for future operating or capital needs that the board of directors of the general partner deems necessary or appropriate, and expenses associated with the Rentech Nitrogen mergers, if any. Available cash may be increased by the release of previously established cash reserve, if any, at the discretion of the board of directors of our general partner. The board of directors of our general partner may at any time, for any reason, change this policy or decide not to pay cash distributions on a quarterly basis or other basis. The amount of cash we will be able to distribute on our common units principally depends on the amount of cash we generate from our operations, which is directly dependent upon the operating margins we generate, which have been volatile historically. Our operating margins are significantly affected by the market-driven UAN and ammonia prices we are able to charge our customers and our pet coke-based gasification production costs, as well as seasonality, weather conditions, governmental regulation, unscheduled maintenance or downtime at our facilities and global and domestic demand for nitrogen fertilizer products, among other factors. In addition:

- The amount of distributions we pay, if any, and the decision to make any distribution at all will be determined by the board of directors of our general partner, whose interests may differ from those of our common unitholders. Our general partner has limited fiduciary and contractual duties, which may permit it to favor its own interests or the interests of CVR Energy to the detriment of our common unitholders.
- Our credit facility, which matures in April 2016, and any credit facility or other debt instruments we enter into in the future, may limit the distributions that we can make. Our credit facility provides that we can make distributions to holders of our common units, but only if we are in compliance with our 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 we must satisfy. Any failure to comply with these tests and covenants could result in the lenders prohibiting distributions by us.
- In accordance with the terms of the Merger Agreement, beginning with the distribution for the third quarter of 2015 and until the closing of the mergers, the Partnership may not make or declare distributions in excess of available cash for distribution in respect of any quarter.
- The actual amount of available cash depends on numerous factors, some of which are beyond our control, including UAN and ammonia prices, our operating costs, global and domestic demand for nitrogen fertilizer products, fluctuations in our working capital needs, and the amount of fees and expenses incurred by us.

The amount of our quarterly cash distributions, if any, will vary significantly both quarterly and annually and will be directly dependent on the performance of our business.

We expect our business performance will be more seasonal and volatile, and our cash flows will be less stable, than the business performance and cash flows of most publicly traded partnerships. As a result, our quarterly cash distributions will be volatile and are expected to vary quarterly and annually. Unlike most publicly traded partnerships, we do not have a minimum quarterly distribution or employ structures intended to consistently maintain or increase distributions over time. The amount of our quarterly cash distributions will be directly dependent on the performance of our business, which has been volatile

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historically as a result of volatile nitrogen fertilizer and natural gas prices, and seasonal and global fluctuations in demand for nitrogen fertilizer products. Because our quarterly distributions will be subject to significant fluctuations, future quarterly distributions paid to our unitholders will vary significantly from quarter to quarter and may be zero.
The board of directors of our general partner may modify or revoke our cash distribution policy at any time at its discretion, including in such a manner that would result in an elimination of cash distributions regardless of the amount of available cash we generate. Our partnership agreement does not require us to make any distributions at all.
Our general partner's current policy is to distribute all of the available cash we generate each quarter to unitholders of record on a pro rata basis. However, the board of directors of our general partner may change such policy at any time at its discretion and could elect not to make distributions for one or more quarters regardless of the amount of available cash we generate. Our partnership agreement does not require us to make any distributions at all. Any modification or revocation of our cash distribution policy could substantially reduce or eliminate the amounts of distributions to our unitholders.
The nitrogen fertilizer business is, and nitrogen fertilizer prices are, cyclical and highly volatile and have experienced substantial downturns in the past. Cycles in demand and pricing could potentially expose us to significant fluctuations in our operating and financial results, and expose you to substantial volatility in our quarterly cash distributions and material reductions in the trading price of our common units.
We are 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 financial condition, cash flows and results of operations, which could result in significant volatility or material reductions in the price of our common units or an inability to make quarterly cash distributions on our common units.
Nitrogen fertilizer products are commodities, the price of which can be highly volatile. The price of nitrogen fertilizer products depend on a number of factors, including general economic conditions, cyclical trends in end-user markets, supply and demand imbalances, governmental policies and weather conditions, which have a greater relevance because of the seasonal nature of fertilizer application. If seasonal demand exceeds the projections on which we base production, our customers may acquire nitrogen fertilizer products from our competitors, and our profitability will be negatively impacted. If seasonal demand is less than we expect, we 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. 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. Nitrogen-based fertilizers remain solidly in 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 business, cash flow and ability to make distributions.
Our internally generated cash flows and other sources of liquidity may not be adequate for our capital needs. As a result, we may not be able to pay any cash distributions to our unitholders and the trading price of our common units may be adversely impacted.
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 December 31, 2015, we had cash and cash equivalents of $50.0 million and $25.0 million available under our revolving credit facility.
The costs associated with operating our nitrogen fertilizer plant are largely fixed. If nitrogen fertilizer prices fall below a certain level, we may not generate sufficient revenue to operate profitably or cover our costs and our ability to make distributions will be adversely impacted.

Unlike our competitors, whose primary costs are related to the purchase of natural gas and whose costs are therefore largely variable, we have largely fixed costs. As a result of the fixed cost nature of our operations, 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, which would have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

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Continued low natural gas prices could impact our 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. Low natural gas prices benefit our competitors and disproportionately impact our operations by making us less competitive with natural gas-based nitrogen fertilizer manufacturers. Continued low natural gas prices could impair our ability to compete with other nitrogen fertilizer producers who utilize natural gas as their primary feedstock if nitrogen fertilizer pricing drops as a result of low natural gas prices, and therefore have a material adverse impact on the trading price of our common units.

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 ability to make cash distributions.

Conditions in the U.S. agricultural industry significantly impact our operating results. 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 population changes, demand for U.S. agricultural products and U.S. and foreign policies regarding trade in agricultural products.

The Agricultural Act of 2014 ("the 2014 Farm Bill") ends direct subsidies to agricultural producers for owning farmland, and funds a new crop insurance program in its place. As part of the conservation title of the 2014 farm bill, agricultural producers must meet a minimum standard of environmental protection in order to receive federal crop insurance on sensitive lands. The 2014 Farm Bill also discourages producers from converting native grasslands to farmland by limiting crop insurance subsidies for the first few years for newly converted lands. These changes may have a negative impact on fertilizer sales and on our results of operations, financial condition and ability to make cash distributions.

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. Unfavorable state and federal governmental policies could negatively affect nitrogen fertilizer prices and therefore have a material adverse effect on our results of operations, financial condition ability to make cash distributions.

A major factor underlying the current high level of demand for our nitrogen-based fertilizer products is the 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 ability to make cash distributions.

A major factor underlying the solid level of demand for our nitrogen-based fertilizer products is the production of ethanol in the United States and the use of corn in ethanol production. Ethanol production in the United States is highly dependent upon a myriad of federal statutes and regulations, and is made significantly more competitive by various federal and state incentives and mandated usage of renewable fuels pursuant to the federal renewable fuel standards ("RFS"). To date, the RFS has been satisfied primarily with fuel ethanol blended into gasoline. However, a number of factors, including the continuing "food versus fuel" debate and studies showing that expanded ethanol usage may increase the level of greenhouse gases in the environment as well as be unsuitable for small engine use, have resulted in calls to reduce subsidies for ethanol, allow increased ethanol imports and to repeal or waive (in whole or in part) the current RFS, any of which could have an adverse effect on corn-based ethanol production, planted corn acreage and fertilizer demand. Therefore, ethanol 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.

Recently, the volume of ethanol required by the RFS standards to be blended into transportation fuel has approached the "blend wall". The blend wall is the maximum amount of ethanol that can be blended into the transportation fuel supply because of limitations like the ability of cars to use higher ethanol blended fuels and limitations on blending and distribution infrastructure. The blend wall is generally considered to be reached when more than 10% ethanol by volume ("E10 gasoline") is blended into transportation fuel. On December 14, 2015, the EPA published in the Federal Register a final rule establishing the renewable fuel volume mandates for 2014, 2015, and 2016, and the biomass-based diesel mandate for 2017. The volumes included in EPA's final rule increase each year, but are lower, with the exception of the volumes for biomass-based diesel, than the volumes required by the Clean Air Act. EPA used its waiver authority to lower the volumes, but its decision to do so has been challenged in the U.S. Court of Appeals for the District of Columbia Circuit by corn growers and renewable fuels producers. The renewable fuel volume mandate for 2016 is expected to breach the blend wall, forcing higher ethanol fuel blends, including fuels with 15% or 85% ethanol, or non-ethanol renewable fuel that is not constrained by the blend wall. In addition, in the final rule establishing the renewable volume obligations for 2014-2016 and bio-mass based diesel for 2017, the EPA articulated a policy to incentivize additional investments in renewable fuel blending and distribution infrastructure by increasing the price of RINs. Any substantial decrease in future volume obligations under RFS could have a material adverse effect on ethanol production in the United States, which could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Further, while most ethanol is currently produced from corn and other raw grains, such as milo or sorghum, the current RFS federal mandate requires a portion of the overall RFS federal mandate to come from advanced biofuels, including 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) and biomass-based diesel. In addition, there is a continuing trend to encourage the use of products other than corn and raw grains for ethanol production. If this trend is successful, the demand for corn may decrease significantly, which could reduce demand for our nitrogen fertilizer products and have an adverse effect on our results of operations, financial condition and ability to make cash distributions. This potential impact on the demand for nitrogen fertilizer products; however, could be slightly offset by the potential market for nitrogen fertilizer product usage in connection with the production of cellulosic biofuels.

Nitrogen fertilizer products are global commodities, and we face intense competition from other nitrogen fertilizer producers.

Our business is subject to intense price competition from both U.S. and foreign sources, including competitors operating in the Middle East, 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. Increased global supply may put downward pressure on fertilizer prices. Furthermore, in recent years the price of nitrogen fertilizer in the United States has been substantially driven by pricing in the global fertilizer market. We compete 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. Increased domestic supply may put downward pressure on fertilizer prices. Competitors utilizing different corporate structures may be better able to withstand lower cash flows than we can as a limited partnership. Our competitive position could suffer to the extent we are not able to expand our own resources either through investments in new or existing operations or through acquisitions, joint ventures or partnerships. An inability to compete successfully could result in the loss of customers, which could adversely affect our sales and profitability, and our ability to make cash distributions.

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

Our sales of nitrogen fertilizer products to agricultural customers are concentrated in the Great Plains and Midwest states and are seasonal in nature. For example, we generate greater net sales and operating income in the first half of the year, which we refer to 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 our net sales and margins and otherwise have a material adverse effect on our results of operations, financial condition and ability to make cash distributions. Our quarterly results may vary significantly from one year to the next due largely to weather-related shifts in planting schedules and purchase patterns. In addition, given the seasonal nature of our business, we expect that our distributions will be volatile and will vary quarterly and annually.

Our business is seasonal, which may result in our 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.

Our 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 our products typically occurs during the spring planting season. In contrast, we and other nitrogen fertilizer producers generally produce our products throughout the year. As a result, we and our 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 our sales volumes and net sales being highest during the North American spring season and our working capital requirements typically being highest just prior to the start of the spring season.

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

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The degree of seasonality of our business can change significantly from year to year due to conditions in the agricultural industry and other factors. As a consequence of our seasonality, we expect that our distributions will be volatile and will vary quarterly and annually.

Our operations are dependent on third-party suppliers, including Linde, which owns an air separation plant that provides oxygen, nitrogen and compressed dry air to our facility, and the City of Coffeyville, which supplies us 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 on our ability to make cash distributions.

Our operations 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, our 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 our nitrogen fertilizer plant was disrupted. Additionally, this air separation plant in the past has experienced numerous short-term interruptions, causing interruptions in our gasifier operations. With respect to electricity, in 2010 we entered into an amended and restated electric services agreement with the City of Coffeyville, Kansas which gives us an option to extend the term of such agreement through June 30, 2024. Should Linde, the City of Coffeyville or any of our other third-party suppliers fail to perform in accordance with existing contractual arrangements, our operation could be forced to halt. Alternative sources of supply could be difficult to obtain. Any shutdown of our operations, even for a limited period, could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Our results of operations, financial condition and ability to make cash distributions may be adversely affected by the supply and price levels of pet coke. Failure by CVR Refining to continue to supply us with pet coke (to the extent third-party pet coke is unavailable or available only at higher prices), or CVR Refining's imposition of an obligation to provide it with security for our payment obligations, could negatively impact our results of operations.

Our profitability is directly affected by the price and availability of pet coke obtained from CVR Refining's Coffeyville, Kansas crude oil 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 us in the manufacture of nitrogen fertilizer products. If pet coke costs increase, we may not be able to increase our prices to recover these increased costs, because market prices for our nitrogen fertilizer products are not correlated with pet coke prices.

Based on our current output, we obtain most (over 70% on average during the last five years) of the pet coke we need from CVR Refining's adjacent crude oil refinery, and procure the remainder on the open market. The price that we pay CVR Refining for pet coke is based on the lesser of a pet coke price derived from the price we receive for UAN (subject to a UAN-based price ceiling and floor) and a pet coke index price. In most cases, the price we pay CVR Refining will be lower than the price which we would otherwise pay to third parties. Pet coke prices could significantly increase in the future. Should CVR Refining fail to perform in accordance with our existing agreement, we would need to purchase pet coke from third parties on the open market, which could negatively impact our results of operations to the extent third-party pet coke is unavailable or available only at higher prices.

We may not be able to maintain an adequate supply of pet coke. In addition, we could experience production delays or cost increases if alternative sources of supply prove to be more expensive or difficult to obtain. We currently purchase 100% of the pet coke produced by CVR Refining's Coffeyville refinery. Accordingly, if we increase our production, we will be more dependent on pet coke purchases from third-party suppliers at open market prices. We are party to a pet coke supply agreement with HollyFrontier Corporation. The term of this agreement ends in December 2016. There is no assurance that we would be able to purchase pet coke on comparable terms from third parties or at all.

Under our pet coke agreement with CVR Refining, we may become obligated to provide security for our payment obligations if, in CVR Refining's sole judgment, there is a material adverse change in our financial condition or liquidity position or in our ability to pay for our pet coke purchases. See Part III, Item 13 "Certain Relationships and Related Transactions, and Director Independence — Agreements with CVR Energy and CVR Refining — Coke Supply Agreement" of this Report.

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We rely on third-party providers of transportation services and equipment, which subjects us to risks and uncertainties beyond our control that may have a material adverse effect on our results of operations, financial condition and ability to make distributions.

We rely on railroad and trucking companies to ship finished products to our customers. We also lease railcars from railcar owners in order to ship our 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 our finished products. In addition, new regulations could be implemented affecting the equipment used to ship our finished products.

Any delay in our ability to ship our 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 ability to make cash distributions.

Our facility faces significant risks due to physical damage hazards, environmental liability risk exposure, and unplanned or emergency partial or total plant shutdowns resulting in business interruptions. We could incur potentially significant costs to the extent there are unforeseen events which cause property damage and a material decline in production which are not fully insured. Insurance companies that currently insure companies in our industry may limit or curtail coverage, may modify the coverage provided or may substantially increase premiums in the future.

Our operations, located at a single location, are subject to significant operating hazards and interruptions. If our production plant or individual units within our plant, logistics assets, or key suppliers sustain a catastrophic loss and operations are shut down or significantly impaired, it would have a material adverse impact on our operations, financial condition and cash flows and adversely impact our ability to make cash distributions. Moreover, our facility is located adjacent to CVR Refining's Coffeyville refinery, and a major accident or disaster at the refinery could adversely affect our operations. Operations at our nitrogen fertilizer plant could be curtailed or partially or completely shut down, for an extended period of time as a result of unexpected circumstances, which may not be within our control, such as:

- major unplanned maintenance requirements;
- catastrophic events caused by mechanical breakdown, electrical injury, pressure vessel rupture, explosion, contamination, fire, or natural disasters, including flood, windstorm, etc;
- labor supply shortages, or labor difficulties that result in a work stoppage or slowdown;
- cessation of all or a portion of the operations at our nitrogen fertilizer plant dictated by environmental authorities;
- a disruption in the supply of pet coke to our nitrogen fertilizer plant;
- a governmental ban or other limitation on the use of nitrogen fertilizer products, either generally or specifically those manufactured at our plant; and
- an event or incident involving a large clean-up, decontamination, or the imposition of laws and ordinances regulating the cost and schedule of demolition or reconstruction. Such regulatory oversight can cause significant delays in restoring property to its pre-loss condition.

We have sustained losses over the past ten-year period at our nitrogen fertilizer plant, which are illustrative of the types of risks and hazards that exit. These losses or events resulted in costs assumed by us that were not fully insured due to policy retentions or applicable exclusions. These events were as follows:

- June 2007: the flood at CVR Refining's Coffeyville refinery and nitrogen fertilizer plant; and
- September 2010: the secondary urea reactor rupture at the nitrogen fertilizer plant.

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 plant requires a scheduled maintenance turnaround approximately every two to three years, which generally lasts up to three weeks.

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Currently, we are insured under CVR Energy's casualty, environmental, property and business interruption insurance policies; the property and business interruption coverage has a combined policy limit of $1.25 billion. The property and business interruption insurance policies contain limits and sub-limits which insure our assets as well as CVR Energy's assets. There is a potential for a common occurrence to impact both the fertilizer plant and CVR Refining's Coffeyville refinery, in which case the insurance limitations would apply to all damages combined. Under this insurance program, there is a $2.5 million property damage retention in respect of the nitrogen fertilizer plant. For business interruption losses, the insurance program has a 45-day waiting period retention for any one occurrence. In addition, the insurance policies contain a schedule of the sub-limits which apply to certain specific perils or areas of coverage. Sub-limits which may be of importance depending on the nature and extent of a particular insured occurrence are: flood, earthquake, contingent business interruption insuring key suppliers and customers, debris removal, decontamination, demolition and increased cost of construction due to law and ordinance, and others. Such conditions, limits and sub-limits could materially impact insurance recoveries, and potentially cause us to assume losses which could impair earnings.

The nitrogen fertilizer industry is highly capital intensive, and the entire or partial loss of facilities can result in significant costs to participants, such as us, and their insurance carriers. There are risks associated with the commercial insurance industry, reducing capacity, changing the scope of insurance coverage offered and substantially increasing premiums due to adverse loss experience or other financial circumstances. Factors that impact insurance cost and availability include, but are not limited to: industry wide losses, natural disasters, specific losses incurred by us, and the investment returns earned by the insurance industry. If the supply of commercial insurance is curtailed due to highly adverse financial results, CVR Energy or we may not be able to continue our present limits of insurance coverage or obtain sufficient insurance capacity to adequately insure our risks for property damage or business interruption.

Deliberate, malicious acts, including terrorism, could damage our facilities, disrupt our operations or injure employees, contractors, customers or the public and result in liability to us.

Intentional acts of destruction could hinder our sales or production and disrupt our supply chain. Our facilities could be damaged or destroyed, reducing our operational production capacity and requiring us to repair or replace our facilities at substantial cost. Employees, contractors and the public could suffer substantial physical injury for which we could be liable. Governmental authorities may impose security or other requirements that could make our operations more difficult or costly. The consequences of any such actions could adversely affect our operating results, financial condition and ability to make distributions.

Ammonia can be very volatile and extremely hazardous. Any liability for accidents involving ammonia or other products we produce or transport 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 ability to make cash distributions. In addition, the costs of transporting ammonia could increase significantly in the future.

We manufacture, process, store, handle, distribute and transport 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 our ability to produce or distribute our products could result in a significant decrease in operating revenues and significant additional cost to replace or repair and insure our assets, which could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions. We periodically experience minor releases of ammonia related to leaks from our equipment. Similar events may occur in the future.

In addition, we may incur significant losses or costs relating to the operation of our 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, on board 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, we may be held responsible even if we are not at fault and we complied with the laws and regulations in effect at the time of the accident. Litigation arising from accidents involving ammonia and other products we produce or transport may result in our 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 ability to make cash distributions.

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, our freight costs could significantly increase.

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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 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 ability to make cash distributions.

Our facility operates 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 facility is also required to comply with prescriptive limits and meet performance standards specific to chemical facilities as well as to general manufacturing facilities. All of these permits, licenses, approvals, limits and standards require a significant amount of monitoring, record keeping and reporting in order to demonstrate compliance with the underlying permit, license, approval, limit 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 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.

We could incur significant cost in cleaning up contamination at our fertilizer plant and off-site locations.

Our business is subject to the occurrence of accidental spills, discharges or other releases of hazardous substances into the environment. Past or future spills related to our nitrogen fertilizer plant or transportation of products or hazardous substances from our facility 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 CERCLA for past or future spills without regard to fault or whether our actions were in compliance with the law at the time of the spills. Pursuant to CERCLA and similar state statutes, we could be held liable for contamination associated with the facility we currently own and 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 ability to make cash distributions.

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 facility. 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 facility to adjacent and other nearby properties.

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.

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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 nitrogen fertilizer facility. 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 business, financial condition, results of operations and ability to make cash distributions.

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 our products. In addition, future environmental laws and regulations, or new interpretations of existing laws or regulations, could limit our ability to market and sell our products to end users. From time to time, various state legislatures have proposed bans or other limitations on fertilizer products. The EPA is encouraging states to adopt state-wide numeric water quality criteria for total nitrogen and total phosphorus, which are present in our fertilizer products. A number of states have adopted or proposed numeric nutrient water quality criteria for nitrogen and phosphorus. The adoption of stringent state criteria for nitrogen and phosphorus could reduce the demand for nitrogen fertilizer products in those states. If such laws, rules, regulations or interpretations to significantly curb the end-use or application of fertilizers were promulgated in our marketing area, it could result in decreased demand for our products and have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

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

The EPA has begun to regulate GHG emissions (including carbon dioxide, methane and nitrous oxides) under the authority granted to it under the Clean Air Act.

In October 2009, the EPA finalized a rule requiring certain large emitters of GHGs to inventory and annually report their GHG emissions to the EPA. In accordance with the rule, we began monitoring and reporting our GHG emissions from our nitrogen fertilizer plant. In May 2010, the EPA finalized the "Greenhouse Gas Tailoring Rule," which established new GHG emissions thresholds that determine when stationary sources, such as our nitrogen fertilizer plant, must obtain permits under the New Source Review/Prevention of Significant Deterioration ("PSD") and Title V programs of the federal Clean Air Act. Under the rule, facilities already subject to the PSD and Title V programs that increase their emissions of GHGs by a significant amount are required to undergo PSD review and evaluate and implement air pollution control technology, known as "best available control technology", to reduce GHG emissions. Although the EPA has not yet proposed New Source Performance Standards ("NSPS") to regulate GHG emissions for the nitrogen fertilizer plant, the EPA has promulgated NSPS to regulate GHG for electric utilities. Therefore, it is possible that the EPA will propose standards for our fertilizer plant, but the timing of any such EPA proposal is not known.

During the State of the Union address in each of the last three years, President Obama indicated that the United States should take action to address climate change. At the federal legislative level, this could mean Congressional passage of legislation adopting some form of federal mandatory GHG emission reduction, such as a nationwide cap-and-trade program. 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 GHG initiatives to reduce carbon dioxide and other GHG emissions. In 2007, a group of Midwest states, including Kansas (where our nitrogen fertilizer facility is located), formed the Midwestern Greenhouse Gas Reduction Accord, which calls for the development of a cap-and-trade system to control GHG 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. To date, Kansas has taken no meaningful action to implement the accord, and it is unclear whether Kansas intends to do so in the future.

Alternatively, the EPA may take further steps to regulate GHG emissions. The implementation of EPA regulations and/or the passage of federal or state climate change legislation may result in increased costs to (i) operate and maintain our facility, (ii) install new emission controls on our facility and (iii) administer and manage any GHG emissions program. Increased costs associated with compliance with any future legislation or regulation of GHG emissions, if it occurs, may have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

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

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

The costs of complying with future regulations relating to the transportation, storage and handling of hazardous chemicals and security associated with our nitrogen fertilizer facility may have a material adverse effect on our results of operations, financial condition and ability to make cash distributions. Targets such as chemical manufacturing facilities may be at greater risk of future terrorist attacks than other targets in the United States. The chemical industry has responded to the issues that arose in response to the terrorist attacks on September 11, 2001 by starting new initiatives relating to the security of chemical industry facilities and the transportation of hazardous chemicals in the United States. Future terrorist attacks could lead to even stronger, more costly initiatives that could result in a material adverse effect on our results of operations, financial condition and ability to make cash distributions. The 2013 fertilizer plant explosion in West, Texas has generated consideration of more restrictive measures in the storage, handling and transportation of crop production materials, including fertilizers.

Due to our lack of asset diversification, adverse developments in the nitrogen fertilizer industry could adversely affect our results of operations and our ability to make distributions to our unitholders.

We rely exclusively on the revenues generated from our nitrogen fertilizer business. An adverse development in the nitrogen fertilizer industry would have a significantly greater impact on our operations and cash available for distribution to holders of common units than it would on other companies with a more diverse asset and product base. The largest publicly traded companies with which we compete sell a more varied range of fertilizer products.

Our business depends on significant customers, and the loss of significant customers may have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Our business has a high concentration of customers. In the aggregate, our top five UAN customers represented 40% of our fertilizer sales for the year ended December 31, 2015. Given the nature of our business, and consistent with industry practice, we do not have long-term minimum purchase contracts with our customers. The loss of significant customers, or a significant reduction in purchase volume by customers, could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

There can be no assurance that the transportation costs of our competitors will not decline.

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

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 ability to make cash distributions.

Our facility is 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 OSHA 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 ability to make cash distributions if we are subjected to significant fines or compliance costs.

Instability and volatility in the global capital, credit and commodity markets could negatively impact our business, financial condition, results of operations and ability to make cash distributions.

Our business, results of operations, financial condition and ability to make cash distributions could be negatively impacted by difficult conditions and extreme volatility in the capital, credit and commodities markets and in the global economy. For example:

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- Although we believe we will have sufficient liquidity under our credit facility to run our 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. Furthermore, our credit facility matures in April 2016 and there can be no assurance that we will be able to refinance our $125.0 million of outstanding term loan debt or obtain a new revolving credit facility on similar terms or at all.
- Market volatility could exert downward pressure on the price of our common units, which may make it more difficult for us to raise additional capital and thereby limit our ability to grow.
- Our credit facility contains various covenants that must be complied with, and if we are not in compliance, there can be no assurance that we would be able to successfully amend the agreement in the future. Further, any such amendment may be 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 acquisition and expansion strategy involves significant risks.

One of our business strategies is to pursue acquisitions and expansion projects. 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, tax consequences and risks associated with entry into new markets and lines of business.

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 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 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, we will need to consider whether the business we intend to acquire or expansion project we intend to pursue could affect our tax treatment as a partnership for U.S. federal income tax purposes. If we are otherwise unable to conclude that the activities of the business being acquired or the expansion project would not affect our treatment as a partnership for U.S. federal income tax purposes, we could seek a ruling from the Internal Revenue Service, or IRS. Seeking such a ruling could be costly or, in the case of competitive acquisitions, place us in a competitive disadvantage compared to other potential acquirers who do not seek such a ruling. If we are unable to conclude that an activity would not affect our treatment as a partnership for U.S. federal income tax purposes, we could 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. See "— Tax Risks — Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the IRS were to treat us as a corporation, rather than as a partnership, for U.S. federal income tax purposes or if we were to become subject to additional amounts of entity-level taxation for state tax purposes, then our cash available for distribution to our unitholders would be substantially reduced, likely causing a substantial reduction in the value of our common units."

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

A shortage of skilled labor, together with rising labor costs, could adversely affect our results of operations and cash available for distribution to our unitholders.

Efficient production of nitrogen fertilizer using modern techniques and equipment requires skilled employees. Our nitrogen fertilizer facility relies on gasification technology that requires special expertise to operate efficiently and effectively. To the extent that the services of our key technical personnel become unavailable to us for any reason, we would be required to hire other personnel. We may not be able to locate or employ such qualified personnel on acceptable terms or at all. We face competition for these professionals from our competitors, our customers and other companies operating in our industry. If we are unable to find qualified employees, or if the cost to find qualified employees increases materially, our results of operations and cash available for distribution to our unitholders could be adversely affected.

If licensed technology were no longer available, our business may be adversely affected.

We have licensed, and may in the future license, a combination of patent, trade secret and other intellectual property rights of third parties for use in our business. In particular, the gasification process we use 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 us perpetual rights to use the pet coke gasification process on specified terms and conditions and is integral to the operations of our facility. If this license, or any other license agreements on which our 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 ability to make cash distributions.

We are subject to cybersecurity risks and other cyber incidents resulting in disruption.

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. We depend on information technology systems. In addition, we collect, process and retain sensitive and confidential customer information in the normal course of business. Despite the security measures we have in place and any additional measures we may implement in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, acts of vandalism or other events. Any disruption of our systems or security breach or event resulting in the misappropriation, loss or other unauthorized disclosure of confidential information, whether by us directly or our third-party service providers, could damage our reputation, expose us to the risks of litigation and liability, disrupt our business or otherwise affect our results of operations.

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

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

Our 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 December 31, 2015, we had $125.0 million in outstanding term loan borrowings and borrowing availability of $25.0 million under our revolving credit facility. We and our subsidiary 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 level of indebtedness could have important consequences, such as:

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- limiting our ability to obtain additional financing to fund our working capital needs, capital expenditures, debt service requirements, acquisitions or other purposes;
- requiring us to utilize a significant portion of our cash flows to service our indebtedness, thereby reducing available cash and our ability to make distributions on our common units;
- 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 our 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 ability to make distributions. While we may enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

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 (including restrictions on distributions to our unitholders), the granting of liens, the incurrence of additional indebtedness, dividend restrictions affecting subsidiaries, asset sales, transactions with affiliates and mergers and consolidations. Any failure to comply with these covenants could result in a default under our credit facility. Our credit facility provides that we can make distributions to holders of our common units, but only if we are in compliance with our 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. If we were unable to comply with any such covenant restrictions in any quarter, our ability to make distributions to unitholders would be curtailed. In addition, the termination or non-renewal of, or violation by CVR Energy or CVR Refining and its subsidiary of their respective covenants in, any of the intercompany agreements between us and CVR Energy or CVR Refining and its subsidiary that has a material adverse effect on us would trigger an event of default under our credit facility. Upon a default, unless waived, the lenders under our credit facility would have all remedies available to a secured lender, and could elect to terminate their commitments, cease making further loans, institute foreclosure proceedings against our or our subsidiaries' assets, and force us and our subsidiaries into bankruptcy or liquidation, 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 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

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- our future ability to borrow under our credit facility, the availability of which depends on, among other things, our complying with the covenants in the credit facility.

We cannot offer any assurance that our business will generate sufficient cash flow from operations, or that we will be able to draw under our credit facility or otherwise, in an amount sufficient to fund our liquidity needs. In addition, our general partner's current policy is to distribute all available cash we generate on a quarterly basis, and the board of directors of our general partner may in the future elect to pay a special distribution, engage in unit 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 suspend distributions, reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness or seek bankruptcy protection. 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. Our credit facility 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.

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

We cannot predict how interest rates will react to changing market conditions. Interest rates on our credit facility, future credit facilities and debt securities we may issue in debt offerings could be higher than current levels, causing our financing costs to increase accordingly. Additionally, as with other yield-oriented securities, we expect that our unit price will be impacted by the level of our 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 our common units, and a rising interest rate environment could have a material adverse impact on our unit price and our ability to issue additional equity to make acquisitions or to incur debt and could increase our interest costs.

Our debt agreements contain restrictions that will limit our flexibility in operating our business and our ability to make distributions to our unitholders.

Our credit facility contains, and any instruments governing future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our and our subsidiaries' ability to, among other things:

- incur additional indebtedness or issue certain preferred units;
- pay distributions in respect of our units 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 partnership activities. Any failure to comply with these covenants could result in a default under our credit facility. Upon a default, unless waived, the lenders under our credit facility would have all remedies available to a secured lender, and could elect to terminate their commitments, cease making further loans, institute foreclosure proceedings against our assets, and force us into bankruptcy or liquidation, subject to any applicable intercreditor agreements. In addition, a default under our credit

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facility 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 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 our credit facility contains 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. 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.

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

We are a holding company. All of our operations are conducted and all of our assets are owned by Coffeyville Resources Nitrogen Fertilizers, LLC, or CRNF, our wholly-owned subsidiary. Consequently, our cash flow and our ability to meet our obligations or to make cash distributions in the future will depend upon the cash flow of our subsidiary and the payment of funds by our subsidiary to us in the form of dividends or otherwise. The ability of our subsidiary to make any payments to us will depend on its earnings, the terms of its indebtedness, including the terms of any credit facilities, and legal restrictions. In particular, future credit facilities incurred at our subsidiary may impose significant limitations on the ability of our subsidiary to make distributions to us and consequently our ability to make distributions to our unitholders.

Our relationship with CVR Energy and CVR Refining and their financial condition subjects us to potential risks that are beyond our control.

Due to our relationship with CVR Energy and CVR Refining, adverse developments or announcements concerning CVR Energy or CVR Refining could materially adversely affect our financial condition, even if we have not suffered any similar development. The ratings assigned to CVR Refining's indebtedness are below investment grade. Downgrades of the credit ratings of CVR Refining could increase our cost of capital and collateral requirements, and could impede our access to the capital markets.

The credit and business risk profiles of CVR Energy and CVR Refining may be factors considered in credit evaluations of us. This is because we rely on CVR Energy and CVR Refining for various services, including management services and the supply of pet coke. The credit and risk profile of CVR Energy and CVR Refining could adversely affect our credit ratings and risk profile, which could increase our borrowing costs or hinder our ability to raise capital.

If we were to seek a credit rating in the future, our credit rating may be adversely affected by the leverage of CVR Refining, as credit rating agencies may consider the leverage and credit profile of CVR Energy and its affiliates because of their ownership interest in and joint control of us and the strong operational links between CVR Refining's refining business and us. Any adverse effect on our credit rating would increase our cost of borrowing or hinder our ability to raise financing in the capital markets, which would impair our ability to grow our business and make cash distributions to unitholders.

Risks Related to Previously Announced Proposed Mergers

There are risks, contingencies and other uncertainties relating to the previously announced proposed mergers pursuant to which we will acquire Rentech Nitrogen and Rentech Nitrogen GP.

There are a variety of risks, contingencies and other uncertainties associated with the previously announced proposed mergers pursuant to which we will acquire Rentech Nitrogen and Rentech Nitrogen GP that could result in the failure of the proposed mergers to be completed or, if completed, to have a material adverse effect on our business, financial condition, cash flows or results of operations, including the items described below.

- The mergers are subject to closing conditions, including Rentech Nitrogen common unitholder approval, the sale or spin-off by Rentech Nitrogen of its Pasadena Facility and related business, regulatory approval and certain other closing conditions, some of which may not be satisfied on a timely basis, if at all, which could result in the mergers being delayed or not completed and negatively affect the market price of our common units and our

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future business and financial results. In addition, in order to obtain regulatory approvals, we and Rentech Nitrogen may be required to comply with material restrictions or satisfy material conditions.

- Because the market price of our common units may fluctuate prior to the mergers, there can be no assurances as to the market value of our common units that we will issue as merger consideration. In addition, the market price of our common units may reflect an assumption that the proposed mergers will occur and on a timely basis, and the failure to do so may result in a decline in the market price of our common units. Subsequent sales of our common units received as merger consideration may also result in a decline in the market price of our common units.
- Failure to successfully combine the businesses of Rentech Nitrogen with our businesses in the expected time frame may adversely affect the future results of the combined organization, and, consequently, the value of our common units. We will also incur substantial transaction-related and integration costs in connection with the mergers. In addition, we expect to assume or repay significant indebtedness of Rentech Nitrogen in connection with the mergers, which may include funding a change of control offer (including a change of control premium) for all of Rentech Nitrogen's outstanding 6.500% Second Lien Senior Notes due 2021. Furthermore, we are considering various financing options, but, at present, we do not have available funds to fund the change of control offer. Lastly, the mergers may not be as accretive to our earnings as we expect, either as quickly or at all, and actually may be dilutive to our earnings, particularly if we are not able to realize some or all of the anticipated benefits and cost savings from the mergers.
- We and Rentech Nitrogen are subject to business uncertainties and contractual restrictions while the proposed mergers are pending, which could adversely affect each party's business and operations. For example, we and Rentech Nitrogen may have difficulty retaining executives and other employees in light of the mergers.
- Lawsuits have been filed challenging the mergers, and any injunctive relief or adverse judgment for monetary damages could prevent the mergers from occurring or could have a material adverse effect on us following the mergers.

Certain of the above risks are described in more detail under the heading "Risk Factors" in the prospectus (Registration No. 333-206982), which was filed with the SEC by CVR Partners on January 14, 2016.

Risks Inherent in Our Limited Partnership Structure and Our Common Units

The board of directors of our general partner has in place a policy to distribute an amount equal to the available cash we generate each quarter, which could limit our ability to grow and make acquisitions.

Our general partner's current policy is to distribute an amount equal to the available cash we generate each quarter to our unitholders. As a result, we will rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and expansion capital expenditures. As such, to the extent we are unable to finance growth externally, our cash distribution policy will significantly impair our ability to grow. The board of directors of the general partner may modify or revoke our cash distribution policy at any time at its discretion, including in such a manner that would result in an elimination of cash distributions regardless of the amount of available cash we generate. Our Partnership Agreement does not require us to make any distributions.

In addition, because of our distribution policy, our growth, if any, may not be as robust as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, or as in-kind distributions, current unitholders will experience dilution and the payment of distributions on those additional units will decrease the amount we distribute on each outstanding unit. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the outstanding common units. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, would reduce the available cash that we have to distribute to our unitholders.

We rely primarily on the executive officers of CVR Energy to manage most aspects of our business and affairs pursuant to a services agreement, which CVR Energy can terminate at any time.

Our future performance depends to a significant degree upon the continued contributions of CVR Energy's senior management team. We have entered into a services agreement with our general partner and CVR Energy whereby CVR Energy has agreed to provide us with the services of its senior management team as well as accounting, business operations, legal, finance and other key back-office and mid-office personnel. CVR Energy can terminate this agreement at any time, subject to a

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180-day notice period. The loss or unavailability to us of any member of CVR Energy's senior management team could negatively affect our ability to operate our business and pursue our business strategies. We do not have employment agreements with any of CVR Energy's officers and we do not maintain any key person insurance. In addition, CVR Energy may not continue to provide us the officers that are necessary for the conduct of our business or such provision may not be on terms that are acceptable. If CVR Energy elected to terminate the service agreement on 180 days' notice, we might not be able to find qualified individuals to serve as our executive officers within such 180-day period.

In addition, pursuant to the services agreement we are responsible for a portion of the compensation expense of such executive officers according to the percentage of time such executive officers spend working for us. However, the compensation of such executive officers is set by CVR Energy, and we have no control over the amount paid to such officers. The services agreement does not contain any cap on the amounts we may be required to pay CVR Energy pursuant to this agreement.

Our general partner, an indirect wholly-owned subsidiary of CVR Energy, has fiduciary duties to CVR Energy and its stockholders, and the interests of CVR Energy and its stockholders may differ significantly from, or conflict with, the interests of our public common unitholders.

Our general partner is responsible for managing us. Although our general partner has fiduciary duties to manage us in a manner that is in our best interests, the fiduciary duties are specifically limited by the express terms of our partnership agreement, and the directors and officers of our general partner also have fiduciary duties to manage our general partner in a manner beneficial to CVR Energy and its stockholders. The interests of CVR Energy and its stockholders may differ from, or conflict with, the interests of our public common unitholders. In resolving these conflicts, our general partner may favor its own interests, the interests of Coffeyville Resources, its sole member, or the interests of CVR Energy and holders of CVR Energy's common stock, including its majority stockholder, an affiliate of Icahn Enterprises L.P., over our interests and those of our common unitholders.

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

- Neither our partnership agreement nor any other agreement requires the owners of our general partner, including CVR Energy, to pursue a business strategy that favors us. The affiliates of our general partner, including CVR Energy, have fiduciary duties to make decisions in their own best interests and in the best interest of holders of CVR Energy's common stock, which may be contrary to our interests. In addition, our general partner is allowed to take into account the interests of parties other than us or our unitholders, such as its owners or CVR Energy, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to our unitholders.
- Our general partner has limited its liability and reduced its fiduciary duties under our partnership agreement and has also restricted the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty. As a result of purchasing common units, unitholders consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable state law.
- The board of directors of our general partner determines the amount and timing of asset purchases and sales, capital expenditures, borrowings, repayment of indebtedness and issuances of additional partnership interests, each of which can affect the amount of cash that is available for distribution to our common unitholders.
- Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf. There is no limitation on the amounts our general partner can cause us to pay it or its affiliates.
- Our general partner controls the enforcement of obligations owed to us by it and its affiliates. In addition, our general partner decides whether to retain separate counsel or others to perform services for us.
- Our general partner determines which costs incurred by it and its affiliates are reimbursable by us.
- Most of the executive officers of our general partner also serve as executive officers of CVR Energy, and our executive chairman is the chief executive officer of CVR Energy. The executive officers who work for both CVR Energy and our general partner, including our chief financial officer and general counsel, divide their time between our business and the business of CVR Energy. These executive officers will face conflicts of interest from time to time in making decisions which may benefit either us or CVR Energy.

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Our partnership agreement limits the liability and replaces the fiduciary duties of our general partner and restricts the remedies available to us and our common unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our partnership agreement limits the liability and replaces the fiduciary duties of our general partner, while also restricting the remedies available to our common unitholders for actions that, without these limitations and reductions, might constitute breaches of fiduciary duty. Delaware partnership law permits such contractual reductions of fiduciary duty. By purchasing common units, common unitholders consent to some actions that might otherwise constitute a breach of fiduciary or other duties applicable under state law. Our partnership agreement contains provisions that replace the standards to which our general partner would otherwise be held by state fiduciary duty law. For example:

- Our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to its capacity as general partner. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us or our common unitholders. Decisions made by our general partner in its individual capacity are made by Coffeyville Resources as the sole member of our general partner, and not by the board of directors of our general partner. Examples include the exercise of the general partner's call right, its voting rights with respect to any common units it may own, its registration rights and its determination whether or not to consent to any merger or consolidation or amendment to our partnership agreement.
- Our partnership agreement provides that our general partner will not have any liability to us or our unitholders for decisions made in its capacity as general partner so long as it acted in good faith, meaning it believed that the decisions were in our best interests.
- Our partnership agreement provides that our general partner and the officers and directors of our general partner will not be liable for monetary damages to 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 our general partner or those persons acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that such person's conduct was criminal.
- Our partnership agreement generally provides that affiliate transactions and resolutions of conflicts of interest not approved by the conflicts committee of the board of directors of our general partner and not involving a vote of unitholders must be on terms no less favorable to us than those generally provided to or available from unrelated third parties or be "fair and reasonable." In determining whether a transaction or resolution is "fair and reasonable," our general partner may consider the totality of the relationship between the parties involved, including other transactions that may be particularly advantageous or beneficial to us.

By purchasing a common unit, a unitholder becomes bound by the provisions of our partnership agreement, including the provisions described above.

CVR Energy has the power to appoint and remove our general partner's directors.

CVR Energy has the power to elect all of the members of the board of directors of our general partner. Our general partner has control over all decisions related to our operations. Our public unitholders do not have an ability to influence any operating decisions and will not be able to prevent us from entering into any transactions. Furthermore, the goals and objectives of CVR Energy, as the indirect owner of our general partner, may not be consistent with those of our public unitholders.

Common units are subject to our general partner's call right.

If at any time our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by public unitholders at a price not less than their then-current market price, as calculated pursuant to the terms of our partnership agreement. As a result, each holder of our common units may be required to sell such holder's common units at an undesirable time or price and may not receive any return on investment. A unitholder may also incur a tax liability upon a sale of its common units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the call right. There is no restriction in our partnership agreement that prevents our general partner from issuing additional common units and then exercising its call right. Our general partner may use its own discretion, free of fiduciary duty restrictions, in determining whether to exercise this right.

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Our public unitholders have limited voting rights and are not entitled to elect our general partner or our general partner's directors and do not have sufficient voting power to remove our general partner without CVR Energy's consent.

Unlike the holders of common stock in a corporation, our unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders have no right to elect our general partner or our general partner's board of directors on an annual or other continuing basis. The board of directors of our general partner, including the independent directors, is chosen entirely by CVR Energy as the indirect owner of the general partner and not by our common unitholders. Unlike publicly traded corporations, we do not hold annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders. Furthermore, even if our unitholders are dissatisfied with the performance of our general partner, they have no practical ability to remove our general partner. As a result of these limitations, the price at which the common units will trade could be diminished.

As of the date of this Report, CVR Energy indirectly owns approximately 53% of our common units, which means holders of common units other than CVR Energy will not be able to remove the general partner, under any circumstances, unless CVR Energy sells some of the common units that it owns or we sell additional units to the public, in either case, such that CVR Energy owns less than 33 1/3% of our common units.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units (other than our general partner and its affiliates and permitted transferees).

Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person that owns 20% or more of any class of units then outstanding, other than our general partner, its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our general partner, may not vote on any matter. Our partnership agreement also contains provisions limiting the ability of common unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the ability of our common unitholders to influence the manner or direction of management.

Cost reimbursements due to our general partner and its affiliates will reduce cash available for distribution to our unitholders.

Prior to making any distribution on our outstanding units, we will reimburse our general partner for all expenses it incurs on our behalf including, without limitation, our pro rata portion of management compensation and overhead charged by CVR Energy in accordance with our services agreement. The services agreement does not contain any cap on the amount we may be required to pay pursuant to this agreement. The payment of these amounts, including allocated overhead, to our general partner and its affiliates could adversely affect our ability to make distributions to the holders of our common units.

Unitholders may have liability to repay distributions.

In the event that: (i) we make distributions to our unitholders when our nonrecourse liabilities exceed the sum of (a) the fair market value of our assets not subject to recourse liability and (b) the excess of the fair market value of our assets subject to recourse liability over such liability, or a distribution causes such a result, and (ii) a unitholder knows at the time of the distribution of such circumstances, such unitholder will be liable for a period of three years from the time of the impermissible distribution to repay the distribution under Section 17-607 of the Delaware Act.

Likewise, upon the winding up of the partnership, in the event that (a) we do not distribute assets in the following order: (i) to creditors in satisfaction of their liabilities; (ii) to partners and former partners in satisfaction of liabilities for distributions owed under our partnership agreement; (iii) to partners for the return of their contribution; and finally (iv) to the partners in the proportions in which the partners share in distributions and (b) a unitholder knows at the time of such circumstances, then such unitholder will be liable for a period of three years from the impermissible distribution to repay the distribution under Section 17-807 of the Delaware Act.

Our general partner's interest in us and the control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest in us to a third party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, there is no restriction in our partnership agreement on the ability of CVR Energy to transfer its equity interest in our general partner to a third party. The new equity owner of our general partner would then be in a position to replace the board of directors and the officers of our general partner with its own choices and to influence the decisions taken by the board of directors and officers of our general partner.

If control of our general partner were transferred to an unrelated third party, the new owner of the general partner would have no interest in CVR Energy. We rely substantially on the senior management team of CVR Energy and have entered into a

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number of significant agreements with CVR Energy, including a services agreement pursuant to which CVR Energy provides us with the services of its senior management team. If our general partner were no longer controlled by CVR Energy, CVR Energy could be more likely to terminate the services agreement, which it may do upon 180 days' notice.

Mr. Carl C. Icahn exerts significant influence over the Partnership and his interests may conflict with the interests of the Partnership's public unitholders.

CVR Energy indirectly owns our general partner and approximately 53% of our common units. CVR Energy has the right to appoint and replace all of the members of the board of directors of our general partner at any time.

Mr. Carl C. Icahn indirectly controls approximately 82% of the voting power of CVR Energy's capital stock and, by virtue of such stock ownership in CVR Energy, is able to elect and appoint all of the directors of CVR Energy. This gives Mr. Icahn the ability to control and exert substantial influence over CVR Energy. As a result of such control of CVR Energy, he is able to control the Partnership, including:

- business strategy and policies;
- mergers or other business combinations;
- the acquisition or disposition of assets;
- future issuances of common units or other securities;
- incurrence of debt or obtaining other sources of financing; and
- the Partnership's distribution policy and the payment of distributions on the Partnership's common units.

CVR Energy provides us with the services of its senior management team as well as accounting, business operations, legal, finance and other key back-office and mid-office personnel pursuant to a services agreement which it can terminate at any time subject to a 180-day notice period. We cannot predict whether CVR Energy will terminate the services agreement and, if so, what the economic effect of termination would be. CVR Energy also has the right under our partnership agreement to sell our general partner at any time to a third party, who would be able to replace our entire board of directors. Finally, while CVR Energy currently owns the majority of our common units, its current owners are under no obligation to maintain their ownership interest in us, which could have a material adverse effect on us.

Mr. Icahn's interests may not always be consistent with the Partnership's interests or with the interests of the Partnership's public unitholders. Mr. Icahn and entities controlled by him may also pursue acquisitions or business opportunities in industries in which we compete, and there is no requirement that any additional business opportunities be presented to us. We also have and may in the future enter into transactions to purchase goods or services with affiliates of Mr. Icahn. To the extent that conflicts of interest may arise between the Partnership and Mr. Icahn and his affiliates, those conflicts may be resolved in a manner adverse to the Partnership or its public unitholders.

We may issue additional common units and other equity interests without the approval of our unitholders, which would dilute the existing ownership interests of our unitholders.

Under our partnership agreement, we are authorized to issue an unlimited number of additional interests without a vote of the unitholders. The issuance by us of additional common units or other equity interests of equal or senior rank will have the following effects:

- the proportionate ownership interest of unitholders immediately prior to the issuance will decrease;
- the amount of cash distributions on each 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, our partnership agreement does not prohibit the issuance by our subsidiaries of equity interests, which may effectively rank senior to the common units.

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Units eligible for future sale may cause the price of our common units to decline.

Sales of substantial amounts of our common units in the public market, or the perception that these sales may occur, could cause the market price of our common units to decline. This could also impair our ability to raise additional capital through the sale of our equity interests.

As of February 16, 2016, there were 73,128,269 common units outstanding. Of this amount, (i) approximately 47% of the common units are held by the public and are freely transferable without restriction or further registration under the Securities Act of 1933, or the Securities Act, to the extent held by persons other than "affiliates," as that term is defined in Rule 144 under the Securities Act and (ii) CVR Energy, through Coffeyville Resources, owns approximately 53% of the common units, which may be sold pursuant to an exemption from registration such as Rule 144.

Under our partnership agreement, our general partner and its affiliates (including Coffeyville Resources) have the right to cause us to register their units under the Securities Act and applicable state securities laws. We are also party to an amended and restated registration rights agreement with Coffeyville Resources pursuant to which we may be required to register the sale of the common units it holds.

As a publicly traded partnership we qualify for certain exemptions from the NYSE's corporate governance requirements.

As a publicly traded partnership, we qualify for certain exemptions from the NYSE's corporate governance requirements, including:

- the requirement that a majority of the board of directors of our general partner consist of independent directors;
- the requirement that the board of directors of our general partner have a nominating/corporate governance committee that is composed entirely of independent directors; and
- the requirement that the board of directors of our general partner have a compensation committee that is composed entirely of independent directors.

Our general partner's board of directors has not and does not currently intend to establish a nominating/corporate governance committee. Additionally, we could avail ourselves of the additional exemptions available to publicly traded partnerships listed above at any time in the future. Accordingly, unitholders do not have the same protections afforded to equityholders of companies that are subject to all of the corporate governance requirements of the NYSE.

CVR Energy and its affiliates may compete with us following consummation of the mergers.

We are a party to an omnibus agreement with CVR Energy and CVR GP, LLC ("CVR GP") under which CVR Energy has agreed not to, and will cause its controlled affiliates other than us not to, engage in certain fertilizer businesses competing with our businesses. These non-compete provisions will continue so long as CVR Energy directly or indirectly owns at least 50% of our common units. We expect that CVR Energy will own less than 50% of our common units upon consummation of the mergers. As a result, these non-compete provisions will lapse, and CVR Energy and its affiliates will be permitted to compete with us, including by developing or acquiring additional fertilizer assets both directly and through its controlled affiliates. In keeping with the terms of our partnership agreement, the doctrine of corporate opportunity or any analogous doctrine, does not apply to CVR GP or any of its affiliates, including CVR Energy and its executive officers and directors. Therefore, any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. For example, this could permit CVR Energy to elect to develop new fertilizer assets or acquire third-party fertilizer assets itself or through its controlled affiliates. Any such person or entity will not be liable to us or any of our limited partners for breach of any fiduciary duty or other duty (other than the implied contractual covenant of good faith and fair dealing) by reason of the fact that such person or entity pursues or acquired such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of CVR GP and result in less than favorable treatment of us and our unitholders.

In addition, under the terms of the omnibus agreement, we and CVR Energy have agreed that CVR Energy will have a preferential right to acquire any assets or group of assets that do not constitute assets used in a fertilizer restricted business. In determining whether to exercise any preferential right under the omnibus agreement, CVR Energy will be permitted to act in its sole discretion, without any fiduciary obligation to us or our unitholders whatsoever. These obligations will continue so long as CVR Energy directly or indirectly owns at least 50% of CVR GP.

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Tax Risks

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the IRS were to treat us as a corporation, rather than as a partnership, for U.S. federal income tax purposes or if we were to become subject to material additional amounts of entity-level taxation for state tax purposes, then our cash available for distribution to our unitholders would be substantially reduced, likely causing a substantial reduction in the value of our common units.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes. Despite the fact that we are organized as a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as ours to be treated as a corporation for U.S. federal income tax purposes. Current law requires us to derive at least 90% of our annual gross income from specific activities to continue to be treated as a partnership, rather than as a corporation, for U.S. federal income tax purposes. We may not find it possible to meet this qualifying income requirement, or may inadvertently fail to meet this qualifying income requirement.

Although we do not believe based upon our current operations, that we will be treated as a corporation for U.S. federal income tax purposes, a change in our business or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to entity level taxation. We may in the future enter into new activities or businesses. If our legal counsel were to be unable to opine that gross income from any such activity or business will count toward satisfaction of the 90% gross income, or qualifying income, requirement to be treated as a partnership for U.S. federal income tax purposes, we could seek a ruling, if available, from the IRS that gross income we earn from any such activity or business will be qualifying income. There can be no assurance, however, that the IRS would issue a favorable ruling under such circumstances. If we did not receive a favorable ruling, we could choose to engage in the activity or business through a corporate subsidiary, which would subject the income related to such activity or business to entity-level taxation. Except to the extent that we in the future request a ruling regarding the qualifying nature of our income from a particular activity or business, we do not intend to request a ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes or any other matter affecting us.

If we were treated as a corporation for U.S. federal income tax purposes, or if we were otherwise subject to entity-level taxation, we would pay U.S. federal income tax on all of our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay additional state and local income tax at varying rates. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation for U.S. federal income tax purposes would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. For example, from time to time, members of Congress and the President propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships, including the elimination of the qualifying income exception to the treatment of all publicly traded partnerships as corporations upon which we rely for our treatment as a partnership for U.S. federal income tax purposes.

In addition, the IRS has issued proposed regulations regarding qualifying income under Section 7704(d)(1)(E) of the Code (the "Proposed Regulations"). There are no assurances that any final regulations or future proposed regulations with respect to our business will not include changes that interpret Section 7704(d)(1)(E) in a manner that is contrary to our current interpretation of Section 7704(d)(1)(E) and our rulings, which could modify the amount of our gross income that we are able to treat as qualifying income for the purposes of the qualifying income exception.

Any modification to U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the qualifying income requirement 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 be reintroduced or will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.
Several states currently subject partnerships to entity-level taxation. Specifically, we are subject to the Texas franchise tax and the Illinois replacement tax. Such taxes reduce our cash available for distribution to our unitholders. Other states are

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evaluating proposals to subject partnerships to entity-level taxation through the imposition of income, franchise or other forms of taxation. Imposition of these or similar taxes by any other state in which we do business will further reduce our cash available for distribution to our unitholders and could cause a substantial reduction in the value of our common units. We are unable to predict whether any of these or other proposals will ultimately be enacted.

If the IRS contests the U.S. federal income tax positions we take, the market for our common units may be materially and adversely impacted, and the cost of any IRS contest will reduce our cash available for distribution to our unitholders.

Except to the extent that we, in the future, request a ruling regarding the qualifying nature of our income, we have not and do not intend to request a ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from the positions we take, and the IRS's positions may ultimately be sustained. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders because the costs will reduce our cash available for distribution.

A unitholder's share of our income is taxable for U.S. federal income tax purposes even if the unitholder does not receive any cash distributions from us.

Our unitholders are treated as partners to whom we allocate taxable income that could be different in amount than the cash we distribute. A unitholder's allocable share of our taxable income is taxable to the unitholder, which may require the payment of U.S. federal income taxes and, in some cases, state and local income taxes on the unitholder's share of our taxable income, even if no cash distributions are received from us. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that results from that income.

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for U.S. federal income tax purposes.

We will be considered to have technically terminated as a partnership for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been met, multiple sales of the same common unit will be counted only once. Our sponsor directly and indirectly owns more than 50% of the total interests in our capital and profits. Therefore, a transfer by our sponsor of all or a portion of its interests in us could result in a termination of us as a partnership for U.S. federal income tax purposes. While we would continue our existence as a Delaware limited partnership, our technical termination would, among other things, result in the closing of our taxable year for all unitholders, which would result in us filing two tax returns (and our unitholders could receive two Schedules K-1) for one fiscal year and could result in a significant deferral of depreciation deductions allowable in computing our taxable income. In the case of a unitholder reporting on a taxable year other than a fiscal year ending December 31, the closing of our taxable year may also result in more than one year of our taxable income or loss being includable in the unitholder’s taxable income for the year of termination. Our technical termination currently would not affect our classification as a partnership for U.S. federal income tax purposes, but instead, after our termination we would be treated as a new partnership for U.S. federal income tax purposes. If treated as a new partnership, we must make new tax elections and could be subject to penalties if we are unable to determine that a technical termination occurred. The IRS has announced a relief procedure whereby a publicly traded partnership that has technically terminated may request special relief that, if granted, would permit the partnership to provide only a single Schedule K-1 to unitholders for the tax years in which the termination occurs.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If our unitholders sell common units, they will recognize a gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and their tax basis in those common units. Because distributions in excess of their allocable share of our net taxable income decrease their tax basis in their common units, the amount, if any, of such prior excess distributions with respect to the common units our unitholders sell will, in effect, become taxable income to our unitholders if they sell such common units at a price greater than their tax basis in those common units, even if the price they receive is less than their original cost. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture of items, including depreciation recapture. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if our unitholders sell common units, they may incur a tax liability in excess of the amount of cash they receive from the sale.

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Tax-exempt entities and non-U.S. persons face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investment in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. persons, raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file U.S. federal income tax returns and pay tax on their shares of our taxable income. If you are a tax-exempt entity or a non-U.S. person, you should consult your tax advisor before investing in our common units.

We treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of our common units.

Because we cannot match transferors and transferees of common units, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations promulgated under the Internal Revenue Code, referred to as "Treasury Regulations." A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units and could cause a substantial reduction in the value of our common units or result in audit adjustments to our unitholders' tax returns.

We prorate our items of income, gain, loss and deduction, for U.S. federal income tax purposes, between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations. The U.S. Treasury Department has issued proposed Treasury Regulations that provide a safe harbor pursuant to which publicly traded partnerships may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders. Nonetheless, the proposed regulations do not specifically authorize the use of the proration method we have adopted. If the IRS were to challenge our proration method or new Treasury Regulations were issued requiring a change, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders. Counsel has not rendered an opinion to us with respect to whether our monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations.

A unitholder whose common units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of common units may be considered as having disposed of those common units. If so, the unitholder would no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose common units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of common units) may be considered as having disposed of the loaned common units. In that case, the unitholder may no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the common unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan should modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units.

Our unitholders will likely be subject to state and local taxes and return filing requirements in jurisdictions where they do not live as a result of investing in our common units.

In addition to U.S. federal income taxes, unitholders are likely to be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own or control property now or in the future, even if they do not live in any of those jurisdictions. We currently own assets and/or conduct business in Kansas, Nebraska, Missouri, Texas, Ohio, Illinois, and Wisconsin. Kansas, Nebraska, Missouri, Illinois and Wisconsin currently impose a personal income tax on individuals. Kansas, Nebraska, Missouri, Illinois and Wisconsin also impose an income tax on corporations and other entities. Illinois imposes a replacement tax on corporations and other entities, and Texas imposes a franchise tax on corporations and other entities. Unitholders are likely

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required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements. As we make acquisitions or expand our business, we may own or control assets or conduct business in additional states or foreign jurisdictions that impose a personal income tax. It is the responsibility of each unitholder to file all U.S. federal, state, local and non-U.S. tax returns. Our counsel has not rendered an opinion on the state, local, or non-U.S. tax consequences of an investment in our common units.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own one significant facility, our 60-acre nitrogen fertilizer plant, which is located in Coffeyville, Kansas. Our executive offices are located at 2277 Plaza Drive in Sugar Land, Texas, and our administrative office is located in Kansas City, Kansas. The offices in Sugar Land and Kansas City are leased by a subsidiary of CVR Energy and we pay a pro rata share of the rent on those offices. We believe that our owned facility, together with CVR Energy's leased facilities, will be sufficient for our needs over the next twelve months.

We are party to a cross-easement agreement with CVR Refining so that both we and CVR Refining are able to access and utilize each other's land in certain circumstances in order to operate our respective businesses in a manner to provide flexibility for both parties to develop their respective properties, without depriving either party of the benefits associated with the continuous reasonable use of the other party's property. For more information on this cross-easement agreement, see Part III, Item 13 of this Report "Certain Relationships and Related Transactions and Director Independence — Agreements with CVR Energy and CVR Refining — Real Estate Transactions."

We also utilize two separate UAN storage tanks and related truck and railcar load-out facilities. Each of these storage facilities, located in Phillipsburg and Dartmouth, Kansas, has a UAN storage tank that has a capacity of two million gallons, or approximately 10,000 tons. The Phillipsburg property that the terminal was constructed on is owned by a subsidiary of CVR Refining, which operates the terminal. The Dartmouth terminal is located on leased property owned by the Pawnee County Cooperative Association, which operates the terminal.

Item 3. 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 under "Business — Environmental Matters." We also incorporate by reference into this Part I, Item 3 of this Report, the information regarding the lawsuits and proceedings described and referenced in Note 13, "Commitments and Contingencies" to our Consolidated Financial Statements as set forth in Part II, Item 8 of this Report. In accordance with Generally Accepted Accounting Principles ("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.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II
Item 5. Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities
Market Information
Our common units are listed on the NYSE under the symbol "UAN". The table below sets forth, for the quarter indicated, the high and low sales prices per unit of our common units for our two most recent fiscal years:

2015:	High	Low
First Quarter	$14.65	$9.52
Second Quarter	16.12	12.12
Third Quarter	13.04	9.32
Fourth Quarter	10.76	7.11
2014:	High	Low
First Quarter	$21.91	$16.31
Second Quarter	21.93	17.81
Third Quarter	19.26	13.45
Fourth Quarter	13.99	8.52

There were 21 holders of record of our common units as of February 16, 2016. Because many of our common units are held by brokers and other institutions on behalf of holders, we are unable to estimate the total number of beneficial owners represented by these record holders.
Cash Distribution Policy
The board of directors of the Partnership's general partner has a policy for the Partnership to distribute all available cash generated on a quarterly basis. Cash distributions will be made to the common unitholders of record on the applicable record date, generally within 60 days after the end of each quarter. Available cash for each quarter will be determined by the board of directors of the general partner following the end of such quarter, subject to the limitations discussed below. Beginning with the first quarter of 2013, available cash for each quarter has been calculated as Adjusted EBITDA reduced for cash needed for (i) net cash interest expense (excluding capitalized interest) and debt service and other contractual obligations; (ii) maintenance capital expenditures; and (iii) to the extent applicable, major scheduled turnaround expenses, reserves for future operating or capital needs that the board of directors of the general partner deems necessary or appropriate, and expenses associated with the Rentech Nitrogen mergers, if any. Available cash for distribution may be increased by the release of previously established cash reserves, if any, at the discretion of the board of directors of our general partner. Actual distributions are set by the board of directors of our general partner, subject to the limitations in accordance with the Merger Agreement as discussed below. The board of directors of our general partner may modify our cash distribution policy at any time, and our partnership agreement does not require us to make distributions at all. Adjusted EBITDA is defined as EBITDA (net income before interest expense, net, income tax expense, depreciation and amortization) further adjusted for the impact of non-cash share-based compensation, and, where applicable, major scheduled turnaround expenses, loss on extinguishment of debt, loss on disposition of assets and expenses associated with the Rentech Nitrogen mergers.
Because our policy is to distribute all available cash we generate each quarter, without reserving cash for future distributions or borrowing to pay distributions during periods of low cash flow from operations, our unitholders have direct exposure to fluctuations in the amount of earnings generated by our business. We expect that the amount of our quarterly distributions, if any, will vary based on our earnings during each quarter. Our quarterly cash distributions, if any, will not be stable and will vary from quarter to quarter as a direct result of variations in our operating performance and earnings caused by fluctuations in the price of nitrogen fertilizers, among other factors. See Part I, Item 1 of this report "Business — Distribution, Sales and Marketing." Such variations may be significant. The board of directors of our general partner may change the foregoing distribution policy at any time and from time to time, subject to the limitations discussed below. The partnership agreement does not require us to pay cash distributions on a quarterly or other basis.

Our ability to make distributions is limited by our credit facility. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for a discussion of these limitations. In addition, the Merger Agreement with Rentech Nitrogen and Rentech Nitrogen GP includes customary restrictions on the

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conduct of the Partnership’s business prior to the completion of the mergers. In accordance with the terms of the Merger Agreement, beginning with the distribution for the third quarter of 2015 and until the closing of the mergers, the Partnership may not make or declare distributions in excess of available cash for distribution in respect of any quarter. See Note 1 ("Formation of the Partnership, Organization and Nature of Business") of Part II. Item 8 of this Report for further discussion of the pending mergers.

A summary of cash distributions paid to unitholders during the years ended December 31, 2015 and 2014 and has been included in Note 6 ("Partners’ Capital and Partnership Distributions") of Part II, Item 8 of this Report.

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Performance Graph

The following graph sets forth the cumulative return on our common units between April 8, 2011 and December 31, 2015, as compared to the cumulative return of the Russell 2000 Index and an industry peer group consisting of Agrium, Inc., CF Industries Holdings, Inc., The Mosaic Company, Potash Corporation of Saskatchewan, Inc., Rentech Nitrogen Partners, LP, and Terra Nitrogen Company, LP. The graph assumes an investment of $100 on April 8, 2011 in our common units, the Russell 2000 Index and the industry peer group, and assumes the reinvestment of dividends where applicable. The closing market price for our common units on December 31, 2015 was $8.01. The price performance shown on the graph is not intended to forecast and does not necessarily indicate future price performance.

COMPARISON OF CUMULATIVE TOTAL RETURN
BETWEEN APRIL 8, 2011 AND DECEMBER 31, 2015
among CVR Partners, LP, the Russell 2000 Index and a peer group

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

	Apr '11	Jun '11	Sep '11	Dec '11	Mar '12	Jun '12	Sep '12	Dec '12	Mar '13	Jun '13
CVR Partners, LP	100.00	127.98	136.46	147.18	158.95	149.10	165.53	162.00	149.68	139.22
Russell 2000 Index	100.00	98.40	76.60	88.11	98.74	94.96	99.59	101.01	113.16	116.24
Peer Group	100.00	101.67	86.67	92.91	127.02	123.27	142.65	139.04	131.97	120.94
	Sep '13	Dec '13	Mar '14	Jun '14	Sep '14	Dec '14	Mar '15	Jun '15	Sep '15	Dec '15
CVR Partners, LP	111.36	105.65	127.92	114.96	86.14	62.52	79.03	78.28	60.01	51.41
Russell 2000 Index	127.70	138.38	139.50	141.87	131.01	143.26	148.98	149.12	130.9	135.08
Peer Group	116.20	105.73	111.51	106.62	105.70	98.30	80.30	77.65	63.12	59.69

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Purchases of Equity Securities by the Issuer

The table below sets forth information regarding repurchases of our common units during the fiscal quarter ended December 31, 2015. These represent common units that employees of our general partner elected to surrender to the Partnership to satisfy certain minimum tax withholding upon the vesting of units. The Partnership does not consider this to be a unit buyback program.

Period	Total Number of Units Purchased	Average Price Paid per Unit	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Units that May Yet Be Purchased Under the Plans or Programs
October 1, 2015 to October 31, 2015	—	$—	—	—
November 1, 2015 to November 30, 2015	—	—	—	—
December 1, 2015 to December 31, 2015	2,435	7.86	—	—
Total	2,435	$7.86	—	—

Item 6. Selected Financial Data

This data should be read in conjunction with, and is qualified in its entirety by reference to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included elsewhere in this Report.

The selected consolidated financial information presented below under the captions "Statements of Operations Data" and "Cash Flow Data" for the years ended December 31, 2015, 2014 and 2013 and the selected consolidated financial information presented below under the caption "Balance Sheet Data" as of December 31, 2015 and 2014 has been derived from our audited consolidated financial statements included elsewhere in this Report, which financial statements have been audited by Grant Thornton LLP, our independent registered public accounting firm. The selected consolidated financial information presented below under the captions "Statements of Operations Data" and "Cash Flow Data" for the years ended December 31, 2012 and 2011 and the selected consolidated financial information at December 31, 2013, 2012 and 2011 presented below under the caption "Balance Sheet Data" is derived from our audited consolidated financial statements that are not included in this Report.

The following schedules show our selected financial and operating data for the periods indicated, which are derived from our consolidated financial statements. The statement of operations and cash flow data exclude the fiscal year 2011 results prior to our Initial Public Offering on April 13, 2011.

Our consolidated financial statements include certain costs of CVR Energy that were incurred on our behalf. These costs, which are reflected in selling, general and administrative expenses (exclusive of depreciation and amortization) and direct operating expenses (exclusive of depreciation and amortization), are billed to us pursuant to a services agreement that is a related party transaction. The amounts charged or allocated to us are not necessarily indicative of the costs that we would have incurred had we operated as a stand-alone entity for all periods presented.

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	Year Ended December 31, 2015	2014	2013	2012	2011
	(in millions, except per unit data and as otherwise indicated)				
Statements of Operations Data:					
Net sales	$289.2	$298.7	$323.7	$302.3	$302.9
Cost of product sold – Affiliates (1)	6.7	9.4	10.8	11.5	11.7
Cost of product sold – Third parties (1)	58.5	62.6	47.3	34.6	30.8
	65.2	72.0	58.1	46.1	42.5
Direct operating expenses – Affiliates (1) (2)	4.1	3.0	4.1	2.3	1.2
Direct operating expenses – Third parties (1)	102.0	95.9	90.0	93.3	85.3
	106.1	98.9	94.1	95.6	86.5
Insurance recovery – business interruption	—	—	—	—	(3.4)
Selling, general and administrative expenses – Affiliates (1) (2) (3)	14.0	13.4	16.0	17.2	16.5
Selling, general and administrative expenses – Third parties (1) (3)	6.8	4.3	5.0	6.9	5.7
	20.8	17.7	21.0	24.1	22.2
Depreciation and amortization	28.4	27.3	25.6	20.7	18.9
Operating income	$68.7	$82.8	$124.9	$115.8	$136.2
Interest expense and other financing costs	(7.0)	(6.7)	(6.3)	(3.8)	(4.0)
Interest income	—	—	—	0.2	—
Other income, net	0.3	—	0.1	0.1	0.2
Income before income tax expense (benefit)	$62.0	$76.1	$118.7	$112.3	$132.4
Income tax expense (benefit)	—	—	0.1	0.1	—
Net income	$62.0	$76.1	$118.6	$112.2	$132.4
Available cash for distribution (4)	$81.0	$102.0	$145.2	$132.3	$114.4
Net income per common unit – basic (5)	$0.85	$1.04	$1.62	$1.54	$1.48
Net income per common unit – diluted (5)	$0.85	$1.04	$1.62	$1.53	$1.48
Weighted-average, number of common units outstanding (in thousands):					
Basic	73,123	73,115	73,072	73,039	73,008
Diluted	73,131	73,139	73,228	73,193	73,073

	Year Ended December 31, 2015	2014	2013	2012	2011
	(in millions)				
Reconciliation to net sales:					
Sales net at gate	$248.8	$259.3	$281.5	$273.5	$266.6
Freight in revenue	27.2	27.5	30.2	22.4	22.1
Hydrogen revenue	11.8	10.1	11.4	6.4	14.2
Other	1.4	1.8	0.6	—	—

Total net sales	$289.2	$298.7	$323.7	$302.3	$302.9

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	As of December 31,				
	2015	2014	2013	2012	2011
	(in millions)				
Balance Sheet Data:					
Cash and cash equivalents	$50.0	$79.9	$85.1	$127.8	$237.0
Working capital	72.9	89.9	108.4	116.6	229.4
Total assets	536.5	578.8	593.5	623.0	659.3
Total debt (6)	125.0	125.0	125.0	125.0	125.0
Total partners' capital	385.6	413.9	439.9	446.2	489.5

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in millions)				
Cash Flow Data:					
Net cash flow provided by (used in):					
Operating activities	$78.4	$118.9	$129.0	$133.5	$139.8
Investing activities	(16.9)	(21.0)	(43.7)	(81.1)	(16.4)
Financing activities	(91.4)	(103.1)	(128.0)	(161.5)	70.8
Net increase (decrease) in cash and cash equivalents	$(29.9)	$(5.2)	$(42.7)	$(109.1)	$194.2
Capital expenditures for property, plant and equipment	$17.0	$21.1	$43.8	$82.2	$19.1

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	Year Ended December 31,				
	2015	2014	2013	2012	2011
Key Operating Statistics:					
Production volume (thousand tons):					
Ammonia (gross produced) (7)	385.4	388.9	402.0	390.0	411.2
Ammonia (net available for sale) (7) (8)	37.3	28.3	37.9	124.6	116.8
UAN	928.6	963.7	930.6	643.8	714.1
Pet coke consumed (thousand tons)	469.9	489.7	487.0	487.3	517.3
Pet coke consumed (cost per ton)	$25	$28	$30	$33	$33
Sales (thousand tons):					
Ammonia	32.3	24.4	40.5	127.8	112.8
UAN	939.5	951.0	904.6	643.5	709.3
Product pricing at gate (dollars per ton) (9):					
Ammonia	$521	$518	$643	$613	$579
UAN	$247	$259	$282	$303	$284
On-stream factors (10):					
Gasification	90.2 %	96.8 %	95.6 %	92.6 %	99.0 %
Ammonia	87.5 %	92.6 %	94.4 %	91.1 %	97.7 %
UAN	87.3 %	92.0 %	91.9 %	86.4 %	95.5 %
Market Indicators:					
Natural gas NYMEX (dollars per MMbtu)	$2.63	$4.26	$3.73	$2.83	$4.03
Ammonia – Southern Plains (dollars per ton)	$510	$539	$581	$647	$619
UAN – Corn belt (dollars per ton)	$284	$314	$337	$369	$379

(1) Amounts are shown exclusive of depreciation and amortization. Amounts excluded from selling, general and administrative expenses are nominal. Depreciation and amortization is primarily comprised of the following components:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in millions)				
Depreciation and amortization excluded from direct operating expenses	$27.8	$26.9	$25.3	$20.6	$18.8
Depreciation and amortization excluded from cost of product sold	0.6	0.4	0.3	0.1	0.1
	$28.4	$27.3	$25.6	$20.7	$18.9

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(2) Our direct operating expenses and selling, general and administrative expenses include amounts for share-based compensation which include amounts related to CVR Energy's share-based compensation expense allocated to us by CVR Energy for financial reporting purposes in accordance with Accounting Standards Codification Topic ("ASC") Topic 718, Compensation — Stock Compensation. See Note 3 ("Share Based Compensation") to the consolidated financial statements for further discussion of allocated share-based compensation expenses. The charges for allocated share-based compensation were:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in millions)				
Direct operating expenses	$0.1	$—	$0.1	$0.4	$0.5
Selling, general and administrative expenses	1.0	1.4	2.1	4.2	5.4
Total	$1.1	$1.4	$2.2	$4.6	$5.9

(3) On August 9, 2015, CVR Partners entered into an Agreement and Plan of Merger with Rentech Nitrogen and Rentech Nitrogen GP with Rentech Nitrogen and Rentech Nitrogen GP continuing as surviving entities and wholly-owned subsidiaries of CVR Partners. The Partnership incurred approximately $2.3 million of legal and other professional fees and other merger-related expenses, as discussed in "Business — Pending Mergers" in Part I, Item I of this Report, which are included in selling, general and administrative expenses for the year ended December 31, 2015.

(4) Beginning with the first quarter 2013, the board of directors of our general partner adopted an amended policy to calculate available cash starting with Adjusted EBITDA. Adjusted EBITDA is defined as EBITDA (net income before interest expense, net, income tax expense, depreciation and amortization) further adjusted for the impact of non-cash share-based compensation, and, when applicable, major scheduled turnaround expenses, loss on extinguishment of debt, loss on disposition of assets and expenses associated with the Rentech Nitrogen mergers. For 2015, 2014, and 2013 available cash for distribution equaled our Adjusted EBITDA reduced for cash needed for (i) net cash interest expense (excluding capitalized interest) and debt service and other contractual obligations; (ii) maintenance capital expenditures; and (iii) to the extent applicable, major scheduled turnaround expenses, reserves for future operating or capital needs that the board of directors of the general partner deems necessary or appropriate, and expenses associated with the Rentech Nitrogen mergers, if any.

Available cash for each quarter through the end of 2012 was calculated based on our cash flow from operations for the quarter, less cash needed for maintenance capital expenditures, debt service and other contractual obligations and reserves for future operating or capital needs that the board of directors of our general partner deemed necessary or appropriate; the Partnership also retained cash on hand associated with prepaid sales at each quarter end for future distributions to common unitholders based upon the recognition into income of the prepaid sales. For the year ended December 31, 2011, available cash for distributions was calculated for the period beginning at the closing of our Initial Public Offering (April 13, 2011) through December 31, 2011.

Available cash for distribution may be increased by the release of previously established cash reserves, if any, at the discretion of the board of directors of our general partner. Actual distributions are set by the board of directors of our general partner, subject to the limitations in accordance with the Merger Agreement as discussed below. The board of directors of our general partner may modify our cash distribution policy at any time, and our partnership agreement does not require us to make distributions at all.

The Merger Agreement with Rentech Nitrogen and Rentech Nitrogen GP includes customary restrictions on the conduct of the Partnership's business prior to the completion of the mergers, generally requiring the Partnership to conduct its business in the ordinary course and subjecting the Partnership to a variety of specified limitations. In accordance with the terms of the Merger Agreement, beginning with the distribution for the third quarter of 2015 and until the closing of the mergers, the Partnership may not make or declare distributions in excess of available cash for distribution in respect of any quarter.

Available cash for distribution is not a recognized term under GAAP. Available cash for distribution should not be considered in isolation or as an alternative to net income or operating income, or any other measure of financial performance or operating performance. In addition, available cash for distribution is not presented as, and should not be considered, an alternative to cash flows from operations or as a measure of liquidity. Available cash for distribution as reported by the Partnership may not be comparable to similarly titled measures of other entities, thereby limiting its usefulness as a comparative measure.

(5) We have omitted net income per unit during the period we operated as a partnership through the closing of our Initial Public Offering because during those periods we operated under a different capital structure than what we are operating under following the closing of our Initial Public Offering, and, therefore, the information is not meaningful. Per unit data for the year ending December 31, 2011 is calculated for the period beginning at the closing of our Initial Public Offering (April 13, 2011) through December 31, 2011.

(6) The credit facility matures in April 2016. The Partnership was provided a guaranty by Coffeyville Resources, LLC ("CRLLC"), pursuant to which CRLLC agreed to guaranty the indebtedness outstanding under the Partnership's credit facility until such time that the Partnership obtains third-party financing.

(7) Gross tons produced for ammonia represent the total ammonia produced, including ammonia produced that was upgraded into UAN. As a result of the completion of the UAN expansion project in February 2013, we now upgrade substantially all of the ammonia we produce into UAN. Net tons available for sale represent the ammonia available for sale that was not upgraded into UAN.

(8) In addition to the produced ammonia, the Partnership acquired approximately 29.3 thousand, 33.6 thousand and 17.3 thousand tons of ammonia during the years ended December 31, 2015, 2014 and 2013, respectively. We did not purchase ammonia during the years ended December 31, 2012 and 2011.

(9) Product pricing at gate represents net sales less freight revenue divided by product sales volume in tons, and is shown in order to provide a pricing measure that is comparable across the fertilizer industry.

(10) On-stream factor is the total number of hours operated divided by the total number of hours in the reporting period and is included as a measure of operating efficiency.

Excluding the impact of the full facility turnaround and the Linde air separation unit outages, the on-stream factors for the year ended December 31, 2015 would have been 99.9% for gasification, 97.7% for ammonia and 97.6% for UAN. Excluding the impact of the downtime associated with the installation of the waste heat boiler, the pressure swing adsorption unit upgrade and the Linde air separation unit maintenance, the on-stream factors for the year ended December 31, 2014 would have been 98.2% for gasification, 94.3% for ammonia and 93.7% for UAN. Excluding the impact of the planned downtime associated with the replacement of the damaged catalyst, the unplanned Linde air separation unit outages, the UAN expansion coming online and the unplanned downtime associated with weather issues, the on-stream factors for the year ended December 31, 2013 would have been 99.5% for gasification, 98.9% for ammonia and 98.0% for UAN. Excluding the major scheduled turnaround and the impact of the Linde air separation unit outage, the on-stream factors for the year ended December 31, 2012 would have been 98.1% for gasification, 97.1% for ammonia and 92.8% for UAN. Excluding the impact of the Linde air separation unit outage, the on-stream factors for the year ended December 31, 2011 would have been 99.2% for gasification, 98.0% for ammonia and 95.7% for UAN.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this Report.

Forward-Looking Statements

This Report, including this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains "forward-looking statements" as defined by the SEC, including statements concerning contemplated transactions and strategic plans, expectations and objectives for future operations. Forward-looking statements include, without limitation:

- statements, other than statements of historical fact, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future;
- statements relating to future financial or operational performance, future distributions, future capital sources and capital expenditures; and
- any other statements preceded by, followed by or that include the words "anticipates," "believes," "expects," "plans," "intends," "estimates," "projects," "could," "should," "may" or similar expressions.

Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this Report, including this Management's Discussion and Analysis of Financial Condition and Results of Operations, are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. These statements are based on assumptions made by us based on our experience and perception of historical trends, current conditions, expected future developments and other factors that we believe are appropriate in the circumstances. Such statements are subject to a number of risks and uncertainties, many of which are beyond our control. You are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements as a result of various factors, including but not limited to those set forth under the section captioned "Risk Factors" and contained elsewhere in this Report. Such factors include, among others:

- our ability to make cash distributions on the common units;
- the volatile nature of our business and the variable nature of our distributions;
- the ability of our general partner to modify or revoke our distribution policy at any time;
- the cyclical nature of our business;
- the seasonal nature of our business;
- the dependence of our operations on a few third-party suppliers, including providers of transportation services and equipment;
- our reliance on pet coke that we purchase from CVR Refining;
- the supply and price levels of essential raw materials;
- the risk of a material decline in production at our nitrogen fertilizer plant;
- potential operating hazards from accidents, fire, severe weather, floods or other natural disasters;
- competition in the nitrogen fertilizer businesses;
- capital expenditures and potential liabilities arising from environmental laws and regulations;
- existing and proposed environmental laws and regulations, including those relating to climate change, alternative energy or fuel sources, and on the end-use and application of fertilizers;
- new regulations concerning the transportation of hazardous chemicals, risks of terrorism and the security of chemical manufacturing facilities;
- the risk of security breaches;

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- our lack of asset diversification;
- our dependence on significant customers;
- the potential loss of our transportation cost advantage over our competitors;
- our potential inability to successfully implement our business strategies, including the completion of significant capital programs;
- our reliance on CVR Energy's senior management team and conflicts of interest they face operating each of CVR Partners, CVR Refining and CVR Energy;
- risks relating to our relationships with CVR Energy and CVR Refining;
- control of our general partner by CVR Energy;
- our ability to continue to license the technology used in our operations;
- restrictions in our debt agreements;
- changes in our treatment as a partnership for U.S. federal income or state tax purposes;
- instability and volatility in the capital and credit markets;
- risks, contingencies and uncertainties associated with the announced pending mergers and the timing for the closing of such mergers;
- our ability to complete the successful integration of the announced pending mergers into our business and to realize the synergies from such mergers; and
- CVR Energy and its affiliates may compete with us following consummation of the announced pending mergers.

All forward-looking statements contained in this Report speak only as of the date of this Report. We undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that occur after the date of this Report, or to reflect the occurrence of unanticipated events, except to the extent required by law.

Overview and Executive Summary

We are a Delaware limited partnership formed by CVR Energy to own, operate and grow our nitrogen fertilizer business. Strategically located adjacent to CVR Refining's refinery in Coffeyville, Kansas, our nitrogen fertilizer manufacturing facility is the only operation in North America that utilizes a petroleum coke, or pet coke, gasification process to produce nitrogen fertilizer. Refer to Part 1, Item 1 "Business" of this Report for detailed information on our business.

Pending Mergers

On August 9, 2015, CVR Partners entered into an Agreement and Plan of Merger with Rentech Nitrogen Partners, L.P. ("Rentech Nitrogen") and Rentech Nitrogen GP, LLC ("Rentech Nitrogen GP"), pursuant to which CVR Partners would acquire Rentech Nitrogen and Rentech Nitrogen GP by merging two newly-created direct wholly-owned subsidiaries of CVR Partners with and into those entities with Rentech Nitrogen and Rentech Nitrogen GP continuing as surviving entities and wholly-owned subsidiaries of CVR Partners (together, the “mergers”). In accordance with accounting principles generally accepted in the United States and in accordance with the Financial Accounting Standards Board’s Accounting Standards Codification Topic 805—Business Combinations, the Partnership anticipates accounting for the mergers as an acquisition of a business with CVR Partners as the acquirer. Refer to Note 1 ("Formation of the Partnership, Organization and Nature of Business") of Part II. Item 8 of this Report for further discussion of the mergers.

Major Influences on Results of Operations

Our earnings and cash flows from operations are primarily affected by the relationship between nitrogen fertilizer product prices, on-stream factors and direct operating expenses. Natural gas is the most significant raw material required in our competitors' production of nitrogen fertilizer. Unlike our competitors, we do not use natural gas as a feedstock and use a

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minimal amount of natural gas as an energy source in our operations. Instead, CVR Refining's adjacent refinery supplies us with most of the pet coke feedstock we need pursuant to a 20 year pet coke supply agreement entered into in October 2007. The price at which our products are ultimately sold depends on numerous factors, including the global supply and demand for nitrogen fertilizer products which, in turn, depends on, among other factors, world grain demand and production levels, changes in world population, the cost and availability of fertilizer transportation infrastructure, weather conditions, the availability of imports, and the extent of government intervention in agriculture markets.

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

As a result of a favorable global demand environment for grains, nitrogen fertilizer prices rose to near historic levels beginning in 2011. In addition, North American producers began to benefit from lower natural gas prices due to the significant increase in shale basin and other non-conventional production in the region. The combination of higher nitrogen fertilizer prices globally and a feedstock cost advantage led to high margins for North American nitrogen fertilizer producers. This resulted in numerous announcements for expansion plans for existing plants as well as new facility development in the corn belt and the gulf coast. The majority of the additional supply from this expansion phase in North America is expected to come online in 2016. We expect product pricing may experience volatility as the new supply displaces imports into the gulf coast and corn belt. However, over the longer-term the U.S. is expected to remain a net importer of nitrogen fertilizer with domestic prices influenced by the higher cost of imported tons into the U.S.

Since mid-2013, global nitrogen fertilizer prices have trended down as global grain supply increased and growth in grain demand slowed due to more challenging worldwide economic considerations. During 2015, there were announced transactions for further consolidation in the North American nitrogen fertilizer market, including our definitive merger agreement under which we will acquire all outstanding units of Rentech Nitrogen. Refer to Note 1 ("Formation of the Partnership, Organization and Nature of Business") of Part II. Item 8 of this Report for further discussion of the mergers.

While there is risk of short-term volatility given the inherent nature of the commodity cycle, the longer-term fundamentals for the U.S. nitrogen fertilizer industry remain intact. We view the anticipated combination of (i) increasing global population, (ii) decreasing arable land per capita, (iii) continued evolution to more protein-based diets in developing countries, (iv) sustained use of corn as feedstock for the domestic production of ethanol and (v) positioning at the lower end of the global cost curve will continue to provide a solid foundation for nitrogen fertilizer producers in the U.S.

In order to assess our operating performance, we calculate the product pricing at gate as an input to determine our operating margin. Product pricing at gate represents net sales less freight revenue divided by product sales volume in tons. We believe product pricing at gate is a meaningful measure because we sell products at our plant gate and terminal locations' gates (sold gate) and delivered to the customer's designated delivery site (sold delivered). The relative percentage of sold gate versus sold delivered can change period to period. The product pricing at gate provides a measure that is consistently comparable period to period.

We and other competitors in the U.S. farm belt share a significant transportation cost advantage when compared to our out-of-region competitors in serving the U.S. farm belt agricultural market; therefore we are able to cost-effectively sell substantially all of our products in the higher margin agricultural market. Further, we believe that a significant portion of our competitors' revenues are derived from the lower margin industrial market. Our products leave the plant either in railcars for destinations located principally on the Union Pacific Railroad or in trucks for direct shipment to customers. We do not currently incur significant intermediate transfer, storage, barge freight or pipeline freight charges; however, we do incur costs to maintain and repair our railcar fleet. Selling products to customers within economic rail transportation limits of the nitrogen fertilizer plant and keeping transportation costs low are keys to maintaining profitability.

As a result of the UAN expansion project completed in 2013, we will continue to upgrade substantially all of our ammonia production into UAN for as long as it makes economic sense to do so. The value of nitrogen fertilizer products is also an important consideration in understanding our results. For the years ended December 31, 2015 and 2014, we upgraded approximately 96% and 97%, respectively, of our ammonia production into UAN, a product that presently generates greater profit than ammonia.

The high fixed cost of our direct operating expense structure also directly affects our profitability. Our facility's pet coke gasification process results in a significantly higher percentage of fixed costs than a natural gas-based fertilizer plant. Major fixed operating expenses include a large portion of electrical energy, employee labor, maintenance, including contract labor, and outside services. We estimate these fixed costs averaged approximately 80% of direct operating expenses over the 24 months ended December 31, 2015.

Our largest raw material expense used in the production of ammonia is pet coke, which we purchase from CVR Refining and third parties. For the years ended December 31, 2015, 2014 and 2013, we incurred approximately $11.9 million, $13.6 million and $14.6 million, respectively, for pet coke, which equaled an average cost per ton of $25, $28 and $30, respectively.

Consistent, safe, and reliable operations at our nitrogen fertilizer plant are critical to our financial performance and results of operations. Unplanned downtime of the plant may result in lost margin opportunity, increased maintenance expense and a temporary increase in working capital investment and related inventory position. The financial impact of planned downtime, such as major turnaround maintenance, is mitigated through a diligent planning process that takes into account margin environment, the availability of resources to perform the needed maintenance, feedstock logistics and other factors. Historically, the nitrogen fertilizer plant has undergone a full facility turnaround approximately every two to three years. Turnarounds are expected to last 14-21 days. A less involved facility shutdown was performed during the second quarter of 2014 and included both the installation of a waste heat boiler and the completion of several key tasks in order to upgrade the pressure swing adsorption unit. The Partnership underwent a full facility turnaround in the third quarter of 2015, and the gasification, ammonia and UAN units were down for between 17 to 20 days each at a cost, exclusive of the impacts due to the lost production during the downtime, of approximately $7.0 million for the year ended December 31, 2015. The Partnership is planning to undergo the next scheduled full facility turnaround in the second half of 2017.

Agreements with CVR Energy and CVR Refining

We are party to several agreements with CVR Energy and its affiliates that govern the business relations among us, CVR Energy and its subsidiaries (including CVR Refining, and our general partner). These include the pet coke supply agreement under which we buy the pet coke we use in our nitrogen fertilizer plant; a services agreement, under which CVR Energy and its affiliates provide us with management services including the services of its senior management team; a feedstock and shared services agreement, which governs the provision of feedstocks, including, but not limited to, hydrogen, high-pressure steam, nitrogen, instrument air, oxygen and natural gas; a raw water and facilities sharing agreement, which allocates raw water resources between the two businesses; an easement agreement; an environmental agreement; and a lease agreement pursuant to which we lease office space and laboratory space. These agreements were not the result of arm's length negotiations and the terms of these agreements are not necessarily as favorable to the parties to these agreements as terms which could have been obtained from unaffiliated third parties. See Note 14 ("Related Party Transactions") to Part II, Item 8 of this Report for additional discussion of the agreements.

Factors Affecting Comparability

Our historical results of operations for the periods presented may not be comparable with prior periods or to our results of operations in the future for the reasons discussed below.

2015 Turnaround

During the third quarter of 2015, the nitrogen fertilizer facility completed a major scheduled turnaround and the gasification, ammonia and UAN units were down for between 17 to 20 days each. Overall results were negatively impacted due to the lost production during the downtime that resulted in reduced sales and certain reduced variable expenses included in cost of product sold (exclusive of depreciation and amortization) and direct operating expenses (exclusive of depreciation and amortization). Costs of approximately $7.0 million associated with the 2015 turnaround are included in direct operating expenses (exclusive of depreciation and amortization) in the Consolidated Statements of Operations for the year ended December 31, 2015.

Linde Air Separation Unit Related Downtime

Linde owns, operates, and maintains the air separation plant that provides contract volumes of oxygen, nitrogen, and compressed dry air to our facility. During the third quarter of 2015, the Linde air separation unit experienced downtime, in excess of the downtime associated with the major scheduled turnaround discussed above, that resulted in the gasification, ammonia and UAN units being down for between 16 to 19 days each. Overall results were negatively impacted due to the lost production during the downtime that resulted in reduced sales and certain reduced variable expenses included in cost of product sold (exclusive of depreciation and amortization) and direct operating expenses (exclusive of depreciation and amortization) for the year ended December 31, 2015.

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Industry Factors

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, from 1973 to 2013, global fertilizer demand grew 1.9% 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 Agricultural Organization of the United Nations. Currently, the developed world uses fertilizer more intensively than the developing world, but sustained economic growth in emerging markets is increasing food demand and fertilizer use. As an example, China's wheat and coarse grains production increased 51% between 2005 and 2015, but still failed to keep pace with increases in demand, prompting China to grow its imports by more than 200% over the same period, according to the United States Department of Agriculture ("USDA").

World grain demand increased 9% from 2012 to 2015, according to the USDA, leading to a tighter grain supply environment and significant increases in grain prices that is supportive of fertilizer prices.

Nitrogen fertilizer prices have decoupled from their historical correlation with natural gas prices and are now driven primarily by demand dynamics. At existing grain prices and prices implied by futures markets, farmers are expected to generate profits leading to relatively inelastic demand for fertilizers.

The United States is the world's largest exporter of coarse grains, accounting for 33% of world exports and 29% of world production during the 2014 - 2015 marketing year, according to the USDA. Fertecon estimates the United States is the world's third largest consumer of nitrogen fertilizer and historically the world's first or second largest importer of nitrogen fertilizer, importing approximately 42% of its nitrogen fertilizer needs during the 2014 - 2015 marketing year. North American producers have a significant and sustainable cost advantage over the majority of producers that export to the U.S. market.

The three primary forms of nitrogen fertilizer used in the U.S. are ammonia, urea and UAN. Unlike ammonia and urea, UAN can be applied throughout the growing season and can be applied in tandem with pesticides and herbicides, providing farmers with flexibility and cost savings. As a result of these factors, UAN typically commands a premium price to urea and ammonia, on a nitrogen equivalent basis.

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Results of Operations

The period to period comparisons of our results of operations have been prepared using the historical periods included in our consolidated financial statements. In order to effectively review and assess our historical financial information below, we have also included supplemental operating measures and industry measures that we believe are material to understanding our business.

To supplement our actual results calculated in accordance with GAAP for the applicable periods, the Partnership also uses certain non-GAAP financial measures, which are reconciled to our GAAP based results below. These non-GAAP financial measures should not be considered as an alternative to GAAP results.

The following tables summarize the financial data and key operating statistics for CVR Partners and our subsidiaries for fiscal years ended December 31, 2015, 2014 and 2013. The following data should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Report.

	Year Ended December 31,		
Consolidated Statements of Operations Data:	2015	2014	2013
	(in millions)		
Net sales	$289.2	$298.7	$323.7
Cost of product sold – Affiliates (1)	6.7	9.4	10.8
Cost of product sold – Third parties (1)	58.5	62.6	47.3
	65.2	72.0	58.1
Direct operating expenses – Affiliates (1) (2)	4.1	3.0	4.1
Direct operating expenses – Third parties (1) (3)	95.0	95.9	90.0
Major scheduled turnaround expenses	7.0	—	—
	106.1	98.9	94.1
Selling, general and administrative expenses – Affiliates (1) (2) (4)	14.0	13.4	16.0
Selling, general and administrative expenses – Third parties (1) (4)	6.8	4.3	5.0
	20.8	17.7	21.0
Depreciation and amortization	28.4	27.3	25.6
Operating income	$68.7	$82.8	$124.9
Interest expense and other financing costs	(7.0)	(6.7)	(6.3)
Other income (expense), net	0.3	—	0.1
Total other income (expense)	(6.7)	(6.7)	(6.2)
Income before income tax expense (benefit)	62.0	76.1	118.7
Income tax expense (benefit)	—	—	0.1
Net income	$62.0	$76.1	$118.6
EBITDA (5)	$97.4	$110.1	$150.6
Adjusted EBITDA (5)	$106.8	$110.3	$152.8
Available cash for distribution (6)	$81.0	$102.0	$145.2
Reconciliation to net sales:			
Sales net at gate	$248.8	$259.3	$281.5
Freight in revenue	27.2	27.5	30.2
Hydrogen revenue	11.8	10.1	11.4
Other	1.4	1.8	0.6
Total net sales	$289.2	$298.7	$323.7

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(1) Amounts are shown exclusive of depreciation and amortization. Amounts excluded from selling, general and administrative expenses are nominal. Depreciation and amortization is primarily comprised of the following components:

	Year Ended December 31,		
	2015	2014	2013
	(in millions)		
Depreciation and amortization excluded from direct operating expenses	$27.8	$26.9	$25.3
Depreciation and amortization excluded from cost of product sold	0.6	0.4	0.3
	$28.4	$27.3	$25.6

(2) Our direct operating expenses and selling, general and administrative expenses include amounts for share-based compensation, which include amounts related to CVR Energy's share-based compensation expense allocated to us by CVR Energy for financial reporting purposes. See Note 3 ("Share Based Compensation") to Part II, Item 8 of this Report for further discussion of allocated share-based compensation expenses. The charges for allocated share-based compensation were:

	Year Ended December 31,		
	2015	2014	2013
	(in millions)		
Direct operating expenses	$0.1	$—	$0.1
Selling, general and administrative expenses	1.0	1.4	2.1
Total	$1.1	$1.4	$2.2

(3) Amounts are shown exclusive of major scheduled turnaround expenses that are separately disclosed.

(4) On August 9, 2015, CVR Partners entered into an Agreement and Plan of Merger with Rentech Nitrogen and Rentech Nitrogen GP with Rentech Nitrogen and Rentech Nitrogen GP continuing as surviving entities and wholly-owned subsidiaries of CVR Partners. The Partnership incurred approximately $2.3 million of legal and other professional fees and other merger-related expenses, as discussed above in "Pending Mergers", which are included in selling, general and administrative expenses for the year ended December 31, 2015.

(5) EBITDA is defined as net income before (i) interest (income) expense, (ii) income tax expense and (iii) depreciation and amortization expense.

Adjusted EBITDA is defined as EBITDA further adjusted for the impact of non-cash share-based compensation, and, when applicable, major scheduled turnaround expense, loss on extinguishment of debt, loss on disposition of assets and expenses associated with the pending Rentech Nitrogen mergers.

We present EBITDA because we believe it allows users of our financial statements, such as investors and analysts, to assess our financial performance without regard to financing methods, capital structure or historical cost basis. We present Adjusted EBITDA because we have found it helpful to consider an operating measure that excludes expenses, such as major scheduled turnaround expenses, loss on extinguishment of debt, loss on disposition of assets and expenses associated with the pending Rentech Nitrogen mergers, relating to transactions not reflective of our core operations. When applicable, each of these expenses is discussed herein, so that investors have complete information about expenses. In addition, we believe that it is useful to exclude from Adjusted EBITDA non-cash share-based compensation, although it is a recurring cost incurred in the ordinary course of business. In our view, non-cash share-based compensation, which also is presented in our financial statements and discussed herein, reflects a non-cash cost which may obscure, for a given period, trends in the underlying business, due to the timing and nature of the equity awards. We also present Adjusted EBITDA because it is the starting point used by the board of directors of our general partner when calculating our available cash for distribution.

EBITDA and Adjusted EBITDA are not recognized terms under GAAP and should not be substituted for net income or cash flows from operations. Management believes that EBITDA and Adjusted EBITDA enable investors and analysts to better understand our ability to make distributions to common unitholders, help investors

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and analysts evaluate our ongoing operating results and allow for greater transparency in reviewing our overall financial, operational and economic performance by allowing investors to evaluate the same information used by management. EBITDA and Adjusted EBITDA presented by other companies may not be comparable to our presentation, since each company may define these terms differently.

A reconciliation of our Net Income to EBITDA and Adjusted EBITDA is as follows:

	Three Months Ended December 31,	Year Ended December 31,		
	2015	2015	2014	2013
	(in millions)			
Net income	$18.7	$62.0	$76.1	$118.6
Add:				
Interest expense and other financing costs, net	1.8	7.0	6.7	6.3
Income tax expense (benefit)	—	—	—	0.1
Depreciation and amortization	7.2	28.4	27.3	25.6
EBITDA	$27.7	$97.4	$110.1	$150.6
Add:				
Major scheduled turnaround expenses	—	7.0	—	—
Share-based compensation, non-cash	—	0.1	0.2	2.2
Expenses associated with the Rentech Nitrogen mergers	0.8	2.3	—	—
Adjusted EBITDA	$28.5	$106.8	$110.3	$152.8

(6) The board of directors of our general partner has a policy to calculate available cash for distribution starting with Adjusted EBITDA. For the twelve months ended 2015, 2014 and 2013, available cash for distribution equaled our Adjusted EBITDA reduced for cash needed for (i) net cash interest expense (excluding capitalized interest) and debt service and other contractual obligations; (ii) maintenance capital expenditures; and (iii) to the extent applicable, major scheduled turnaround expenses, reserves for future operating or capital needs that the board of directors of the general partner deems necessary or appropriate, and transaction expenses associated with the Rentech Nitrogen mergers, if any. Available cash for distribution may be increased by the release of previously established cash reserves, if any, at the discretion of the board of directors of our general partner. Actual distributions are set by the board of directors of our general partner, subject to the limitations in accordance with the Merger Agreement as discussed below. The board of directors of our general partner may modify our cash distribution policy at any time, and our partnership agreement does not require us to make distributions at all.

The Merger Agreement with Rentech Nitrogen and Rentech Nitrogen GP includes customary restrictions on the conduct of the Partnership's business prior to the completion of the mergers, generally requiring the Partnership to conduct its business in the ordinary course and subjecting the Partnership to a variety of specified limitations. In accordance with the terms of the Merger Agreement, beginning with the distribution for the third quarter of 2015 and until the closing of the mergers, the Partnership may not make or declare distributions in excess of available cash for distribution in respect of any quarter.

Available cash for distribution is not a recognized term under GAAP. Available cash for distribution should not be considered in isolation or as an alternative to net income or operating income, or any other measure of financial performance or operating performance. In addition, available cash for distribution is not presented as, and should not be considered, an alternative to cash flows from operations or as a measure of liquidity. Available cash for distribution as reported by the Partnership may not be comparable to similarly titled measures of other entities, thereby limiting its usefulness as a comparative measure.

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A reconciliation of the available cash for distribution for the three months ended December 31, 2015 and the years ended December 31, 2015, 2014, and 2013 is as follows:

	Three Months Ended December 31, 2015	Year Ended December 31, 2015	2014	2013
	(in millions, except units and per unit data)			
Reconciliation of Adjusted EBITDA to Available cash for distribution:				
Adjusted EBITDA	$28.5	$106.8	$110.3	$152.8
Adjustments:				
Less:				
Net cash interest expense (excluding capitalized interest) and debt service	(1.5)	(6.0)	(5.8)	(5.4)
Maintenance capital expenditures	(2.3)	(9.6)	(4.7)	(3.5)
Major scheduled turnaround expenses	—	(7.0)	—	—
Cash reserves for future turnaround expenses	(0.9)	(7.9)	—	—
Cash reserves for future operating needs	—	—	—	(2.2)
Operating cash replenishment	(3.0)	—	—	—
Expenses associated with the Rentech Nitrogen mergers	(0.8)	(2.3)	—	—
Plus:				
Release of cash reserves established for turnaround expenses	—	7.0	—	—
Release of previously established cash reserves	—	—	2.2	2.5
Other non-cash adjustments	—	—	—	1.0
Available cash for distribution	$20.0	$81.0	$102.0	$145.2
Available cash for distribution, per common unit	$0.27	$1.11	$1.39	$1.98
Common units outstanding (in thousands)	73,128	73,128	73,123	73,113

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The following tables show selected information about key operating statistics and market indicators for our business:

	Year Ended December 31,		
Key Operating Statistics:	2015	2014	2013
Production volume (thousand tons):			
Ammonia (gross produced) (1)	385.4	388.9	402.0
Ammonia (net available for sale) (1) (2)	37.3	28.3	37.9
UAN	928.6	963.7	930.6
Pet coke consumed (thousand tons)	469.9	489.7	487.0
Pet coke consumed (cost per ton) (3)	$25	$28	$30
Sales (thousand tons):			
Ammonia	32.3	24.4	40.5
UAN	939.5	951.0	904.6
Product pricing at gate (dollars per ton) (4):			
Ammonia	$521	$518	$643
UAN	$247	$259	$282
On-stream factors (5):			
Gasification	90.2 %	96.8 %	95.6 %
Ammonia	87.5 %	92.6 %	94.4 %
UAN	87.3 %	92.0 %	91.9 %

	Year Ended December 31,		
Market Indicators:	2015	2014	2013
Natural gas NYMEX (dollars per MMbtu)	$2.63	$4.26	$3.73
Ammonia – Southern Plains (dollars per ton)	$510	$539	$581
UAN – Corn belt (dollars per ton)	$284	$314	$337

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(1) Gross tons produced for ammonia represent the total ammonia produced, including ammonia produced that was upgraded into UAN. Net tons available for sale represent the ammonia available for sale that was not upgraded into UAN.

(2) In addition to the produced ammonia, the Partnership acquired approximately 29.3 thousand, 33.6 thousand and 17.3 thousand tons of ammonia during the years ended December 31, 2015, 2014 and 2013, respectively.

(3) Our pet coke cost per ton purchased from CVR Refining averaged $19, $24 and $27 for the years ended December 31, 2015, 2014 and 2013, respectively. Third-party pet coke prices averaged $40, $41 and $40 for the years ended December 31, 2015, 2014 and 2013, respectively.

(4) Product pricing at gate represents net sales less freight revenue divided by product sales volume in tons, and is shown in order to provide a pricing measure that is comparable across the fertilizer industry.

(5) On-stream factor is the total number of hours operated divided by the total number of hours in the reporting period and is included as a measure of operating efficiency.

Excluding the impact of the full facility turnaround and the Linde air separation unit outages, the on-stream factors for the year ended December 31, 2015 would have been 99.9% for gasification, 97.7% for ammonia and 97.6% for UAN. Excluding the impact of the downtime associated with the installation of the waste heat boiler, the pressure swing adsorption unit upgrade and the Linde air separation unit maintenance, the on-stream factors for the year ended December 31, 2014 would have been 98.2% for gasification, 94.3% for ammonia and 93.7% for UAN. Excluding the impact of the planned downtime associated with the replacement of the damaged catalyst, the unplanned Linde air separation unit outages, the UAN expansion coming online and the unplanned downtime associated with weather issues, the on-stream factors for the year ended December 31, 2013 would have been 99.5% for gasification, 98.9% for ammonia and 98.0% for UAN.

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Year Ended December 31, 2015 compared to the Year Ended December 31, 2014

Net Sales. Net sales were $289.2 million for the year ended December 31, 2015, compared to $298.7 million for the year ended December 31, 2014. The net sales decrease of $9.5 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014 was primarily the result of lower UAN sales prices ($11.6 million), lower UAN sales volumes ($3.3 million), and lower hydrogen sales prices ($0.3 million), partially offset by higher ammonia sales volumes ($4.2 million) and higher hydrogen sales volumes ($2.0 million). For the year ended December 31, 2015, UAN, ammonia and hydrogen made up $258.8 million, $17.2 million, and $11.8 million of our net sales, respectively. This compared to UAN, ammonia and hydrogen net sales of $273.7 million, $13.1 million and $10.1 million, respectively, for the year ended December 31, 2014. The following table demonstrates the impact of changes in sales volumes and sales price for UAN, ammonia and hydrogen for the year ended December 31, 2015 compared to the year ended December 31, 2014.

	Year Ended December 31, 2015			Year Ended December 31, 2014			Total Variance			
	Volume(1)	$ per ton(2)	Sales $(3)	Volume(1)	$ per ton(2)	Sales $(3)	Volume(1)	Sales $(3)	Price Variance	Volume Variance
									(in millions)	
UAN	939,547	$275	$258.8	951,043	$288	$273.7	(11,496)	$(14.9)	$(11.6)	$(3.3)
Ammonia	32,326	$533	$17.2	24,378	$536	$13.1	7,948	$4.1	$(0.1)	$4.2
Hydrogen	1,196,320	$10	$11.8	996,516	$10	$10.1	199,804	$1.7	$(0.3)	$2.0

(1) UAN and ammonia sales volumes are in tons. Hydrogen sales volumes are in MSCF.
(2) Includes freight charges. Hydrogen is reflected as $ per MSCF.
(3) Sales dollars in millions.

For the year ended December 31, 2015 compared to the year ended December 31, 2014, our nitrogen fertilizer operations experienced a decrease of 1.2% in UAN sales unit volumes and an increase of 32.6% in ammonia sales unit volumes. The decrease in UAN sales volumes for the year ended December 31, 2015 compared to the year ended December 31, 2014 was partially attributable to the 2015 turnaround and the Linde air separation unit related outages. The increase in ammonia sales for the year ended December 31, 2015 compared to the year ended December 31, 2014 was partially attributable to higher customer demand for the year ended December 31, 2015 compared to the year ended December 31, 2014. On-stream factors (total number of hours operated divided by total hours in the reporting period) for the gasification, ammonia and UAN units were 90.2%, 87.5% and 87.3%, respectively, for the year ended December 31, 2015. On-stream factors for the gasification, ammonia and UAN units were 96.8%, 92.6% and 92.0%, respectively, for the year ended December 31, 2014.

Product pricing at gate represents net sales less freight revenue divided by product sales volume in tons. Product pricing at gate for UAN decreased approximately 4.6% for the year ended December 31, 2015 as compared to the year ended December 31, 2014. Product pricing at gate for ammonia increased approximately 0.6% for the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Cost of Product Sold (Exclusive of Depreciation and Amortization). Cost of product sold (exclusive of depreciation and amortization) includes cost of freight and distribution expenses, pet coke expenses, purchased ammonia and purchased hydrogen. Cost of product sold excluding depreciation and amortization for the year ended December 31, 2015 was $65.2 million, compared to $72.0 million for the year ended December 31, 2014. The $6.8 million decrease resulted from $4.1 million in lower costs from transactions with affiliates and a decrease in costs from transactions with third parties of $2.7 million. The lower affiliate costs incurred during the year ended December 31, 2015 were primarily the result of lower consumption of CVR Refining pet coke mostly due to price and also due to the decrease in production during the turnaround and the Linde air separation unit related downtime. The lower third-party costs incurred during the year ended December 31, 2015 was primarily the result of decreased distribution costs, freight expenses and purchased ammonia, partially offset by higher expenses associated with third-party coke expenses and other product costs. The lower distribution costs is due to a smaller portion of our fleet due for regulatory inspections

and related repairs during the year ended December 31, 2015 as compared to the year ended December 31, 2014.
Direct Operating Expenses (Exclusive of Depreciation and Amortization). Direct operating expenses (exclusive of depreciation and amortization) consist primarily of energy and utility costs, direct costs of labor, property taxes, plant-related maintenance services and environmental and safety compliance costs as well as catalyst and chemical costs. Direct operating

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expenses (exclusive of depreciation and amortization) for the year ended December 31, 2015 were $106.1 million, as compared to $98.9 million for the year ended December 31, 2014. The total increase of $7.2 million for the year ended December 31, 2015, as compared to the year ended December 31, 2014, was comprised of a $6.1 million increase in costs from transactions with third parties and a $1.1 million increase in direct operating costs from affiliates. The increase in costs from transactions with third parties resulted primarily from higher turnaround expenses ($7.0 million), personnel ($2.9 million), repairs and maintenance other than turnaround expenses ($2.2 million), and other less significant increases, partially offset by lower utilities, net ($2.3 million), refractory brick amortization ($2.2 million) and outside services ($1.8 million). The increase in personnel costs is partially attributable to the increased efforts required to complete activities during downtime. The increase in repairs and maintenance is due to the Partnership being able to perform an increased amount of normal repairs and maintenance during the downtime. The lower utilities, net are primarily due to lower usage during the turnaround and the Linde outages.

Selling, General and Administrative Expenses (Exclusive of Depreciation and Amortization). Selling, general and administrative expenses include the direct expenses of our business as well as certain expenses incurred by our affiliates, CVR Energy and its subsidiaries, on our behalf and billed or allocated to us in accordance with the services agreement. We also reimburse our general partner in accordance with the partnership agreement for expenses it incurs on our behalf, and such costs are recorded as expenses from affiliates. Selling, general and administrative expenses (exclusive of depreciation and amortization) were $20.8 million for the year ended December 31, 2015, as compared to $17.7 million for the year ended December 31, 2014. The increase of $3.1 million for the year ended December 31, 2015 as compared to the year ended December 31, 2014 was the result of an increase in costs from transactions with affiliates ($0.6 million) coupled with an increase in costs from transactions with third parties ($2.5 million). The overall variance was primarily the result of an increase in legal expenses and other outside services due to the Rentech Nitrogen pending mergers ($2.3 million) and an increase in personnel services ($0.7 million) primarily due to increased share based compensation and incentive awards during the year ended December 31, 2015.

Net Income. For the year ended December 31, 2015, net income was $62.0 million, as compared to $76.1 million of net income for the year ended December 31, 2014, a decrease of $14.1 million. The decrease in net income was primarily due to the factors noted above.

Year Ended December 31, 2014 compared to the Year Ended December 31, 2013

Net Sales. Net sales were $298.7 million for the year ended December 31, 2014, compared to $323.7 million for the year ended December 31, 2013. The net sales decrease of $25.0 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013 was the result of lower UAN sales prices ($25.8 million), lower ammonia sales volumes ($10.7 million), and lower ammonia sales prices ($3.0 million), partially offset by higher UAN sales volumes ($14.6 million). For the year ended December 31, 2014, UAN, ammonia and hydrogen made up $273.7 million, $13.1 million, and $10.1 million of our net sales, respectively. This compared to UAN, ammonia and hydrogen net sales of $284.9 million, $26.8 million and $11.4 million, respectively, for the year ended December 31, 2013. The following table demonstrates the impact of changes in sales volumes and sales price for UAN, ammonia and hydrogen for the year ended December 31, 2014 compared to the year ended December 31, 2013.

	Year Ended December 31, 2014			Year Ended December 31, 2013			Total Variance			
	Volume(1)	$ per ton(2)	Sales $(3)	Volume(1)	$ per ton(2)	Sales $(3)	Volume(1)	Sales $(3)	Price Variance	Volume Variance
									(in millions)	
UAN	951,043	$288	$273.7	904,596	$315	$284.9	46,447	$(11.2)	$(25.8)	$14.6
Ammonia	24,378	$536	$13.1	40,535	$660	$26.8	(16,157)	$(13.7)	$(3.0)	$(10.7)
Hydrogen	996,516	$10	$10.1	1,165,300	$10	$11.4	(168,784)	$(1.3)	$0.3	$(1.6)

(1) UAN and ammonia sales volumes are in tons. Hydrogen sales volumes are in MSCF.
(2) Includes freight charges. Hydrogen is reflected as $ per MSCF.
(3) Sales dollars in millions.

For the year ended December 31, 2014, our nitrogen fertilizer operations experienced an increase of 5.1% in UAN sales unit volumes and a decrease of 39.9% in ammonia sales unit volumes. The increase in UAN and decrease in ammonia sales

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volumes for the year ended December 31, 2014 compared to the year ended December 31, 2013 was partially attributable to the UAN expansion being available for the full period in 2014. On-stream factors (total number of hours operated divided by total hours in the reporting period) for the gasification, ammonia and UAN units were 96.8%, 92.6% and 92.0%, respectively, for the year ended December 31, 2014. On-stream factors for the gasification, ammonia and UAN units were 95.6%, 94.4% and 91.9%, respectively, for the year ended December 31, 2013.
Product pricing at gate represents net sales less freight revenue divided by product sales volume in tons. Product pricing at gate prices for UAN decreased approximately 8.2% for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Product pricing at gate for ammonia decreased approximately 19.4% for the year ended December 31, 2014 as compared to the year ended December 31, 2013.

Cost of Product Sold (Exclusive of Depreciation and Amortization). Cost of product sold (exclusive of depreciation and amortization) includes cost of freight and distribution expenses, pet coke expenses, purchased ammonia, and purchased hydrogen. Cost of product sold excluding depreciation and amortization for the year ended December 31, 2014 was $72.0 million, compared to $58.1 million for the year ended December 31, 2013. The $13.9 million increase resulted from $15.3 million in higher costs from transactions with third parties, which is offset by lower costs from transactions with affiliates of $1.4 million. The higher third-party costs incurred during the year ended December 31, 2014 were primarily the result of increased distribution costs ($10.5 million) mostly due to the increase in railcar regulatory inspections and repairs as well as increased ammonia purchases ($6.5 million), partially offset by lower freight and pet coke expenses. The increase in railcar regulatory inspections and repairs is related to a larger portion of our fleet due for regulatory inspections and related repairs during the year ended December 31, 2014 as compared to the prior year.

Direct Operating Expenses (Exclusive of Depreciation and Amortization). Direct operating expenses (exclusive of depreciation and amortization) consist primarily of energy and utility costs, direct costs of labor, property taxes, plant-related maintenance services and environmental and safety compliance costs as well as catalyst and chemical costs. Direct operating expenses (exclusive of depreciation and amortization) for the year ended December 31, 2014 were $98.9 million, as compared to $94.1 million for the year ended December 31, 2013. The total increase of $4.8 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013, was comprised of a $5.9 million increase in costs from transactions with third parties, partially offset by a $1.1 million decrease in direct operating costs from affiliates. The increase resulted primarily from higher utilities, net ($1.3 million), refractory brick amortization ($2.7 million), repairs and maintenance ($1.2 million), partially offset by lower insurance costs ($1.1 million). The increased utility costs were largely due to higher electrical and natural gas prices, partially offset by lower electrical volumes. The increase in refractory brick amortization is primarily due to a decrease in the estimated useful life to reflect higher estimated rates of use in our production process.

Selling, General and Administrative Expenses (Exclusive of Depreciation and Amortization). Selling, general and administrative expenses include the direct expenses of our business as well as certain expenses incurred by our affiliates, CVR Energy and its subsidiaries, on our behalf and billed or allocated to us in accordance with the services agreement. We also reimburse our general partner in accordance with the partnership agreement for expenses it incurs on our behalf, and such costs are recorded as expenses from affiliates. Selling, general and administrative expenses (exclusive of depreciation and amortization) were $17.7 million for the year ended December 31, 2014, as compared to $21.0 million for the year ended December 31, 2013. The decrease of $3.3 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013 was the result of a decrease in costs from transactions with affiliates ($2.6 million) coupled with a decrease in costs from transactions with third parties ($0.7 million). The overall variance was primarily the result of a decrease in reimbursements to our general partner ($1.7 million), a decrease in outside services ($1.2 million) and a decrease in share-based compensation ($1.0 million), partially offset by increases in expenses related to personnel costs ($0.4 million), exclusive of share-based compensation.

Net Income. For the year ended December 31, 2014, net income was $76.1 million, as compared to $118.6 million of net income for the year ended December 31, 2013, a decrease of $42.5 million. The decrease in net income was primarily due to the factors noted above.

Liquidity and Capital Resources

Our principal source of liquidity has historically been cash from operations, which can include cash advances from customers resulting from forward sales. Our principal uses of cash are funding our operations, distributions to common unitholders, capital expenditures and funding our debt service obligations.

We expect to assume additional indebtedness, some of which or all that will require short-term repayment, in connection with consummating the mergers as discussed below under "Merger-Related Financing Arrangements."

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As discussed in Note 9 ("Credit Facility") to Part II, Item 8 of this Report, the Partnership's credit facility matures in April 2016. On February 9, 2016, Coffeyville Resources, LLC ("CRLLC") and the Partnership entered into a guaranty, pursuant to which CRLLC agreed to guaranty the indebtedness outstanding under the credit facility. See Note 9 ("Credit Facility") to Part II, Item 8 of this Report for discussion of the guaranty. The principal portion of the existing term loan facility is presented as long-term debt on the Consolidated Balance Sheet as of December 31, 2015 as the Partnership has the intent and ability to refinance the obligation on a long-term basis.

We are considering various capital structure and refinancing options in regard to the credit facility and in contemplation of the Rentech Nitrogen mergers as discussed in "Pending Mergers". We anticipate these options will be adequate to fund the cash requirements of the maturing credit facility and the pending mergers.

We believe that our cash from operations, cash on hand and available borrowings under our revolving credit facility, together with the options management is considering as discussed above, will be adequate to satisfy anticipated commitments and planned capital expenditures for at least the next twelve months, including commitments and expenditures associated with the consummation of the mergers. However, our future capital expenditures and other cash requirements could be higher than we currently expect as a result of various factors. Additionally, our ability to generate sufficient cash from our operating activities and to secure additional financing depends on our future performance, which is subject to general economic, political, financial, competitive, and other factors outside of our control.

Depending on the needs of our business, contractual limitations and market conditions, we may from time to time seek to issue equity securities, incur additional debt, issue debt securities, or otherwise refinance our existing debt. There can be no assurance that we will seek to do any of the foregoing or that we will be able to do any of the foregoing on terms acceptable to us or at all. Further discussion of declared cash distributions is included below under "Distributions to Unitholders".

Cash Balance and Other Liquidity

As of December 31, 2015, we had cash and cash equivalents of $50.0 million, including $3.1 million of customer advances. As of December 31, 2014, we had $53.3 million in a money market account, which was classified as cash and cash equivalents on the Consolidated Balance Sheet. During 2015, the balance of the money market account was transferred to our operating cash account. The working capital at December 31, 2015 was $72.9 million, consisting of $98.8 million in current assets and $25.9 million in current liabilities. Working capital at December 31, 2014 was $89.9 million, consisting of $129.6 million in current assets and $39.7 million in current liabilities. As of February 16, 2016, we had cash and cash equivalents of approximately $67.0 million.

Credit Facility

On April 13, 2011 in conjunction with the completion of our Initial Public Offering, we entered into a credit facility with a group of lenders including Goldman Sachs Lending Partners LLC, as administrative and collateral agent. The credit facility includes a term loan facility of $125.0 million and a revolving credit facility of $25.0 million with an uncommitted incremental facility of up to $50.0 million. There is no scheduled amortization and the credit facility matures in April 2016, as discussed above. The principal portion of the existing term loan facility is presented as long-term debt on the Consolidated Balance Sheet as of December 31, 2015 as the Partnership has the intent and ability to refinance the obligation on a long-term basis. The credit facility is available to finance on-going working capital, capital projects, letter of credit issuances and general needs of the Partnership.

Borrowings under the credit facility bear interest based on a pricing grid determined by a trailing four quarter leverage ratio. Pricing for borrowings under the credit facility is currently based on the Eurodollar rate plus a margin of 3.50%, or, for base rate loans, the prime rate plus 2.50%. Under its terms, the lenders under the credit facility were granted a perfected, first priority security interest (subject to certain customary exceptions) in substantially all of the assets of CVR Partners and CRNF and all of the capital stock of CRNF and each domestic subsidiary owned by CVR Partners or CRNF. CRNF is the borrower under the credit facility. All obligations under the credit facility are unconditionally guaranteed by CVR Partners and substantially all of our future, direct and indirect, domestic subsidiaries.

As of December 31, 2015, no amounts were drawn under the $25.0 million revolving credit facility.

Mandatory Prepayments

We are required to prepay outstanding amounts under our term facility in an amount equal to the net proceeds from the sale of assets or from insurance or condemnation awards related to collateral, in each case subject to certain reinvestment rights. In addition, we are required to prepay outstanding amounts under our term facility with the net proceeds from certain issuances of debt (other than debt permitted to be incurred under our credit facility).

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Voluntary Prepayments/Commitment Reductions

At any time, we may voluntarily reduce the unutilized portion of the revolving commitment amount, or prepay, in whole or in part, outstanding amounts under our credit facility without premium or penalty other than customary "breakage" costs with respect to Eurodollar rate loans.

Amortization and Final Maturity

There is no scheduled amortization under our credit facility. All outstanding amounts under our credit facility are due and payable in full in April 2016.

Restrictive Covenants and Other Matters

Our credit facility requires us to maintain (i) a minimum interest coverage ratio (as defined in the credit agreement) as of the end of any fiscal quarter of 3.0 to 1.0 and (ii) a maximum leverage ratio (as defined in the credit agreement) as of the end of any fiscal quarter of 3.0 to 1.0, in both cases calculated on a trailing four quarter basis. In addition, the credit facility includes negative covenants that, subject to significant exceptions, limit our ability and the ability of certain of our subsidiaries to, among other things:

- incur, assume or permit to exist additional indebtedness, guarantees and other contingent obligations;
- incur liens;
- make negative pledges;
- pay dividends or make other distributions;
- make payments to our subsidiary;
- make certain loans and investments;
- consolidate, merge or sell all or substantially all of our assets;
- enter into sale-leaseback transactions; and
- enter into transactions with affiliates.

The credit facility provides that we can make distributions to holders of our common units, but only if we are in compliance with our 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.

The credit facility contains certain customary representations and warranties, affirmative covenants and events of default, including, among other things, payment defaults, breach of representations and warranties, covenant defaults, cross-defaults to certain indebtedness, certain events of bankruptcy, certain events under ERISA, material judgments, actual or asserted failure of any guaranty or security document supporting the credit facility to be in force and effect, and change of control. An event of default will also be triggered if CVR Energy, CVR Refining or any of their subsidiaries (other than us and CRNF) terminates or violates any of its covenants in any of the intercompany agreements between us and CVR Energy, CVR Refining and their subsidiaries (other than us and CRNF) and such action has resulted or could reasonably be expected to result in a material adverse effect on us. If an event of default occurs, the administrative agent under the credit facility would be entitled to take various actions, including the acceleration of amounts due under the credit facility and all actions permitted to be taken by a secured creditor.

As of December 31, 2015, we were in compliance with the covenants under the credit facility.

Merger-Related Financing Arrangements

Simultaneously with the execution of the Merger Agreement, CVR Partners entered into a commitment letter (the "commitment letter") with Coffeyville Resources, LLC ("CRLLC"), a wholly-owned subsidiary of CVR Energy, pursuant to which CRLLC has committed to, on the terms and subject to the conditions set forth in the commitment letter, make available to CVR Partners term loan financing of up to $150.0 million, which amounts would be available to solely fund the repayment of all of the loans outstanding under Rentech Nitrogen’s existing $50.0 million credit facility with General Electric Capital Corporation, the cash consideration payable by us upon closing of the mergers and transaction related expenses. We are considering various capital structure and refinancing options as an alternative to this financing arrangement. We anticipate these options will be adequate to fund the cash requirements for consummating the mergers.

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The new term loan financing would be provided in the form of a one-year senior unsecured term loan facility in an aggregate maximum principal amount of up to $150.0 million. The full amount of the new term loan facility would only be available in a single draw and any amounts that are repaid or prepaid may not be reborrowed. Optional repayments under the new term loan facility would be permitted at any time, in minimum principal amounts to be agreed upon, without premium or penalty.

The new term loan facility would mature on the one year anniversary of the draw down under the facility. The term loan facility will bear interest at a rate of three-month LIBOR plus 3.0% per annum, calculated on the basis of the actual number of days elapsed over a 360-day year, and interest would be payable every three months.

The definitive documentation for the new term loan facility would contain terms, conditions, representations, warranties, covenants and events of default generally consistent with those contained in our existing credit facility, subject to the inclusion of such terms as are necessary or appropriate to give effect to or permit the consummation of the mergers. Borrowings under the new term loan facility would be subject to the satisfaction of certain conditions precedent, including: (i) execution of the definitive documentation; (ii) payment of any accrued costs, fees and expenses and other compensation payable to CRLLC as lender; (iii) the accuracy of the representations and warranties in the definitive documentation; (iv) consummation of the mergers; (v) prior or simultaneous repayment and cancellation of Rentech Nitrogen's existing $50.0 million credit facility with General Electric Capital Corporation; and (vi) the delivery of other customary deliverables to the lender.

Rentech Nitrogen currently has $320.0 million in aggregate principal amount of its 6.500% Second Lien Senior Secured Notes due 2021 (the "Notes") outstanding. If we successfully complete the mergers, Rentech Nitrogen will be required under the indenture governing the Notes to offer to purchase, within 90 days of the mergers, all outstanding Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase (the "change of control offer"). Apart from borrowings under our $125.0 million term loan facility and $25.0 million revolving credit facility and cash on hand, we have no available funds that we could provide to Rentech Nitrogen to fund the change of control offer, and we anticipate that Rentech Nitrogen would not have sufficient cash on hand for that purpose. We are considering various capital structure and refinancing options in association with funding the change of control offer. We anticipate these options will be adequate to fund the cash requirements for this obligation.

Interest Rate Swaps

Our profitability and cash flows are affected by changes in interest rates on our credit facility borrowings, specifically LIBOR and prime rates. The primary purpose of our interest rate risk management activities is to hedge our exposure to changes in interest rates by using interest rate derivatives to convert some or all of the interest rates we pay on our borrowings from a floating rate to a fixed interest rate.

We have determined that the two interest rate swap agreements entered into in 2011 qualify for hedge accounting treatment. The impact recorded for the years ended December 31, 2015, 2014 and 2013 is $1.1 million, $1.1 million and $1.1 million, respectively, in interest expense. For the year ended December 31, 2015, the Partnership recorded a decrease in fair market value on the interest rate swaps of $0.1 million, which was unrealized, in accumulated other comprehensive income (loss). The combined fair market value of the interest rate swaps recorded in accrued expenses and other current liabilities on the Partnership's Consolidated Balance Sheets at December 31, 2015 is $0.1 million. This amount is unrealized and, therefore, included in accumulated other comprehensive income (loss).

Capital Spending

Our total capital expenditures for the year ended December 31, 2015 were $17.0 million. We divide our capital spending needs into two categories: maintenance and growth. Maintenance capital spending includes only non-discretionary maintenance projects and projects required to comply with environmental, health and safety regulations. We also treat maintenance capital spending as a reduction of cash available for distribution to unitholders. Growth capital projects generally involve an expansion of existing capacity, improvement in product yields, and/or a reduction in direct operating expenses. Of the $17.0 million spent for the year ended December 31, 2015, $9.6 million was related to maintenance capital projects and the remainder was related to growth capital projects. For the year ended December 31, 2015, capital expenditures were the result of various individually less significant projects. Major scheduled turnaround expenses as discussed in "Major Influences on Results on Operations" are expensed when incurred.

Our growth strategy includes expanding production of UAN and acquiring additional infrastructure and production assets. We completed a significant two-year plant expansion in 2013 designed to increase our UAN production capacity by 400,000 tons, or approximately 50% per year. Total capital expenditures associated with the UAN expansion were approximately $130.0 million, excluding capitalized interest.

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During the year ended December 31, 2014, we spent approximately $16.4 million on growth projects. Included in this amount was approximately $7.8 million for the purchase of railcars as disclosed in Note 14 ("Related Party Transactions") to Part II, Item 8 of this Report and $3.2 million for the upgraded pressure swing adsorption unit ("PSA") as discussed in Major Influences on Results of Operations, with the remaining expenditures for other growth projects. Total capital expenditures for the purchased railcars was $8.7 million, which includes the $7.8 million spent during the year ended December 31, 2014 and an additional $0.9 million for costs to bring the purchased railcars to the condition and location necessary for its intended use during the year ended December 31, 2015. Total capital expenditures for the upgraded PSA unit was $4.2 million, which includes $0.5 million, $3.2 million and $0.5 million spent during the years ended December 31, 2015, 2014 and 2013, respectively.

Capital spending for our business has been and will be determined by the Board of Directors of our general partner. Our current estimates for 2016 may change as a result of unforeseen circumstances and a change in our plans. These estimates may be revised from time to time or amounts may not be spent in the manner discussed herein. Our maintenance capital expenditures are expected to be approximately $7.0 to $10.0 million for the year ending December 31, 2016. Planned capital expenditures for 2016 are subject to change due to unanticipated increases in the cost, scope and completion time for our capital projects. For example, we may experience increases in labor or equipment costs necessary to comply with government regulations or to complete projects that sustain or improve the profitability of our nitrogen fertilizer plant.

2015 Turnaround

During the third quarter of 2015, the nitrogen fertilizer facility completed a major scheduled turnaround and the gasification, ammonia and UAN units were down for between 17 to 20 days each. Overall results were negatively impacted due to the lost production during the downtime that resulted in reduced sales and certain reduced variable expenses included in cost of product sold (exclusive of depreciation and amortization) and direct operating expenses (exclusive of depreciation and amortization). Costs of approximately $7.0 million, associated with the 2015 turnaround, are included in direct operating expenses (exclusive of depreciation and amortization) in the Consolidated Statement of Operations for the year ended December 31, 2015.

Distributions to Unitholders

The board of directors of the Partnership's general partner has a policy for the Partnership to distribute all available cash generated on a quarterly basis. The merger agreement includes certain limitations on cash distributions. These limitations and our policy is disclosed in Note 6 ("Partners' Capital and Partnership Distributions") to Part II, Item 8 of this Report. The following is a summary of cash distributions paid to unitholders during 2015 for the respective quarters to which the distributions relate:

	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	Total Cash Distributions Paid in 2015
	($ in millions, except per common unit amounts)				
Amount paid to CRLLC	$16.0	$17.5	$15.2	$—	$48.7
Amounts paid to public unitholders	14.0	15.4	13.3	—	42.7
Total amount paid	$30.0	$32.9	$28.5	$—	$91.4
Per common unit	$0.41	$0.45	$0.39	$—	$1.25
Common units outstanding (in thousands)	73,123	73,123	73,123	73,123	

On February 17, 2016, the Board of Directors of the general partner of the Partnership declared a cash distribution for the fourth quarter of 2015 in the amount of $0.27 per common unit, or $19.7 million in aggregate. The cash distribution will be paid on March 7, 2016 to the Partnership's unitholders of record at the close of business on February 29, 2016. Total cash distributions paid and to be paid based upon available cash for 2015 were $1.11 per common unit.

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Cash Flows

The following table sets forth our cash flows for the periods indicated below:

	Year Ended December 31, 2015	2014	2013
	(in millions)		
Net cash flow provided by (used in):			
Operating activities	$78.4	$118.9	$129.0
Investing activities	(16.9)	(21.0)	(43.7)
Financing activities	(91.4)	(103.1)	(128.0)
Net decrease in cash and cash equivalents	$(29.9)	$(5.2)	$(42.7)

Cash Flows Provided by Operating Activities

For purposes of this cash flow discussion, we define trade working capital as accounts receivable, inventory and accounts payable. Other working capital is defined as all other current assets and liabilities except trade working capital.

Net cash flows provided by operating activities for the year ended December 31, 2015 were $78.4 million. Fluctuations in trade working capital decreased our operating cash flow by $3.6 million due to an increase in inventory of $1.9 million, a decrease in accounts payable of $1.6 million and an increase in accounts receivable of approximately $0.1 million. Fluctuations in other working capital of $11.5 million decreased our operating cash flow and were due to a decrease in deferred revenue of $10.5 million, a decrease to accrued expenses and other current liabilities of $3.2 million, partially offset by a decrease to prepaid expenses and other current assets of approximately $2.2 million. The decrease in deferred revenue was primarily attributable to lower market demand for prepaid contracts for the year ended December 31, 2015. The decrease in accrued expenses and other current liabilities was primarily attributable to decreases in balances related to accrued railcar regulatory inspections of $2.6 million due to a larger portion of our fleet due for regulatory inspections and repairs during 2014. The decrease in prepaid expenses was primarily attributable to a decrease in intercompany amounts due from Coffeyville Resources Refining and Marketing, LLC ("CRRM"), a wholly-owned subsidiary of CVR Refining, that include the transfer of hydrogen, the timing of insurance payments and other less significant changes.

Net cash flows provided by operating activities for the year ended December 31, 2014 were $118.9 million. Fluctuations in trade working capital decreased our operating cash flow by $7.1 million due to a decrease in accounts payable of $5.0 million and an increase in inventory of approximately $2.5 million, partially offset by a decrease in accounts receivable of $0.4 million. The decrease in accounts payable was primarily attributable to the decrease in intercompany obligations and a decrease due to normal fluctuations in the timing of regular payments. Fluctuations in other working capital increased our operating cash flows by approximately $19.6 million due an increase in deferred revenue of $12.9 million, an increase in accrued expenses and other current liabilities of $3.6 million and a decrease in prepaid expenses and other current assets of $3.1 million. The increase in deferred revenue was primarily attributable to higher market demand for prepaid contracts for the year ended December 31, 2014 compared to the prior period. The increase in accrued expenses and other current liabilities was primarily attributable to an increase in accrued railcar regulatory inspections and repairs of $3.3 million and an increase in accrued intercompany charges of $2.0 million, partially offset by other changes in accrued expenses and other current liabilities. The decrease to prepaid expenses and other current assets was primarily attributable to a decrease in prepaid insurance due to lower insurance premiums and a decrease in intercompany amounts due from CRRM that include the transfer of hydrogen.

Net cash flows provided by operating activities for the year ended December 31, 2013 were $129.0 million. Fluctuations in trade working capital decreased our operating cash flow by $5.3 million due to an increase in inventory of $4.1 million, an increase in accounts receivable of $0.7 million and a decrease in accounts payable of $0.5 million. The increase in inventory was primarily attributable to $3.6 million of lower finished goods inventory the end of 2012 attributable to the turnaround as compared to 2013 and the purchase of precious metals of $1.7 million in connection with the UAN expansion, partially offset by a decrease in parts and supplies. Fluctuations in other working capital decreased operating cash flows by $13.2 million due to an increase to prepaid expense of $7.8 million and a decrease to accrued expenses and other current liabilities of $5.1 million and a decrease in deferred revenue of $0.3 million. The increase to prepaid expense was primarily attributable to the increase prepaid insurance due to a change from monthly to annual insurance payments and due to an increase in intercompany amounts due for hydrogen. The decrease in accrued expenses and other current liabilities of $5.1 million is primarily due to lower property tax in connection with the property tax settlement.

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Cash Flows Used In Investing Activities

Net cash flows used in investing activities for the years ended December 31, 2015, 2014 and 2013 were $16.9 million, $21.0 million and $43.7 million, respectively, and were primarily the result of capital expenditures. For the year ended December 31, 2015, capital expenditures were the result of various individually less significant projects. For the year ended December 31, 2014, the capital expenditures primarily related to the purchase of railcars, maintenance capital projects and the upgraded PSA unit of approximately $7.8 million, $4.7 million and $3.2 million, respectively. The capital expenditures for the year ended December 31, 2013, primarily related to the UAN expansion that contributed approximately $24.3 million in capital expenditures during the period.

Cash Flows Used In Financing Activities

Net cash flows used in financing activities for the years ended December 31, 2015, 2014 and 2013 were $91.4 million, $103.1 million and $128.0 million, respectively. The net cash used in financing activities for the years ended December 31, 2015, 2014, and 2013 were primarily attributable to quarterly cash distributions of $91.4 million, $103.1 million and $127.5 million, respectively.

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Capital and Commercial Commitments

We are required to make payments relating to various types of obligations. See Note 13 ("Commitments and Contingencies") in Part II, Item 8 of this Report for more information. The following table summarizes our minimum payments as of December 31, 2015 relating to long-term debt, operating leases, unconditional purchase obligations with third parties and affiliates and interest payments for the five years ending December 31, 2020 and thereafter.

Contractual Obligations

	Payments Due by Period						
	Total	2016	2017	2018	2019	2020	Thereafter
	(in millions)						
Long-term debt (1)	$125.0	$125.0	$—	$—	$—	$—	$—
Operating leases (2)	16.3	4.9	3.3	2.5	1.9	1.4	2.3
Unconditional purchase obligations with third parties (3)	33.0	12.2	6.7	5.3	4.9	1.7	2.2
Unconditional purchase obligations with affiliates (4)	94.1	8.0	8.3	8.3	6.9	7.7	54.9
Interest payments (5)	1.4	1.4	—	—	—	—	—
Total	$269.8	$151.5	$18.3	$16.1	$13.7	$10.8	$59.4

(1) The credit facility included a $125.0 million term loan and a $25.0 million revolving credit facility. As of December 31, 2015, no amounts were outstanding under the revolving credit facility. The credit facility matures in April 2016. The Partnership was provided a guaranty by Coffeyville Resources, LLC ("CRLLC"), pursuant to which CRLLC agreed to guaranty the indebtedness outstanding under the Partnership's credit facility until such time that the Partnership obtains long-term third-party financing.

(2) We lease various facilities and equipment, primarily railcars, under non-cancelable operating leases for various periods.

(3) The amounts include commitments under a product supply agreement with Linde that expires in 2020 and a pet coke supply agreement with HollyFrontier Corporation that expires in December 2016.

(4) The amounts include commitments under our long-term pet coke supply agreement with CRRM, having an initial term that ends in 2027, subject to renewal. The Partnership’s purchase obligations for pet coke from CRRM have been derived from a calculation of the average pet coke price paid to CRRM over the preceding two year period.

(5) Interest payments are based on the then current interest rate on December 31, 2015.

Under our long-term pet coke supply agreement with CRRM, we may become obligated to provide security for our payment obligations under the agreement if in CRRM's sole judgment there is a material adverse change in our financial condition or liquidity position or in our ability to make payments. This security may not exceed an amount equal to 21 times the average daily dollar value of pet coke we purchase for the 90-day period preceding the date on which CRRM gives us notice that it has deemed that a material adverse change has occurred. Unless otherwise agreed by CRRM and us, we can provide such security by means of a standby or documentary letter of credit, prepayment, a surety instrument, or a combination of the foregoing. If we do not provide such security, CRRM may require us to pay for future deliveries of pet coke on a cash-on-delivery basis. If we fail to pay for such deliveries on a cash-on-delivery basis, CRRM may suspend delivery of pet coke until such security is provided and terminate the agreement upon 30 days' prior written notice. Additionally, we may terminate the agreement within 60 days of providing security, so long as we provide five days' prior written notice.

Our ability to make payments on and to refinance our indebtedness, to make distributions, to fund planned capital expenditures and to satisfy our other capital and commercial commitments will depend on our ability to generate cash flow in the future. This, to a certain extent, is subject to nitrogen fertilizer margins, natural gas prices and general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Our business may not generate sufficient cash flow from operations, and future borrowings may not be available to us under our credit facility or any replacement credit facility, in an amount sufficient to enable us to make quarterly distributions, finance necessary capital expenditures, service our indebtedness or fund our other liquidity needs. See "Liquidity and Capital Resources" above for further discussion.

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Off-Balance Sheet Arrangements
We do not have any "off-balance sheet arrangements" as such term is defined within the rules and regulations of the SEC.
Recently Issued Accounting Standards
Refer to Note 2 ("Summary of Significant Accounting Policies") to Part II, Item 8 of this Report for a discussion of recent accounting pronouncements applicable to the Partnership.
Critical Accounting Policies
We prepare our consolidated financial statements in accordance with GAAP. In order to apply these principles, management must make judgments, assumptions and estimates based on the best available information at the time. Actual results may differ based on the accuracy of the information utilized and subsequent events. Our accounting policies are described in the notes to our audited consolidated financial statements included elsewhere in this Report. Our critical accounting policies, which are described below, could materially affect the amounts recorded in our consolidated financial statements.
Long-Lived Assets
We calculate depreciation and amortization on a straight-line basis over the estimated useful lives of the various classes of depreciable assets. When assets are placed in service, we estimate what we believe are their reasonable useful lives. We account for impairment of long-lived assets in accordance with Accounting Standards Codification ("ASC") ASC Topic 360, Property, Plant and Equipment — Impairment or Disposal of Long-Lived Assets ("ASC 360"). In accordance with ASC 360, the Partnership reviews long-lived assets (excluding goodwill and intangible assets with indefinite lives) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future net cash flows, an impairment charge is recognized for the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of are reported at the lower of their carrying value or fair value less cost to sell. No impairment charges were recognized for any of the periods presented.
Goodwill
To comply with ASC 350, Intangibles — Goodwill and Other ("ASC 350"), we perform a test for goodwill impairment annually, or more frequently in the event we determine that a triggering event has occurred. Our annual testing is performed as of November 1 of each year. In accordance with ASC 350, the Partnership may elect to perform a qualitative assessment to determine whether the two-step quantitative impairment test is required. If the Partnership elects to perform a qualitative assessment, the two-step impairment test is required only if the Partnership concludes that is more likely than not that the reporting unit's fair value is less than its carrying amount. For the years ending December 31, 2015 and 2014, the Partnership elected to perform a qualitative assessment.
We began the qualitative assessment by analyzing the key drivers and other external factors that impact our business in order to determine if any significant events, transactions or other factors had occurred or are expected to occur that would impair our earnings or competitiveness therefore impairing the fair value of the Partnership. After assessing the totality of events and circumstances, it was determined that it was not more likely than not that the fair value of the Partnership was less than the carrying value, and so it was not necessary to perform the two-step valuation. The key drivers that were considered in the evaluation of the Partnership's fair value included:
- general economic conditions,
- fertilizer pricing,
- input costs,
- liquidity and capital resources, and
- customer outlook.

Revenue Recognition
Revenues for products sold are recorded upon delivery of the products to customers, which is the point at which title is transferred, the customer has the assumed risk of loss, and when payment has been received or collection is reasonably assured.

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Sales are recognized when the product is delivered and all significant obligations of the Partnership have been satisfied. Deferred revenue represents customer prepayments under contracts to guarantee a price and supply of nitrogen fertilizer in quantities expected to be delivered in the next 12 months in the normal course of business. Taxes collected from customers and remitted to governmental authorities are not included in reported revenues. Pass-through finished goods delivery costs reimbursed by customers are reported in net sales, while an offsetting expense is included in cost of product sold (exclusive of depreciation and amortization).

Allocation of Costs

Our consolidated financial statements include an allocation of costs that have been incurred by CVR Energy or CRLLC on our behalf. The allocation of such costs is governed by the services agreement entered into by CVR Energy and us and affiliated companies in October 2007 and subsequently amended. The services agreement provides guidance for the treatment of certain general and administrative expenses and certain direct operating expenses incurred on our behalf. Such expenses incurred include, but are not limited to, salaries, benefits, share-based compensation expense, insurance, accounting, tax, legal and technology services.

Fair Value of Financial Instruments

The Partnership uses forward swap contracts primarily to reduce the exposure to changes in interest rates on its debt and to provide a cash flow hedge. These derivative instruments have been designated as hedges for accounting purposes. Accordingly, these instruments are recorded at fair value in the Consolidated Balance Sheets, at each reporting period end. The actual measurement of the cash flow hedge ineffectiveness will be recognized in earnings, if applicable. The effective portion of the gain or loss on the swaps will be reported in accumulated other comprehensive income (loss) ("AOCI"), in accordance with ASC 815, Derivatives and Hedging.

Other financial instruments consisting of cash and cash equivalents, accounts receivable, and accounts payable are carried at cost, which approximates fair value, as a result of the short-term nature of the instruments.

Share-Based Compensation

The Partnership records share-based compensation related to the CVR Partners, LP Long Term Incentive Plan, and we have been allocated share-based compensation expense from CVR Energy and CRLLC. The Partnership accounts for share-based compensation in accordance with ASC 718, Compensation - Stock Compensation ("ASC 718"). ASC 718 requires that compensation costs relating to share-based payment transactions be recognized in a company's financial statements. ASC 718 applies to transactions in which an entity exchanges its equity instruments for goods or services and also may apply to liabilities an entity incurs for goods or services that are based on the fair value of those equity instruments.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

CRNF has two floating-to-fixed interest rate swap agreements for the purpose of hedging the interest rate risk associated with a portion of its $125.0 million floating rate term debt which matures on April 13, 2016, as discussed further in Note 9 ("Credit Facility") to Part II, Item 8 of this Report. The aggregate notional amount covered under these interest rate swap agreements, which commenced on August 12, 2011 and expired on February 12, 2016, totals $62.5 million (split evenly between the two agreements). The effect of these swap agreements is to lock in a fixed rate of interest of approximately 1.96% plus the applicable margin paid to lenders over three-month LIBOR as governed by the CRNF credit facility.

As of December 31, 2015 and prior to the expiration of the interest rate swaps on February 12, 2016, the Partnership had exposure to interest rate risk on 50% of its $125.0 million floating rate term debt. A 1% increase over the Eurodollar floor spread of 3.5%, as specified in the credit agreement, would have increased interest cost to the Partnership by approximately $625,000 on an annualized basis, thus decreasing net income by the same amount.

Subsequent to the expiration of the interest rate swaps on February 12, 2016, the Partnership has exposure to interest rate risk on 100% of its $125.0 million floating rate debt. A 1% increase over the Eurodollar floor spread of 3.5%, as specified in the credit agreement, would increase interest cost to the Partnership by approximately $1,250,000 on an annualized basis, thus decreasing net income by the same amount.

The credit facility expires on April 13, 2016. The Partnership is considering capital structure and refinancing options associated with the credit facility maturity.

Our credit facility is discussed in Note 9 ("Credit Facility") and our interest rate swap agreements are discussed in Note 10 ("Interest Rate Swap Agreements") to Part II, Item 8 of this Report.

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Commodity Price, Foreign Currency Exchange and Non-Operating Risks

We do not currently use derivative financial instruments to manage risks related to changes in prices of commodities (e.g., UAN, ammonia or pet coke). Given that our business is currently based entirely in the United States, we are not directly exposed to foreign currency exchange rate risk. We do not engage in activities that expose us to speculative or non-operating risks, including derivative trading activities. In the opinion of our management, there is no derivative financial instrument that correlates effectively with, and has a trading volume sufficient to hedge, our firm commitments and forecasted commodity purchase or sales transactions. Our management will continue to monitor whether financial derivatives become available which could effectively hedge identified risks and management may in the future elect to use derivative financial instruments consistent with our overall business objectives to avoid unnecessary risk and to limit, to the extent practical, risks associated with our operating activities.

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Item 8. Financial Statements and Supplementary Data

CVR PARTNERS, LP AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

The Board of Directors of CVR GP, LLC
The Unitholders of CVR Partners, LP
The General Partner of CVR Partners, LP:

We have audited the accompanying consolidated balance sheets of CVR Partners, LP (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, partners’ capital, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 CVR Partners, LP and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Partnership’s internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 18, 2016 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP
Kansas City, Missouri
February 18, 2016

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Report of Independent Registered Public Accounting Firm

The Board of Directors of CVR GP, LLC
The Unitholders of CVR Partners, LP
The General Partner of CVR Partners, LP:

We have audited the internal control over financial reporting of CVR Partners, LP (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2015, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report On Internal Control Over Financial Reporting under Item 9A. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 Internal Control-Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Partnership as of and for the year ended December 31, 2015, and our report dated February 18, 2016 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP
Kansas City, Missouri
February 18, 2016

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CVR PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	2014
	(in thousands, except unit data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$49,967	$79,914
Accounts receivable, net of allowance for doubtful accounts of $27 and $34, at December 31, 2015 and 2014, respectively	7,187	7,136
Inventories	37,529	35,614
Prepaid expenses and other current assets, including $883 and $1,848 from affiliates at December 31, 2015 and 2014, respectively	4,089	6,914
Total current assets	98,772	129,578
Property, plant, and equipment, net of accumulated depreciation	393,133	404,934
Goodwill	40,969	40,969
Other long-term assets, including $777 and $957 with affiliates at December 31, 2015 and 2014, respectively	3,608	3,358
Total assets	$536,482	$578,839
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable, including $1,940 and $2,279 due to affiliates at December 31, 2015 and 2014, respectively	$11,103	$12,747
Personnel accruals, including $1,974 and $1,129 with affiliates at December 31, 2015 and 2014, respectively	5,999	3,785
Deferred revenue	3,129	13,613
Accrued expenses and other current liabilities, including $2,334 and $2,094 with affiliates at December 31, 2015 and 2014, respectively	5,683	9,562
Total current liabilities	25,914	39,707
Long-term liabilities:		
Long-term debt, net of current portion	125,000	125,000
Other long-term liabilities	16	201
Total long-term liabilities	125,016	125,201
Commitments and contingencies		
Partners' capital:		
Common unitholders, 73,128,269 and 73,122,997 units issued and outstanding at December 31, 2015 and 2014, respectively	385,670	414,968
General partner interest	1	1
Accumulated other comprehensive loss	(119)	(1,038)
Total partners' capital	385,552	413,931
Total liabilities and partners' capital	$536,482	$578,839

See accompanying notes to consolidated financial statements.

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CVR PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2015	2014	2013
	(in thousands, except per unit data)		
Net sales	$289,194	$298,665	$323,672
Operating costs and expenses:			
Cost of product sold (exclusive of depreciation and amortization) - Affiliates	6,701	9,424	10,791
Cost of product sold (exclusive of depreciation and amortization) - Third parties	58,488	62,528	47,284
	65,189	71,952	58,075
Direct operating expenses (exclusive of depreciation and amortization) - Affiliates	4,093	3,024	4,072
Direct operating expenses (exclusive of depreciation and amortization) - Third parties	101,963	95,934	90,020
	106,056	98,958	94,092
Selling, general and administrative expenses (exclusive of depreciation and amortization) - Affiliates	13,961	13,411	16,118
Selling, general and administrative expenses (exclusive of depreciation and amortization) - Third parties	6,807	4,292	4,958
	20,768	17,703	21,076
Depreciation and amortization	28,452	27,249	25,578
Total operating costs and expenses	220,465	215,862	198,821
Operating income	68,729	82,803	124,851
Other income (expense):			
Interest expense and other financing costs	(6,880)	(6,783)	(6,294)
Interest income	40	30	74
Other income, net	164	71	93
Total other income (expense)	(6,676)	(6,682)	(6,127)
Income before income tax expense (benefit)	62,053	76,121	118,724
Income tax expense (benefit)	11	(28)	108
Net income	$62,042	$76,149	$118,616
Net income per common unit - basic	$0.85	$1.04	$1.62
Net income per common unit - diluted	$0.85	$1.04	$1.62
Weighted-average common units outstanding:			
Basic	73,123	73,115	73,072
Diluted	73,131	73,139	73,228

See accompanying notes to consolidated financial statements.

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CVR PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2015	2014	2013
	(in thousands)		
Net income	$62,042	$76,149	$118,616
Other comprehensive income (loss):			
Change in fair value of interest rate swaps	(137)	(229)	(211)
Net loss reclassified into income on settlement of interest rate swaps	1,056	1,090	1,063
Other comprehensive income	919	861	852
Total comprehensive income	$62,961	$77,010	$119,468

See accompanying notes to consolidated financial statements.

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CVR PARTNERS, LP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

	Common Units				
	Issued	Amount	General Partner Interest	Accumulated Other Comprehensive Income/(Loss)	Total
	(in thousands, except unit data)				
Balance at December 31, 2012	73,065,143	$448,943	$1	$ (2,751)	$446,193
Cash distributions to common unitholders – Affiliates	—	(77,539)	—	—	(77,539)
Cash distributions to common unitholders – Non-affiliates	—	(49,970)	—	—	(49,970)
Share-based compensation – Affiliates	—	2,254	—	—	2,254
Issuance of units under LTIP – Affiliates	74,251	—	—	—	—
Redemption of common units	(26,443)	(485)	—		