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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

OR

- 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)*

**2277 Plaza Drive, Suite 500**

**Sugar Land, Texas**

*(Address of principal executive offices)*

**56-2677689**

*(I.R.S. Employer  
Identification No.)*

**77479**

*(Zip Code)*

**(281) 207-3200**

*(Registrant's telephone number, including area code)*

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  No

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 of 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  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

*(Do not check if a smaller reporting company)*

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

There were 113,282,973 common units outstanding at April 25, 2017.

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CVR PARTNERS, LP AND SUBSIDIARIES

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For The Quarter Ended March 31, 2017

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## GLOSSARY OF SELECTED TERMS

The following are definitions of certain terms used in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (this "Report"):

|                       |  |
|-----------------------|--|
| 2023 Notes            | \$645.0 million aggregate principal amount of 9.25% Senior Notes due 2023, which were issued through CVR Partners and CVR Nitrogen Finance Corporation.  |
| ABL Credit Facility   | The Partnership's senior secured asset based revolving credit facility with a group of lenders and UBS AG, Stamford Branch, as administrative agent and collateral agent.  |
| 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. |
| Coffeyville Facility  | CVR Partners' nitrogen fertilizer manufacturing facility located in Coffeyville, Kansas.   |
| common units          | Common units representing limited partner interests of CVR Partners.   |
| 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 Coffeyville Resources, LLC.   |
| CVR Nitrogen          | CVR Nitrogen, LP (formerly known as East Dubuque Nitrogen Partners, L.P. and also formerly known as Rentech Nitrogen Partners L.P.).   |
| CVR Partners          | CVR Partners, LP.  |
| 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.   |
| East Dubuque Facility | CVR Partners' nitrogen fertilizer manufacturing facility located in East Dubuque, Illinois.  |
| East Dubuque Merger   | The transactions contemplated by the Agreement and Plan of Merger dated August 9, 2015, whereby the Partnership acquired CVR Nitrogen and CVR Nitrogen GP, LLC on April 1, 2016.   |
| farm belt             | Refers to the states of Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Wisconsin.   |
| general partner       | CVR GP, LLC, our general partner, which is a wholly-owned subsidiary of Coffeyville Resources, LLC.  |
| 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.   |

|                         |   |
|-------------------------|---|
| 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. |
| Partnership             | CVR Partners, L.P.  |
| pet coke                | Petroleum coke - a coal-like substance that is produced during the oil refining process.  |
| 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.                                  |
| southern plains         | Primarily includes Oklahoma, Texas and New Mexico.  |
| 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.   |

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

**CVR PARTNERS, LP AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

|   | March 31,<br>2017                | December 31,<br>2016 |
|---|----------------------------------|----------------------|
|   | (unaudited)                      |                      |
|   | (in thousands, except unit data) |                      |
| <b>ASSETS</b>   |                                  |                      |
| Current assets:   |                                  |                      |
| Cash and cash equivalents   | \$ 81,538                        | \$ 55,595            |
| Accounts receivable, net of allowance for doubtful accounts of \$49 and \$46 at March 31, 2017 and December 31, 2016, respectively                  | 15,115                           | 13,924               |
| Inventories   | 64,071                           | 58,167               |
| Prepaid expenses and other current assets, including \$480 and \$750 with affiliates at March 31, 2017 and December 31, 2016, respectively          | 6,160                            | 6,845                |
| Total current assets  | 166,884                          | 134,531              |
| Property, plant, and equipment, net of accumulated depreciation   | 1,114,374                        | 1,130,121            |
| Goodwill  | 40,969                           | 40,969               |
| Other long-term assets, including \$553 and \$598 with affiliates at March 31, 2017 and December 31, 2016, respectively                             | 6,203                            | 6,596                |
| Total assets  | \$ 1,328,430                     | \$ 1,312,217         |
| <b>LIABILITIES AND PARTNERS' CAPITAL</b>  |                                  |                      |
| Current liabilities:  |                                  |                      |
| Accounts payable, including \$2,800 and \$2,402 due to affiliates at March 31, 2017 and December 31, 2016, respectively                             | \$ 25,753                        | \$ 28,815            |
| Personnel accruals, including \$1,175 and \$1,968 with affiliates at March 31, 2017 and December 31, 2016, respectively                             | 5,325                            | 9,256                |
| Deferred revenue  | 31,886                           | 12,571               |
| Accrued expenses and other current liabilities, including \$1,261 and \$2,515 with affiliates at March 31, 2017 and December 31, 2016, respectively | 26,004                           | 12,374               |
| Total current liabilities   | 88,968                           | 63,016               |
| Long-term liabilities:  |                                  |                      |
| Long-term debt, net of current portion  | 623,780                          | 623,107              |
| Other long-term liabilities   | 1,111                            | 1,187                |
| Total long-term liabilities   | 624,891                          | 624,294              |
| Commitments and contingencies   |                                  |                      |
| Partners' capital:  |                                  |                      |
| Common unitholders, 113,282,973 units issued and outstanding at March 31, 2017 and December 31, 2016  | 614,570                          | 624,906              |
| General partner interest  | 1                                | 1                    |
| Total partners' capital   | 614,571                          | 624,907              |
| Total liabilities and partners' capital   | \$ 1,328,430                     | \$ 1,312,217         |

See accompanying notes to the condensed consolidated financial statements.

**CVR PARTNERS, LP AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

|  | Three Months Ended<br>March 31,      |           |
|--|--------------------------------------|-----------|
|  | 2017                                 | 2016      |
|  | (unaudited)                          |           |
|  | (in thousands, except per unit data) |           |
| Net sales  | \$ 85,321                            | \$ 73,092 |
| Operating costs and expenses:  |                                      |           |
| Cost of materials and other — Affiliates   | 2,146                                | 821       |
| Cost of materials and other — Third parties  | 19,591                               | 15,560    |
|  | 21,737                               | 16,381    |
| Direct operating expenses (exclusive of depreciation and amortization) — Affiliates    | 832                                  | 852       |
| Direct operating expenses (exclusive of depreciation and amortization) — Third parties | 35,078                               | 22,838    |
|  | 35,910                               | 23,690    |
| Depreciation and amortization  | 15,412                               | 6,976     |
| Cost of sales  | 73,059                               | 47,047    |
| Selling, general and administrative expenses — Affiliates                              | 3,886                                | 3,462     |
| Selling, general and administrative expenses — Third parties                           | 3,028                                | 2,930     |
|  | 6,914                                | 6,392     |
| Total operating costs and expenses   | 79,973                               | 53,439    |
| Operating income   | 5,348                                | 19,653    |
| Other income (expense):  |                                      |           |
| Interest expense and other financing costs   | (15,706)                             | (1,635)   |
| Interest income  | 3                                    | 2         |
| Other income, net  | 42                                   | 23        |
| Total other expense  | (15,661)                             | (1,610)   |
| Income (loss) before income tax expense  | (10,313)                             | 18,043    |
| Income tax expense   | 23                                   | 1         |
| Net income (loss)  | \$ (10,336)                          | \$ 18,042 |
| Net income (loss) per common unit — basic and diluted                                  | \$ (0.09)                            | \$ 0.25   |
| Weighted-average common units outstanding — basic and diluted                          | 113,283                              | 73,128    |

See accompanying notes to the condensed consolidated financial statements.

## CVR PARTNERS, LP AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

|  | Three Months Ended<br>March 31, |                  |
|--|---------------------------------|------------------|
|  | 2017                            | 2016             |
|  | (unaudited)                     |                  |
|  | (in thousands)                  |                  |
| Net income (loss)  | \$ (10,336)                     | \$ 18,042        |
| Other comprehensive income (loss):                                     |                                 |                  |
| Net loss reclassified into income on settlement of interest rate swaps | —                               | 119              |
| Other comprehensive income   | —                               | 119              |
| Total comprehensive income (loss)                                      | <u>\$ (10,336)</u>              | <u>\$ 18,161</u> |

See accompanying notes to the condensed consolidated financial statements.

## CVR PARTNERS, LP AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL

|                              | Common Units                     |            | General Partner Interest | Total      |
|------------------------------|----------------------------------|------------|--------------------------|------------|
|                              | Issued                           | Amount     |                          |            |
|                              | (in thousands, except unit data) |            |                          |            |
| Balance at December 31, 2016 | 113,282,973                      | \$ 624,906 | \$ 1                     | \$ 624,907 |
| Net income (loss)            | —                                | (10,336)   | —                        | (10,336)   |
| Balance at March 31, 2017    | 113,282,973                      | \$ 614,570 | \$ 1                     | \$ 614,571 |

See accompanying notes to the condensed consolidated financial statements.



## CVR PARTNERS, LP AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

|  | Three Months Ended<br>March 31, |                  |
|--|---------------------------------|------------------|
|  | 2017                            | 2016             |
|  | (unaudited)                     |                  |
|  | (in thousands)                  |                  |
| Cash flows from operating activities:  |                                 |                  |
| Net income (loss)  | \$ (10,336)                     | \$ 18,042        |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                                 |                  |
| Depreciation and amortization  | 15,412                          | 6,976            |
| Allowance for doubtful accounts  | 3                               | 231              |
| Amortization of deferred financing costs and original issue discount                     | 735                             | 241              |
| Loss on disposition of fixed assets  | 13                              | —                |
| Share-based compensation – Affiliates  | 516                             | 495              |
| Share-based compensation   | 167                             | 153              |
| Change in assets and liabilities:  |                                 |                  |
| Accounts receivable  | (1,194)                         | (2,110)          |
| Inventories  | (3,106)                         | 4,937            |
| Prepaid expenses and other current assets  | 685                             | 722              |
| Other long-term assets   | 178                             | (131)            |
| Accounts payable   | (1,372)                         | 648              |
| Deferred revenue   | 19,315                          | (2,291)          |
| Accrued expenses and other current liabilities   | 9,016                           | (4,273)          |
| Other long-term liabilities  | 23                              | —                |
| Net cash provided by operating activities  | <u>30,055</u>                   | <u>23,640</u>    |
| Cash flows from investing activities:  |                                 |                  |
| Capital expenditures   | (4,112)                         | (1,733)          |
| Net cash used in investing activities  | <u>(4,112)</u>                  | <u>(1,733)</u>   |
| Cash flows from financing activities:  |                                 |                  |
| Payment of financing costs   | —                               | (150)            |
| Cash distributions to common unitholders – Affiliates                                    | —                               | (10,509)         |
| Cash distributions to common unitholders – Non-affiliates                                | —                               | (9,236)          |
| Net cash used in financing activities  | <u>—</u>                        | <u>(19,895)</u>  |
| Net increase in cash and cash equivalents  | 25,943                          | 2,012            |
| Cash and cash equivalents, beginning of period   | 55,595                          | 49,967           |
| Cash and cash equivalents, end of period   | <u>\$ 81,538</u>                | <u>\$ 51,979</u> |
| Supplemental disclosures:  |                                 |                  |
| Cash paid for income taxes, net  | \$ —                            | \$ —             |
| Cash paid for interest   | \$ —                            | \$ 1,545         |
| Non-cash investing and financing activities:   |                                 |                  |
| Construction in progress additions included in accounts payable                          | \$ 2,181                        | \$ 767           |
| Change in accounts payable related to construction in progress additions                 | \$ (1,690)                      | \$ (263)         |

See accompanying notes to the condensed consolidated financial statements.

**CVR PARTNERS, LP AND SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****March 31, 2017****(unaudited)****(1) Organization and Nature of Business**

CVR Partners, LP (referred to as "CVR Partners" or the "Partnership") is a Delaware limited partnership, formed by CVR Energy, Inc. (together with its subsidiaries, but excluding the Partnership and its subsidiaries, "CVR Energy") to own, operate and grow its nitrogen fertilizer business. Nitrogen fertilizer is used by farmers to improve the yield and quality of their crops, primarily corn and wheat. The Partnership principally produces ammonia and urea ammonium nitrate ("UAN"), an aqueous solution of urea and ammonium nitrate. The Partnership's product sales are sold on a wholesale basis in North America.

The Partnership produces nitrogen fertilizer products at two manufacturing facilities, which are located in Coffeyville, Kansas (the "Coffeyville Facility") and East Dubuque, Illinois (the "East Dubuque Facility"). On April 1, 2016, the Partnership completed the merger (the "East Dubuque Merger") with CVR Nitrogen, LP (formerly known as East Dubuque Nitrogen Partners, L.P. and also formerly known as Rentech Nitrogen Partners, L.P.) ("CVR Nitrogen") and with CVR Nitrogen GP, LLC (formerly known as East Dubuque Nitrogen GP, LLC and also formerly known as Rentech Nitrogen GP, LLC) ("CVR Nitrogen GP"), whereby the Partnership acquired the East Dubuque Facility. See Note 4 ("East Dubuque Merger") for further discussion.

The Partnership's subsidiaries include Coffeyville Resources Nitrogen Fertilizers, LLC ("CRNF"), which owns and operates the Coffeyville Facility, and East Dubuque Nitrogen Fertilizers, LLC ("EDNF"), which owns and operates the East Dubuque Facility. Both facilities manufacture ammonia and are able to further upgrade to other nitrogen fertilizer products, principally UAN.

Immediately subsequent to the East Dubuque Merger and as of March 31, 2017, public security holders held approximately 66% of the Partnership's outstanding limited partner interests and Coffeyville Resources, LLC ("CRLLC"), a wholly-owned subsidiary of CVR Energy, held approximately 34% of the Partnership's outstanding limited partner interests and 100% of the noneconomic general partner interest. As of March 31, 2017, Icahn Enterprises L.P. ("IEP") and its affiliates owned approximately 82% of the shares of CVR Energy.

***Management and Operations***

CVR GP, LLC ("CVR GP" or the "general partner") manages and operates the Partnership. Common unitholders have only limited voting rights on matters affecting the Partnership. In addition, common unitholders have no right to elect the general partner's directors on an annual or continuing basis.

The Partnership is operated by a combination of the general partner's senior management team and CVR Energy's senior management team pursuant to a services agreement among CVR Energy, CVR GP and the Partnership. The various rights and responsibilities of the Partnership's partners are set forth in the limited partnership agreement. The Partnership also is party to a number of agreements with CVR Energy and CVR GP to regulate certain business relations between the Partnership and the other parties thereto. See Note 13 ("Related Party Transactions") for further discussion.

**(2) Basis of Presentation**

The accompanying Partnership condensed consolidated financial statements include the accounts of CVR Partners and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The accompanying condensed consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). These condensed consolidated financial statements should be read in conjunction with the December 31, 2016 audited consolidated financial statements and notes thereto included in CVR Partners' Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 21, 2017 (the "2016 Form 10-K").

The condensed consolidated financial statements include certain selling, general and administrative expenses and direct operating expenses that CVR Energy and its subsidiaries incurred on behalf of the Partnership. These related party transactions are governed by the services agreement. See Note 13 ("Related Party Transactions") for additional discussion of the services agreement and billing and allocation of certain costs.

**CVR PARTNERS, LP AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2017**  
**(unaudited)**

In the opinion of the Partnership's management, the accompanying condensed consolidated financial statements and related notes reflect all adjustments (consisting only of normal recurring adjustments) that are necessary to fairly present the financial position of the Partnership as of March 31, 2017 and December 31, 2016, the results of operations and comprehensive income (loss) of the Partnership for the three months ended March 31, 2017 and 2016, the cash flows of the Partnership for the three months ended March 31, 2017 and 2016 and the changes in partners' capital for the Partnership for the three months ended March 31, 2017.

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Results of operations and cash flows for the interim periods presented are not necessarily indicative of the results that will be realized for the year ending December 31, 2017 or any other interim or annual period.

### **(3) Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, creating a new topic, FASB Accounting Standards Codification ("ASC") Topic 606, "*Revenue from Contracts with Customers*, which supersedes revenue recognition requirements in FASB ASC Topic 605, "Revenue Recognition." This ASU requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. In addition, an entity is required to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for interim and annual periods beginning after December 15, 2017. The Partnership has developed an implementation plan to adopt the new standard. As part of this plan, the Partnership is currently assessing the impact of the new guidance on its business processes, business and accounting systems, and consolidated financial statements and related disclosures, which involves review of existing revenue streams, evaluation of accounting policies and identification of the types of arrangements where differences may arise in the conversion to the new standard. The Partnership expects to complete the assessment phase of its implementation plan within the next several months, after which the Partnership will initiate the design and implementation phases of the plan, including implementing any changes to existing business processes and systems to accommodate the new standard, during 2017. The Partnership will adopt this standard as of January 1, 2018 using the modified retrospective application method. To date, the Partnership has not identified any material differences in its existing revenue recognition methods that would require modification under the new standard.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" ("ASU 2016-02"). The new standard revises accounting for operating leases by a lessee, among other changes, and requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the balance sheet. The standard is effective for the first interim and annual periods beginning after December 15, 2018, with early adoption permitted. At adoption, ASU 2016-02 will be applied using the modified retrospective application method. The Partnership is formulating an assessment and implementation plan to adopt the new standard. The Partnership expects its assessment and implementation plan to be ongoing during 2017 and 2018 and is currently unable to reasonably estimate the impact of adopting the new leases standard on its consolidated financial statements and footnote disclosures.

In January 2017, the FASB issued ASU No. 2017-04, "*Simplifying the Test for Goodwill Impairment*". The new standard simplifies the accounting for goodwill impairments by eliminating step 2 from the goodwill quantitative impairment test. Instead, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The standard is effective for interim and annual periods beginning after December 15, 2019 and early adoption is permitted. The Partnership adopted this standard as of January 1, 2017.

**CVR PARTNERS, LP AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2017**  
**(unaudited)**

**(4) East Dubuque Merger**

On April 1, 2016, the Partnership completed the East Dubuque Merger as contemplated by the Agreement and Plan of Merger, dated as of August 9, 2015 (the "Merger Agreement"), whereby the Partnership acquired CVR Nitrogen and CVR Nitrogen GP. Under the terms of the Merger Agreement, holders of CVR Nitrogen common units eligible to receive consideration received 1.04 common units representing limited partner interests in CVR Partners and \$2.57 in cash, without interest, for each CVR Nitrogen common unit. Pursuant to the Merger Agreement, CVR Partners issued approximately 40.2 million CVR Partners common units and paid approximately \$99.2 million in cash consideration to CVR Nitrogen common unitholders and certain holders of CVR Nitrogen phantom units.

The aggregate merger consideration was approximately \$802.4 million, including the fair value of CVR Partners common units issued of \$335.7 million, a cash contribution of \$99.2 million and \$367.5 million fair value of assumed debt. The East Dubuque Facility contributed net sales of \$26.8 million and an operating loss of \$0.6 million to our Condensed Consolidated Statements of Operations for the three months ended March 31, 2017.

***Merger-Related Indebtedness***

CVR Nitrogen's debt arrangements that remained in place after the closing date of the East Dubuque Merger included \$320.0 million of its 6.500% notes due 2021 (the "2021 Notes"). The majority of the 2021 Notes were repurchased in June 2016, as discussed further in Note 11 ("Debt").

Immediately prior to the East Dubuque Merger, CVR Nitrogen also had outstanding balances under a credit agreement with Wells Fargo Bank, National Association, as successor-in-interest by assignment from General Electric Company, as administrative agent (the "Wells Fargo Credit Agreement"). In connection with the closing of the East Dubuque Merger, the Partnership paid \$49.4 million for the outstanding balance, accrued interest and fees under the Wells Fargo Credit Agreement, and the Wells Fargo Credit Agreement was terminated.

***Pro Forma Financial Information***

The summary pro forma financial information for the period presented below gives effect to the East Dubuque Merger as if it had occurred on January 1, 2016. The pro forma financial information was adjusted to give effect to pro forma events that are i) directly attributable to the East Dubuque Merger, ii) factually supportable and iii) expected to have a continuing impact on the consolidated results of operations.

Pro forma net income has been adjusted to exclude \$1.9 million of merger-related costs incurred during the three months ended March 31, 2016. Incremental interest expense for financing the cash merger consideration and financing the payoff of the Wells Fargo Credit Agreement has also been adjusted for in the pro forma financial information, as well as incremental depreciation resulting from increased fair value of the property, plant and equipment as noted in the purchase price allocation.

The summary pro forma financial information is for informational purposes only and does not purport to represent what the Partnership's consolidated results of operations actually would have been if the East Dubuque Merger had occurred at any date, and such data does not purport to project the Partnership's results of operations for any future period. The basic and diluted units outstanding used to calculate the pro forma net income per unit amounts presented below have been adjusted to assume units issued at the closing of the East Dubuque Merger were outstanding since January 1, 2016.

**CVR PARTNERS, LP AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**March 31, 2017**

**(unaudited)**

|  | <b>Three Months Ended<br/>March 31, 2016</b>    |
|--|---|
|  | <b>(in thousands, except per<br/>unit data)</b> |
| Net sales                                      | \$ 107,940                                      |
| Net income                                     | 14,844  |
| Net income per common unit — basic and diluted | 0.13  |

***Expenses Associated with the East Dubuque Merger***

During the three months ended March 31, 2016, the Partnership incurred approximately \$1.2 million of legal and other professional fees and other merger-related expenses, which were included in selling, general and administrative expenses.

**(5) Share-Based Compensation**

Certain employees of CVR Partners and employees of CVR Energy who perform services for the Partnership under the services agreement with CVR Energy participate in equity-based compensation plans of CVR Partners' affiliates. Accordingly, CVR Partners has recorded compensation expense for these plans. All compensation expense related to these plans for full-time employees of CVR Partners has been attributed 100% to the Partnership. For employees of CVR Energy, the Partnership records share-based compensation relative to the percentage of time spent by each employee providing services to the Partnership as compared to the total calculated share-based compensation by CVR Energy. The Partnership recognizes the costs of share-based compensation in selling, general and administrative expenses and direct operating expenses (exclusive of depreciation and amortization). Allocated expense amounts related to plans for which the Partnership is responsible for payment are reflected as an increase or decrease to accrued expenses and other current liabilities.

***Long-Term Incentive Plan – CVR Energy***

CVR Energy has a Long-Term Incentive Plan ("CVR Energy LTIP") that permits the grant of options, stock appreciation rights, restricted shares, restricted stock units, dividend equivalent rights, share awards and performance awards (including performance share units, performance units and performance based restricted stock). As of March 31, 2017, only grants of performance units under the CVR Energy LTIP remain outstanding. Individuals who are eligible to receive awards and grants under the CVR Energy LTIP include CVR Energy's or its subsidiaries' employees, officers, consultants and directors.

***Performance Unit Awards***

In December 2015, CVR Energy entered into a performance unit award agreement (the "2015 Performance Unit Award Agreement") with its Chief Executive Officer. Compensation cost for the 2015 Performance Unit Award Agreement was recognized over the performance cycle from January 1, 2016 to December 31, 2016. The awards were fully vested at December 31, 2016 and the Partnership reimbursed CVR Energy \$0.5 million for its allocated portion of the performance unit award during the first quarter of 2017. As of December 31, 2016, the Partnership had a liability of \$0.5 million, for its allocated portion of the 2015 Performance Unit Award Agreement, which was recorded in accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets. Compensation expense recorded for the three months ended March 31, 2016 related to the awards was approximately \$0.1 million.

In December 2016, CVR Energy entered into a performance unit award agreement (the "2016 Performance Unit Award Agreement") with its Executive Chairman, Mr. Lipinski. Compensation cost for the 2016 Performance Unit Award Agreement will be recognized over the performance cycle from January 1, 2017 to December 31, 2017. The performance unit award represents the right to receive, upon vesting, a cash payment equal to a defined threshold in accordance with the award agreement, multiplied by a performance factor that is based upon the achievement of certain operating objectives. The Partnership will be responsible for reimbursing CVR Energy for its allocated portion of the performance unit award. Assuming a target performance threshold and that the allocation of costs from CVR Energy remains consistent with the allocation percentages in place at March 31, 2017, there was approximately \$0.4 million of total unrecognized compensation cost related to the 2016 Performance Unit Award Agreement to be recognized over approximately

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0.8 years. Compensation expense recorded for the three months ended March 31, 2017 related to the awards was approximately \$0.1 million. The Partnership will be responsible for reimbursing CVR Energy for its allocated portion of the awards. As of March 31, 2017, the Partnership had a liability of \$0.1 million, for its allocated portion of the 2016 Performance Unit Award Agreement, which is recorded in accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets.

***Incentive Unit Awards – CVR Energy***

CVR Energy has granted awards of incentive units and distribution equivalent rights to certain employees of CRLLC, CVR Energy and the Partnership's general partner who provide shared services to CVR Energy and its subsidiaries (including the Partnership). The awards are generally graded vesting awards, which are expected to vest over three years, with one-third of the award vesting each year. Compensation expense is recognized on a straight-line basis over the vesting period of the respective tranche of the award. Each incentive unit and distribution equivalent right represents the right to receive, upon vesting, a cash payment equal to (i) the average fair market value of one common unit of CVR Refining, LP ("CVR Refining") in accordance with the award agreement, plus (ii) the per unit cash value of all distributions declared and paid by CVR Refining from the grant date to and including the vesting date. The awards, which are liability-classified, are remeasured at each subsequent reporting date until they vest.

Assuming the portion of time spent on CVR Partners related matters by CVR Energy employees providing services to CVR Partners remains consistent with the amount of services provided during March 31, 2017, there was approximately \$1.1 million of total unrecognized compensation cost related to the incentive units and associated distribution equivalent rights to be recognized over a weighted-average period of approximately 1.5 years. Inclusion of a vesting table would not be meaningful due to changes in allocation percentages that may occur from time to time. The unrecognized compensation expense has been determined by the number of incentive units and respective allocation percentage for individuals for whom, as of March 31, 2017, compensation expense has been allocated to the Partnership. Compensation expense recorded for the three months ended March 31, 2017 was approximately \$0.2 million, and compensation expense was nominal for the three months ended March 31, 2016. The Partnership is responsible for reimbursing CVR Energy for its allocated portion of the awards.

As of March 31, 2017 and December 31, 2016, the Partnership had a liability related to these awards of \$0.6 million and \$0.4 million, respectively, which is recorded in accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets.

***Long-Term Incentive Plan – CVR Partners***

The Partnership has a long-term incentive plan ("CVR Partners LTIP") that provides for the grant of options, unit appreciation rights, distribution equivalent rights, restricted units, phantom units and other unit-based awards, each in respect of common units. Individuals eligible to receive awards pursuant to the CVR Partners LTIP include (i) employees of the Partnership and its subsidiaries, (ii) employees of the general partner, (iii) members of the board of directors of the general partner, and (iv) certain CVR Partners' parent's employees, consultants and directors who perform services for the benefit of the Partnership.

Through the CVR Partners LTIP, phantom unit awards outstanding include awards granted to employees of both the Partnership and the general partner. Phantom unit awards made to employees of the general partner are considered non-employee equity based-awards. The phantom unit awards outstanding vest over a three-year period. The maximum number of common units issuable under the CVR Partners LTIP is 5,000,000. As of March 31, 2017, there were 4,820,215 common units available for issuance under the CVR Partners LTIP. As all phantom unit awards discussed below are cash settled awards, they do not reduce the number of common units available for issuance.

Each phantom unit and distribution equivalent right represents the right to receive, upon vesting, a cash payment equal to (i) the average fair market value of one unit of the Partnership's common units in accordance with the award agreement, plus (ii) the per unit cash value of all distributions declared and paid by the Partnership from the grant date to and including the vesting date. The awards, which are liability-classified, are remeasured at each subsequent reporting date until they vest. The phantom unit awards are generally graded vesting awards, which are expected to vest over three years with one-third of the award vesting each year. Compensation expense is recognized on a straight-line basis over the vesting period of the respective tranche of the award.

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A summary of the phantom unit activity during the three months ended March 31, 2017 is presented below:

|                               | Phantom Units  | Weighted-Average<br>Grant Date Fair Value |
|-------------------------------|----------------|---|
| Non-vested at January 1, 2017 | 771,786        | \$ 6.47                                   |
| Granted                       | —              | —   |
| Vested                        | (7,333)        | 8.03                                      |
| Forfeited                     | (2,316)        | 7.77                                      |
| Non-vested at March 31, 2017  | <u>762,137</u> | <u>\$ 6.45</u>                            |

Unrecognized compensation expense associated with the unvested phantom units at March 31, 2017 was approximately \$2.5 million and is expected to be recognized over a weighted average period of 1.5 years. Compensation expense recorded for the three months ended March 31, 2017 and 2016 related to the awards under the CVR Partners LTIP was approximately \$0.3 million and \$0.5 million, respectively. Compensation expense related to the awards to employees of the Partnership and its subsidiaries under the CVR Partners LTIP has been recorded in selling, general and administrative expenses - third parties and direct operating expenses (exclusive of depreciation and amortization) - third parties. Compensation expense related to the awards issued to employees of the general partner under the CVR Partners LTIP has been recorded in selling, general and administrative expenses - affiliates and direct operating expenses (exclusive of depreciation and amortization) - affiliates. As of March 31, 2017 and December 31, 2016, the Partnership had a liability of \$1.3 million and \$1.0 million, respectively, for cash settled non-vested phantom unit awards and associated distribution equivalent rights, which is recorded in personnel accruals on the Condensed Consolidated Balance Sheets.

**(6) Inventories**

Inventories consisted of the following:

|                                   | March 31,<br>2017 | December 31,<br>2016 |
|-----------------------------------|-------------------|----------------------|
|                                   | (in thousands)    |                      |
| Finished goods                    | \$ 23,263         | \$ 15,860            |
| Raw materials and precious metals | 7,883             | 8,818                |
| Parts and supplies                | 32,925            | 33,489               |
| Total inventories                 | <u>\$ 64,071</u>  | <u>\$ 58,167</u>     |

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**(7) Property, Plant and Equipment**

A summary of costs and accumulated depreciation for property, plant and equipment is as follows:

|  | March 31,<br>2017   | December 31,<br>2016 |
|--|---------------------|----------------------|
|  | (in thousands)      |                      |
| Land and improvements                    | \$ 12,987           | \$ 12,995            |
| Buildings and improvements               | 14,881              | 14,881               |
| Machinery and equipment                  | 1,345,714           | 1,343,980            |
| Automotive equipment                     | 599                 | 599                  |
| Furniture and fixtures                   | 1,421               | 1,437                |
| Railcars                                 | 16,261              | 16,261               |
| Construction in progress                 | 10,172              | 9,588                |
|  | <u>1,402,035</u>    | <u>1,399,741</u>     |
| Less: Accumulated depreciation           | 287,661             | 269,620              |
| Total property, plant and equipment, net | <u>\$ 1,114,374</u> | <u>\$ 1,130,121</u>  |

Capitalized interest recognized as a reduction of interest expense was approximately \$42,000 for the three months ended March 31, 2017.

**(8) Partners' Capital and Partnership Distributions**

The Partnership has two types of partnership interests outstanding:

- common units; and
- a general partner interest, which is not entitled to any distributions, and which is held by the general partner.

Immediately subsequent to the East Dubuque Merger and as of March 31, 2017, the Partnership had a total of 113,282,973 common units issued and outstanding, of which 38,920,000 common units were owned by CRLLC, representing approximately 34% of the total Partnership common units outstanding.

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.

Available cash begins with 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 East Dubuque Merger, if any. Adjusted EBITDA is defined as EBITDA (net income before interest expense, net, income tax expenses, depreciation and amortization) further adjusted for the impact of major scheduled turnaround expense, gain or loss on extinguishment of debt, loss on disposition of assets, expenses associated with the East Dubuque Merger and business interruption insurance recovery, when applicable. 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 the general partner, and available cash is increased by the business interruption insurance proceeds and the impact of purchase accounting. Actual distributions are set by the board of directors of the general partner. The board of directors of the general partner may modify the cash distribution policy at any time, and the partnership agreement does not require the board of directors of the general partner to make distributions at all.



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On April 26, 2017, the Board of Directors of the general partner of the Partnership declared a cash distribution for the first quarter of 2017 in the amount of \$0.02 per common unit, or approximately \$2.3 million in aggregate. The cash distribution will be paid on May 15, 2017 to the Partnership's unitholders of record at the close of business on May 8, 2017.

**(9) Net Income (Loss) per Common Unit**

The Partnership's net income (loss) is allocated wholly to the common units, as the general partner does not have an economic interest. Basic and diluted net income (loss) per common unit is calculated by dividing net income (loss) by the weighted-average number of common units outstanding during the period and, when applicable, gives effect to certain units granted under the CVR Partners LTIP. The common units issued during the period are included on a weighted-average basis for the days in which they were outstanding.

**(10) Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities were as follows:

|  | As of<br>March 31,<br>2017 | As of<br>December 31,<br>2016 |
|--|----------------------------|-------------------------------|
| (in thousands)                                       |                            |                               |
| Property taxes                                       | \$ 2,224                   | \$ 1,742                      |
| Accrued interest                                     | 17,634                     | 2,683                         |
| Railcar maintenance accruals                         | 1,309                      | 2,502                         |
| Affiliates (1)                                       | 1,261                      | 2,515                         |
| Other accrued expenses and liabilities               | 3,576                      | 2,932                         |
| Total accrued expenses and other current liabilities | <u>\$ 26,004</u>           | <u>\$ 12,374</u>              |

- (1) Accrued expenses and other current liabilities include amounts owed by the Partnership to CVR Energy under the feedstock and shared services agreement. Refer to Note 13 ("Related Party Transactions") for additional discussion.

**(11) Debt**

Long-term debt consisted of the following:

|   | As of<br>March 31,<br>2017 | As of<br>December 31,<br>2016 |
|---|----------------------------|-------------------------------|
| (in thousands)  |                            |                               |
| 9.250% senior secured notes, due 2023                         | \$ 645,000                 | \$ 645,000                    |
| 6.500% notes, due 2021  | 2,240                      | 2,240                         |
| Total long-term debt, before debt issuance costs and discount | 647,240                    | 647,240                       |
| Less:   |                            |                               |
| Unamortized discount  | 14,796                     | 15,220                        |
| Unamortized debt issuance costs                               | 8,664                      | 8,913                         |
| Total long-term debt, net of current portion                  | <u>\$ 623,780</u>          | <u>\$ 623,107</u>             |

For the three months ended March 31, 2017 and 2016, amortization of the discount on debt and amortization of debt issuance costs reported as interest expense and other financing costs totaled approximately \$0.7 million and \$0.2 million, respectively.

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### **2023 Notes**

On June 10, 2016, the Partnership and CVR Nitrogen Finance Corporation ("CVR Nitrogen Finance"), an indirect wholly-owned subsidiary of the Partnership, (together the "2023 Notes Issuers"), certain subsidiary guarantors named therein and Wilmington Trust, National Association, as trustee and as collateral trustee, completed a private offering of \$645.0 million aggregate principal amount of 9.250% Senior Secured Notes due 2023 (the "2023 Notes"). The 2023 Notes mature on June 15, 2023, unless earlier redeemed or repurchased by the issuers. Interest on the 2023 Notes is payable semi-annually in arrears on June 15 and December 15 of each year. The 2023 Notes are guaranteed on a senior secured basis by all of the Partnership's existing subsidiaries.

The 2023 Notes contain customary covenants for a financing of this type that, among other things, restrict the Partnership's ability and the ability of certain of its subsidiaries to: (i) sell assets; (ii) pay distributions on, redeem or repurchase the Partnership's units or redeem or repurchase its subordinated debt; (iii) make investments; (iv) incur or guarantee additional indebtedness or issue preferred units; (v) create or incur certain liens; (vi) enter into agreements that restrict distributions or other payments from the Partnership's restricted subsidiaries to the Partnership; (vii) consolidate, merge or transfer all or substantially all of the Partnership's assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries.

The indenture governing the 2023 Notes prohibits us from making distributions to unitholders if any default or event of default (as defined in the indenture) exists. In addition, the indenture limits our ability to pay distributions to unitholders. The covenants will apply differently depending on our fixed charge coverage ratio (as defined in the indenture). If the fixed charge coverage ratio is not less than 1.75 to 1.0, we will generally be permitted to make restricted payments, including distributions to our unitholders, without substantive restriction. If the fixed charge coverage ratio is less than 1.75 to 1.0, we will generally be permitted to make restricted payments, including distributions to our unitholders, up to an aggregate \$75.0 million basket plus certain other amounts referred to as "incremental funds" under the indenture. As of March 31, 2017, the ratio was less than 1.75 to 1.0, and therefore, certain payments can be made up to an aggregate of \$75.0 million as noted above. No restricted payments have been made as of March 31, 2017, and this basket was fully available. As of March 31, 2017, the Partnership was in compliance with the covenants contained in the 2023 Notes.

Included in other current liabilities on the Condensed Consolidated Balance Sheets is accrued interest payable totaling approximately \$17.6 million and \$2.7 million as of March 31, 2017 and December 31, 2016, respectively, related to the 2023 Notes. At March 31, 2017 and December 31, 2016, respectively, the estimated fair value of the 2023 Notes was approximately \$661.9 million and \$664.4 million. This estimate of fair value is Level 2 as it was determined by quotations obtained from a broker-dealer who makes a market in these and similar securities.

### **2021 Notes**

The \$320.0 million of 2021 Notes were issued by CVR Nitrogen and CVR Nitrogen Finance prior to the East Dubuque Merger. The 2021 Notes bear interest at a rate of 6.500% per annum, payable semi-annually in arrears on April 15 and October 15 of each year. The 2021 Notes are scheduled to mature on April 15, 2021, unless repurchased or redeemed earlier in accordance with their terms. The substantial majority of the 2021 Notes were repurchased in 2016. As of March 31, 2017 and December 31, 2016, \$2.2 million of principal amount of the 2021 Notes remained outstanding and accrued interest was nominal.

### **Asset Based (ABL) Credit Facility**

On September 30, 2016, the Partnership entered into a senior secured asset based revolving credit facility (the "ABL Credit Facility") with a group of lenders and UBS AG, Stamford Branch ("UBS"), as administrative agent and collateral agent. The ABL Credit Facility has an aggregate principal amount of availability of up to \$50.0 million with an incremental facility, which permits an increase in borrowings of up to \$25.0 million in the aggregate subject to additional lender commitments and certain other conditions. The proceeds of the loans may be used for capital expenditures and working capital and general corporate purposes of the Partnership and its subsidiaries. The ABL Credit Facility provides for loans and standby letters of credit in an amount up to the aggregate availability under the facility, subject to meeting certain borrowing base conditions, with sub-limits of the lesser of 10% of the total facility commitment and \$5.0 million for swingline loans and \$10.0 million for letters of credit. The ABL Credit Facility is scheduled to mature on September 30, 2021.

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At the option of the borrowers, loans under the ABL Credit Facility initially bear interest at an annual rate equal to (i) 2.00% plus LIBOR or (ii) 1.00% plus a base rate, subject to a 0.50% step-down based on the previous quarter's excess availability. The borrowers must also pay a commitment fee on the unutilized commitments and also pay customary letter of credit fees.

The ABL Credit Facility also contains customary covenants for a financing of this type that limit the ability of the Partnership and its subsidiaries to, among other things, incur liens, engage in a consolidation, merger, purchase or sale of assets, pay dividends, incur indebtedness, make advances, investments and loans, enter into affiliate transactions, issue equity interests or create subsidiaries and unrestricted subsidiaries. The ABL Credit Facility also contains a fixed charge coverage ratio financial covenant, as defined therein. The Partnership was in compliance with the covenants of the ABL Credit Facility as of March 31, 2017.

As of March 31, 2017, the Partnership and its subsidiaries had availability under the ABL Credit Facility of \$50.0 million. There were no borrowings outstanding under the ABL Credit Facility as of March 31, 2017.

#### ***CRLLC Facility***

On April 1, 2016, in connection with the closing of the East Dubuque Merger, the Partnership entered into a \$300.0 million senior term loan credit facility (the "CRLLC Facility") with CRLLC, as the lender, the proceeds of which were used by the Partnership (i) to fund the repayment of amounts outstanding under the Wells Fargo Credit Agreement discussed in Note 4 ("East Dubuque Merger") (ii) to pay the cash consideration and to pay fees and expenses in connection with the East Dubuque Merger and related transactions and (iii) to repay all of the loans outstanding under the Credit Agreement discussed below. The CRLLC Facility had a term of two years and an interest rate of 12.0% per annum. Interest was calculated on the basis of the actual number of days elapsed over a 360-day year and payable quarterly. In April 2016, the Partnership borrowed \$300.0 million under the CRLLC Facility. On June 10, 2016, the Partnership paid off the \$300.0 million outstanding under the CRLLC Facility, paid \$7.0 million in interest, and terminated the CRLLC Facility.

#### ***Credit Agreement***

On April 13, 2011, CRNF, as borrower, and CVR Partners, as guarantor, entered into a credit facility with a group of lenders including Goldman Sachs Lending Partners LLC, as administrative and collateral agent (the "Credit Agreement"). The Credit Agreement included 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.

Previous borrowings under the Credit Agreement bore interest at either a Eurodollar rate or a base rate plus, in either case, a margin based on a pricing grid determined by the trailing four quarter leverage ratio. The margin for borrowings under the Credit Agreement ranges from 3.50% to 4.25% for Eurodollar loans and 2.50% to 3.25% for base rate loans. During the periods presented, the interest rate was either the Eurodollar rate plus a margin of 3.50% or, for base rate loans, the prime rate plus 2.50%. On April 1, 2016, the Partnership repaid all amounts outstanding under the Credit Agreement and the Credit Agreement was terminated. At March 31, 2016, the effective rate of the term loan was approximately 3.98%.

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**(12) Commitments and Contingencies*****Leases and Unconditional Purchase Obligations***

The minimum required payments for the Partnership's operating leases and unconditional purchase obligations are as follows:

|  | Operating<br>Leases | Unconditional<br>Purchase<br>Obligations |
|--|---------------------|--|
|  | (in thousands)      |  |
| Nine months ending December 31, 2017   | \$ 3,233            | \$ 17,925                                |
| <b><u>Year Ending December 31,</u></b> |                     |  |
| 2018                                   | 3,731               | 15,524                                   |
| 2019                                   | 3,115               | 12,738                                   |
| 2020                                   | 2,589               | 7,768                                    |
| 2021                                   | 2,409               | 6,498                                    |
| Thereafter                             | 2,675               | 59,890                                   |
|  | <u>\$ 17,752</u>    | <u>\$ 120,343</u>                        |

CRNF leases railcars and facilities under long-term operating leases. Lease expense included in cost of materials and other for the three months ended March 31, 2017 and 2016 totaled approximately \$1.3 million and \$1.2 million, respectively. The lease agreements have various remaining terms. Some agreements are renewable, at CRNF's option, for additional periods. It is expected, in the ordinary course of business, that leases may be renewed or replaced as they expire. The Partnership leases 115 UAN railcars from a related party, which is included in the operating lease commitments shown above. See Note 13 ("Related Party Transactions") for further discussion.

CRNF's purchase obligation for pet coke from a subsidiary of CVR Refining has been derived from a calculation of the average pet coke price paid to such subsidiary over the preceding two-year period. See Note 13 ("Related Party Transactions") for further discussion of the coke supply agreement.

CRNF is party to a hydrogen purchase and sale agreement with a subsidiary of CVR Refining, pursuant to which CRNF agrees to purchase and receive a committed volume. See Note 13 ("Related Party Transactions") for further discussion of the hydrogen purchase and sale agreement.

CRNF is party to the Amended and Restated On-Site Product Supply Agreement with The BOC Group, Inc. (as predecessor in interest to Linde LLC). Pursuant to the agreement, which expires in 2020, CRNF is required to take as available and pay for the supply of oxygen and nitrogen to the fertilizer operation. Expenses associated with this agreement are included in direct operating expenses (exclusive of depreciation and amortization), and, for the three months ended March 31, 2017 and 2016, totaled approximately \$1.1 million and \$1.0 million, respectively.

CRNF is a party to a pet coke supply agreement with HollyFrontier Corporation. The term of this agreement ends in December 2017. The delivered cost of this pet coke is included in cost of materials and other and totaled approximately \$0.9 million and \$1.4 million, respectively, for the three months ended March 31, 2017 and 2016.

EDNF is a party to a utility service agreement with Jo-Carroll Energy, Inc. The term of this agreement ends in 2019 and includes certain charges on a take-or-pay basis. The cost of utilities is included in direct operating expenses (exclusive of depreciation and amortization) and amounts associated with this agreement totaled approximately \$2.5 million for the three months ended March 31, 2017.

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Commitments for natural gas purchases consist of the following:

|                                     | March 31,<br>2017                               |
|-------------------------------------|---|
|                                     | (in thousands, except<br>weighted average rate) |
| MMBtus under fixed-price contracts  | 600   |
| Commitments to purchase natural gas | \$ 1,687  |
| Weighted average rate per MMBtu (1) | \$ 2.81   |

(1) Weighted average rate per MMBtu is based on the fixed rates applicable to each contract, exclusive of transportation costs.

***Litigation***

From time to time, the Partnership is involved in various lawsuits arising in the normal course of business, including environmental, health and safety ("EHS") matters described below under "Environmental, Health and Safety Matters." Liabilities, if any, related to such litigation are recognized when the related costs are probable and 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. It is possible that management's estimates of the outcomes will change within the next year due to uncertainties inherent in litigation and settlement negotiations. There were no new proceedings or material developments in proceedings from those provided in the 2016 Form 10-K. In the opinion of management, the ultimate resolution of any other litigation matters is not expected to have a material adverse effect on the accompanying condensed consolidated financial statements. There can be no assurance that management's beliefs or opinions with respect to liability for potential litigation matters are accurate.

***Environmental, Health and Safety Matters***

The Partnership's subsidiaries are subject to various stringent federal, state and local EHS rules and regulations. Liabilities related to EHS matters are recognized when the related costs are probable and can be reasonably estimated. Estimates of these costs are based upon currently available facts, existing technology, site-specific costs and currently enacted laws and regulations. In reporting EHS liabilities, no offset is made for potential recoveries. All liabilities are monitored and adjusted regularly as new facts emerge or changes in laws or technology occur.

There have been no new developments or material changes to the environmental accruals or expected capital expenditures related to compliance with environmental matters from those provided in the 2016 Form 10-K. The Partnership believes its subsidiaries are in material compliance with existing EHS rules and regulations. There can be no assurance that the EHS matters which may develop in the future will not have a material adverse effect on the Partnership's business, financial condition or results of operations.

**(13) Related Party Transactions**

***Related Party Agreements***

CVR Partners is party to, or otherwise subject to certain agreements with CVR Energy and its subsidiaries (including CVR Refining and its subsidiary Coffeyville Resources Refining & Marketing, LLC ("CRRM")) that govern the business relations among each party including: the (i) Feedstock and Shared Services Agreement; (ii) Hydrogen Purchase and Sale Agreement (iii) Coke Supply Agreement; (iv) Environmental Agreement; (v) Services Agreement; (vi) GP Services Agreement and (vii) Limited Partnership Agreement. The agreements are described as in effect at March 31, 2017. Except as otherwise described below, there have been no new developments or material changes to these agreements from those provided in the 2016 Form 10-K.

Amounts owed to CVR Partners and its subsidiaries from CVR Energy and its subsidiaries with respect to these agreements are included in prepaid expenses and other current assets and other long-term assets on the Condensed Consolidated Balance Sheets.

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Conversely, amounts owed to CVR Energy and its subsidiaries by CVR Partners and its subsidiaries with respect to these agreements are included in accounts payable, personnel accruals and accrued expenses and other current liabilities on the Partnership's Condensed Consolidated Balance Sheets.

***Feedstock and Shared Services Agreement***

CRNF is party to a feedstock and shared services agreement with CRRM under which the two parties provide feedstock and other services to one another. These feedstocks and services are utilized in the respective production processes of CRRM's Coffeyville, Kansas refinery and CRNF's Coffeyville Facility. The agreement was amended and restated effective January 1, 2017.

Prior to January 1, 2017, CRNF and CRRM transferred hydrogen to one another pursuant to the feedstock and shared services agreement. CRNF is not required to sell hydrogen to CRRM if such hydrogen is required for operation of CRNF's Coffeyville Facility, if such sale would adversely affect the Partnership's classification as a partnership for federal income tax purposes, or if such sale would not be in CRNF's best interest. Net monthly sales of hydrogen to CRRM have been reflected as net sales for CVR Partners, when applicable. Net monthly receipts of hydrogen from CRRM have been reflected in cost of materials and other for CVR Partners, when applicable. For the three months ended March 31, 2016, the net sales generated from the sale of hydrogen to CRRM were approximately \$1.1 million. At December 31, 2016, there was approximately \$0.1 million included in accounts payable on the Condensed Consolidated Balance Sheets associated with net hydrogen purchases.

Beginning January 1, 2017, hydrogen purchases from CRRM are governed pursuant to the hydrogen purchase and sale agreement discussed below, but hydrogen sales to CRRM remain governed pursuant to the feedstock and shared services agreement. For the three months ended March 31, 2017, the gross sales generated from the sale of hydrogen to CRRM pursuant to the feedstock and shared services agreement were approximately \$0.1 million and were included in net sales in the Condensed Consolidated Statements of Operations. The monthly hydrogen sales are cash settled net on a monthly basis with hydrogen purchases, pursuant to the hydrogen purchase and sale agreement.

The feedstock and shared services agreement also provides a mechanism pursuant to which CRNF transfers a tail gas stream to CRRM. CRNF receives the benefit of eliminating a waste gas stream and recovers the fuel value of the tail gas system. For the three months ended March 31, 2017 and 2016, the net sales generated from the sale of tail gas to CRRM were nominal. In April 2011, in connection with the tail gas stream transfers to CRRM, CRRM installed a pipe between the Coffeyville, Kansas refinery and the Coffeyville Facility to transfer the tail gas. CRNF agreed to pay CRRM the cost of installing the pipe and provide an additional 15% to cover the cost of capital, which was due from CRNF to CRRM over four years. At March 31, 2017 and December 31, 2016, there were assets of approximately \$0.2 million included in prepaid expenses and other current assets and approximately \$0.6 million included in other long-term assets in the Condensed Consolidated Balance Sheets.

At March 31, 2017 and December 31, 2016, receivables of \$0.1 million and \$0.3 million, respectively, were included in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets for amounts yet to be received related to components of the feedstock and shared services agreement, other than amounts related to hydrogen transfers and tail gas discussed above. At March 31, 2017 and December 31, 2016, current obligations of approximately \$0.8 million and \$0.9 million, respectively, were included in accounts payable on the Condensed Consolidated Balance Sheets associated with unpaid balances related to components of the feedstock and shared services agreement.

***Hydrogen Purchase and Sale Agreement***

CRNF and CRRM entered into a hydrogen purchase and sale agreement that was effective on January 1, 2017, pursuant to which CRRM agrees to sell and deliver a committed hydrogen volume of 90,000 mscf per month, and CRNF agrees to purchase and receive the committed volume. The committed volume pricing is based on a monthly fixed fee (based on the fixed and capital charges associated with producing the committed volume) and a monthly variable fee (based on the natural gas price associated with hydrogen actually received). In the event CRNF fails to take delivery of the full committed volume in a month, CRNF remains obligated to pay CRRM for the monthly fixed fee and the monthly variable fee based upon the actual hydrogen volume received, if any. In the event CRRM fails to deliver any portion of the committed volume for the applicable month for any reason other than planned repairs and maintenance, CRNF will be entitled to a pro-rata reduction of the monthly fixed fee. CRNF also has the option to purchase excess volume of up to 60,000 mscf per month, or more upon mutual agreement, from CRRM, if available for purchase.

**CVR PARTNERS, LP AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2017**  
**(unaudited)**

A portion of the monthly variable fee, as defined in the terms of the agreement, is determined according to the natural gas costs incurred by CRRM in operation of the hydrogen plant, which will reflect market-driven changes in the natural gas prices. In addition, certain fixed fees will be adjusted on an annual basis according to the changes in a cost index, as defined in the terms of the agreement.

CRRM is not required to sell hydrogen to CRNF if such sale would adversely affect CVR Refining's classification as a partnership for federal income tax purposes, and is not required to sell hydrogen to CRNF in excess of the committed volume if such volumes are needed for CRRM's operations.

The agreement has an initial term of 20 years and will be automatically extended following the initial term for additional successive five-year renewal terms unless either party gives 180 days written notice. Certain fees under the agreement are subject to modification after this initial term. The agreement contains customary terms related to indemnification, as well as termination for breach, by mutual consent, or due to insolvency or cessation of operations.

For the three months ended March 31, 2017, the cost of hydrogen purchases from CRRM was approximately \$1.2 million was included in cost of materials and other in the Condensed Consolidated Statement of Operations. The monthly hydrogen purchases are cash settled net on a monthly basis with hydrogen sales pursuant to the feedstock and shared services agreement. At March 31, 2017, current obligations, net of any amounts due to CRNF under the feedstock and shared services agreement for hydrogen, of approximately \$0.5 million were included in accounts payable on the Condensed Consolidated Balance Sheets associated with net hydrogen purchases from the CRRM.

#### ***Coke Supply Agreement***

CRNF is party to a coke supply agreement with CRRM pursuant to which CRRM supplies CRNF with pet coke. This agreement provides that CRRM must deliver to CRNF during each calendar year an annual required amount of pet coke equal to the lesser of

(i) 100 percent of the pet coke produced at CRRM's Coffeyville, Kansas petroleum refinery or (ii) 500,000 tons of pet coke. CRNF is also obligated to purchase this annual required amount. If during a calendar month CRRM produces more than 41,667 tons of pet coke, then CRNF will have the option to purchase the excess at the purchase price provided for in the agreement. If CRNF declines to exercise this option, CRRM may sell the excess to a third party.

CRNF obtains most (over 70% on average during the last five years) of the pet coke it needs from CRRM's adjacent crude oil refinery pursuant to the pet coke supply agreement, and procures the remainder through a contract with HollyFrontier Corporation and on the open market. The price CRNF pays pursuant to the pet coke supply agreement is based on the lesser of a pet coke price derived from the price received for UAN (the "UAN-based price") or a pet coke price index. The UAN-based price begins with a pet coke price of \$25 per ton based on a price per ton for UAN that excludes transportation cost ("netback price") of \$205 per ton, and adjusts up or down \$0.50 per ton for every \$1.00 change in the netback price. The UAN-based price has a ceiling of \$40 per ton and a floor of \$5 per ton.

CRNF will pay any taxes associated with the sale, purchase, transportation, delivery, storage or consumption of the pet coke. CRNF is entitled to offset any amount payable for the pet coke against any amount due from CRRM under the feedstock and shared services agreement between the parties.

The cost of pet coke associated with the transfer of pet coke from CRRM to CRNF were approximately \$0.5 million and \$0.7 million for the three months ended March 31, 2017 and 2016, respectively, which was recorded in cost of materials and other. Payables of \$0.1 million related to the coke supply agreement were included in accounts payable on the Condensed Consolidated Balance Sheets at December 31, 2016 and a nominal amount was outstanding at March 31, 2017.

#### ***Services Agreement***

CVR Partners obtains certain management and other services from CVR Energy pursuant to a services agreement between the Partnership, CVR GP and CVR Energy.

**CVR PARTNERS, LP AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**March 31, 2017**

**(unaudited)**

Net amounts incurred under the services agreement for the three months ended March 31, 2017 and 2016 were as follows:

|   | <b>Three Months Ended<br/>March 31,</b> |             |
|---|---|-------------|
|   | <b>2017</b>                             | <b>2016</b> |
|   | <b>(in thousands)</b>                   |             |
| Direct operating expenses (exclusive of depreciation and amortization) — Affiliates | \$ 610                                  | \$ 665      |
| Selling, general and administrative expenses — Affiliates                           | 3,152                                   | 2,563       |
| Total   | \$ 3,762                                | \$ 3,228    |

For services performed in connection with the services agreement, the Partnership recognized personnel costs, excluding amounts related to share-based compensation that are disclosed in Note 5 ("Share-Based Compensation"), of \$1.7 million and \$1.4 million, respectively, for the three months ended March 31, 2017 and 2016. At March 31, 2017 and December 31, 2016, current obligations of \$2.6 million and \$3.5 million, respectively, were included in accounts payable and accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets with respect to amounts billed in accordance with the services agreement.

#### ***Limited Partnership Agreement***

The partnership agreement provides that the Partnership will reimburse its general partner for all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including salary, bonus, incentive compensation and other amounts paid to any person to perform services for the Partnership or for its general partner in connection with operating the Partnership). Pursuant to the partnership agreement, the Partnership incurred approximately \$0.9 million and \$1.1 million for the three months ended March 31, 2017 and 2016, respectively, primarily for personnel costs related to the compensation of executives at the general partner, who manage the Partnership's business. At March 31, 2017 and December 31, 2016, current obligations of \$1.2 million and \$2.0 million, respectively, were included in personnel accruals on the Condensed Consolidated Balance Sheets related to amounts outstanding in accordance with the limited partnership agreement.

#### ***Insight Portfolio Group***

Insight Portfolio Group LLC ("Insight Portfolio Group") is an entity formed by Mr. Carl C. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services and tangible and intangible property at negotiated rates. In January 2013, CVR Energy acquired a minority equity interest in Insight Portfolio Group. The Partnership participates in Insight Portfolio Group's buying group through its relationship with CVR Energy. The Partnership may purchase a variety of goods and services as members of the buying group at prices and on terms that management believes would be more favorable than those which would be achieved on a stand-alone basis. Transactions with Insight Portfolio Group for each of the reporting periods were nominal.

#### ***CRLLC Facility***

On April 1, 2016, in connection with the closing of the East Dubuque Merger, the Partnership entered into the CRLLC Facility. See Note 11 ("Debt") for further discussion.

#### ***Parent Affiliate Units***

In March 2016, CVR Energy purchased 400,000 CVR Nitrogen common units, representing approximately 1% of the outstanding CVR Nitrogen limited partner interests. CVR Energy did not receive merger consideration for these designated CVR Nitrogen common units. Subsequent to the East Dubuque Merger, the Partnership purchased 400,000 CVR Nitrogen common units from CVR Energy during the second quarter of 2016 for \$5.0 million.



**CVR PARTNERS, LP AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**March 31, 2017**  
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***Railcar Lease Agreements and Maintenance***

In the second quarter of 2016, the Partnership entered into agreements to lease a total of 115 UAN railcars from American Railcar Leasing, LLC ("ARL"), a company controlled by IEP. The lease agreements have a term of approximately seven years. The Partnership received the 115 UAN railcars during the second half of 2016. For the three months ended March 31, 2017, rent expense of approximately \$0.2 million was recorded in cost of materials and other in the Condensed Consolidated Statement of Operations related to these agreements. ARI Leasing, LLC, a company controlled by IEP, assumed the lease from ARL beginning March 30, 2017.

American Railcar Industries, Inc., a company controlled by IEP, performed railcar maintenance for the Partnership and the expenses associated with this maintenance were approximately \$0.2 million for the three months ended March 31, 2017 and were included in cost of materials and other in the Condensed Consolidated Statement of Operations.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the unaudited condensed consolidated financial statements and related notes and with the statistical information and financial data appearing in this Report, as well as the 2016 Form 10-K. Results of operations and cash flows for the three months ended March 31, 2017 and 2016 are not necessarily indicative of results to be attained for any other period.

### **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 Securities and Exchange Commission ("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 that 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" in the 2016 Form 10-K, filed with the SEC on February 21, 2017. 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;
- our reliance on the natural gas and electricity that we purchase from third parties;
- the supply and price levels of essential raw materials;
- the risk of a material decline in production at our nitrogen fertilizer plants;
- 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 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;
- our lack of asset diversification;
- our dependence on significant customers;
- the potential loss of our transportation cost advantage over our competitors;
- our partial dependence on customer and distributor transportation of purchased goods;
- 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;
- the risk of labor disputes and adverse employee relations;
- 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; and
- CVR Energy and its affiliates may compete with us.

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.

### **Partnership 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. We produce and distribute nitrogen fertilizer products, which are used by farmers to improve the yield and quality of their crops. Our principal products are UAN and ammonia. All of our products are sold on a wholesale basis.

We produce our nitrogen fertilizer products at two manufacturing facilities, which are located in Coffeyville, Kansas and East Dubuque, Illinois. We acquired the East Dubuque, Illinois facility in April 2016 through our acquisition of CVR Nitrogen. For a

discussion of the East Dubuque Merger, refer to Note 4 ("East Dubuque Merger") of Part I, Item 1 of this Report. The consolidated financial statements and key operating metrics include the results of the East Dubuque Facility beginning on April 1, 2016, the date of the closing of the acquisition.

Our Coffeyville Facility includes a 1,300 ton-per-day capacity ammonia unit, a 3,000 ton-per-day capacity 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. Strategically located adjacent to CVR Refining's refinery in Coffeyville, Kansas, our Coffeyville Facility is the only operation in North America that utilizes a petroleum coke, or pet coke, gasification process to produce nitrogen fertilizer. During the past five years, over 70% of the pet coke consumed by our Coffeyville Facility was produced and supplied by CVR Refining's Coffeyville, Kansas crude oil refinery. We upgrade substantially all of the ammonia we produce at our Coffeyville Facility to higher margin UAN, which has historically commanded a premium price over ammonia. Approximately 93% of our Coffeyville Facility produced ammonia tons were upgraded into UAN in 2016. For the three months ended March 31, 2017 and 2016, approximately 87% and 89%, respectively, of our Coffeyville Facility produced ammonia tons were upgraded into UAN.

Our East Dubuque Facility includes a 1,075 ton-per-day capacity ammonia unit and a 1,100 ton-per-day capacity UAN unit. The facility is located on a 210-acre, 140-foot bluff above the Mississippi River, with access to the river for loading certain products. The East Dubuque Facility uses natural gas as its primary feedstock. The East Dubuque Facility has the flexibility to significantly vary its product mix. This enables us to upgrade our ammonia production into varying amounts of UAN, nitric acid and liquid and granulated urea each season, depending on market demand, pricing and storage availability. Product sales are heavily weighted toward sales of ammonia and UAN. For the post-acquisition period ended December 31, 2016, approximately 44% of our East Dubuque Facility produced ammonia tons were upgraded to other products. For the three months ended March 31, 2017, approximately 45% of our East Dubuque Facility produced ammonia tons were upgraded to other products.

CVR Energy, which indirectly owns our general partner and approximately 34% of our outstanding common units, also indirectly owns the general partner and approximately 66% of the outstanding common units of CVR Refining at March 31, 2017. 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.

### **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 operating costs and expenses.

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, new facility development, 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.

We have the capacity to store approximately 160,000 tons of UAN and 80,000 tons of ammonia. Our storage tanks are located primarily at our two production facilities. Inventories are often allowed to accumulate to allow customers to take delivery to meet the seasonal demand.

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 gates 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. Our products leave our Coffeyville Facility 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 Coffeyville Facility and keeping transportation costs low are keys to maintaining profitability.

The East Dubuque Facility is located in northwest Illinois, in the corn belt. The East Dubuque Facility primarily sells its product to customers located within 200 miles of the facility. In most instances, customers take delivery of nitrogen products at the plant and arrange and pay to transport them to their final destinations by truck. The East Dubuque Facility has direct access to a barge dock on the Mississippi River as well as a nearby rail spur serviced by the Canadian National Railway Company.

The high fixed cost of the Coffeyville Facility direct operating expense structure also directly affects our profitability. Our Coffeyville Facility's pet coke gasification process results in a significantly higher percentage of fixed costs than a natural gas-based fertilizer plant. In addition, while less than our Coffeyville Facility, our East Dubuque Facility has a significant amount of fixed costs. Major fixed operating expenses include a large portion of electrical energy, employee labor, and maintenance, including contract labor and outside services. We estimate these fixed costs averaged approximately 80% of our Coffeyville Facility's direct operating expenses over the 24 months ended March 31, 2017.

Our largest raw material expense used in the production of ammonia at our Coffeyville Facility is pet coke, which we purchase from CVR Refining and third parties. For the three months ended March 31, 2017 and 2016, we incurred approximately \$1.9 million and \$2.1 million, respectively, for the cost of pet coke, which equaled an average cost per ton of \$14 and \$17, respectively.

Our largest raw material expense used in the production of ammonia at our East Dubuque Facility is natural gas, which we purchase from third parties. Our East Dubuque Facility's natural gas process results in a higher percentage of variable costs as compared to the Coffeyville Facility. For the three months ended March 31, 2017, we incurred approximately \$5.3 million for feedstock natural gas, which equaled an average cost per MMBtu of \$3.59.

Consistent, safe and reliable operations at our nitrogen fertilizer plants are critical to our financial performance and results of operations. Unplanned downtime 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 Coffeyville Facility has undergone a full facility turnaround approximately every two to three years. The Coffeyville Facility underwent a full facility turnaround in the third quarter of 2015, at a cost of approximately \$7.0 million, exclusive of the impacts due to the lost production during the downtime. The Coffeyville Facility is planning to undergo the next scheduled full facility turnaround in 2018.

Historically, the East Dubuque Facility has also undergone a full facility turnaround approximately every two to three years. The East Dubuque Facility underwent a full facility turnaround in the second quarter of 2016, at a cost of approximately \$6.6 million, exclusive of the impacts due to the lost production during the downtime. The East Dubuque Facility is planning to undergo the next scheduled full facility turnaround in the third quarter of 2017, which is expected to last approximately 10 to 12 days.

#### **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 Coffeyville Facility; a services agreement, under which CVR Energy and its subsidiaries 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 for our Coffeyville Facility, including, but not limited to, high-pressure steam, nitrogen, instrument air, oxygen and natural gas; a hydrogen purchase and sale agreement, which governs the purchase of hydrogen for our Coffeyville Facility; a raw water and facilities sharing agreement, which allocates raw water resources between the two facilities in Coffeyville; an easement agreement; an environmental agreement; a lease agreement pursuant to which we lease office space and laboratory space; and certain financing agreements that we entered into in connection with the East Dubuque Merger. 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 13 ("Related Party Transactions") to Part I, Item 1 of this Report for additional discussion of the agreements.

### **Factors Affecting Comparability of Our Financial Results**

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 reason discussed below.

#### ***East Dubuque Merger***

On April 1, 2016, the Partnership completed the East Dubuque Merger, whereby the Partnership acquired the East Dubuque Facility. The consolidated financial statements and key operating metrics include the results of the East Dubuque Facility beginning on April 1, 2016, the date of the closing of the acquisition. During the three months ended March 31, 2016, the Partnership incurred \$1.2 million of legal and other professional fees and other merger-related expenses, which were included in selling, general and administrative expenses. See Note 4 ("East Dubuque Merger") to Part I, Item 1 of this Report for further discussion.

#### ***Indebtedness***

On April 1, 2016, as a result of the East Dubuque Merger, the Partnership acquired CVR Nitrogen, including its debt. During the second quarter of 2016, the Partnership used \$300.0 million of funds from the senior term loan credit facility with Coffeyville Resources, LLC, a related party, to finance the payoff of CVR Partners' \$125.0 million term loan, payoff CVR Nitrogen's credit facility outstanding balance of \$49.1 million, and to fund the cash merger consideration and certain merger-related expenses. In June 2016, the Partnership issued \$645.0 million aggregate principal of 9.250% Senior Secured Notes due 2023 to refinance the substantial majority of its existing debt. As a result of the financing transactions, the Partnership's interest expense increased for the three months ended March 31, 2017 as compared to the prior year. Further discussion regarding the Partnership's indebtedness can be found in Note 11 ("Debt") to Part I, Item 1 of this Report.

### **Results of Operations**

The period to period comparisons of our results of operations have been prepared using the historical periods included in our condensed 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 U.S. generally accepted accounting principles ("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 the three months ended March 31, 2017 and 2016. The results of operations for our East Dubuque Facility are included for the post acquisition period beginning April 1, 2016. The following data should be read in conjunction with our condensed consolidated financial statements and the notes thereto included elsewhere in this Report. All information in "Management's Discussion and Analysis of Financial Condition and Results of Operations," except for the balance sheet data as of December 31, 2016, is unaudited.

|  | Three Months Ended<br>March 31, |         |
|--|---------------------------------|---------|
|  | 2017                            | 2016    |
| (in millions)  |                                 |         |
| <b>Consolidated Statements of Operations Data:</b>               |                                 |         |
| Net sales  | \$ 85.3                         | \$ 73.1 |
| Cost of materials and other – Affiliates                         | 2.2                             | 0.8     |
| Cost of materials and other – Third parties                      | 19.6                            | 15.5    |
|  | 21.8                            | 16.3    |
| Direct operating expenses – Affiliates (1)                       | 0.8                             | 0.9     |
| Direct operating expenses – Third parties (1)                    | 35.1                            | 22.8    |
|  | 35.9                            | 23.7    |
| Depreciation and amortization                                    | 15.4                            | 7.0     |
| Cost of sales  | 73.1                            | 47.0    |
| Selling, general and administrative expenses – Affiliates (2)    | 3.9                             | 3.5     |
| Selling, general and administrative expenses – Third parties (2) | 3.0                             | 2.9     |
|  | 6.9                             | 6.4     |
| Operating income   | 5.3                             | 19.7    |
| Interest expense and other financing costs                       | (15.7)                          | (1.7)   |
| Other income, net  | 0.1                             | —       |
| Total other expense  | (15.6)                          | (1.7)   |
| Income (loss) before income tax expense                          | (10.3)                          | 18.0    |
| Income tax expense   | —                               | —       |
| Net income (loss)  | \$ (10.3)                       | \$ 18.0 |
| EBITDA (3)*  | \$ 20.8                         | \$ 26.7 |
| Adjusted EBITDA (3)*   | \$ 20.8                         | \$ 27.9 |
| Available cash for distribution (4)*                             | \$ 1.8                          | \$ 30.6 |
| Reconciliation to net sales:                                     |                                 |         |
| Fertilizer sales net at gate                                     | \$ 76.0                         | \$ 64.8 |
| Freight in revenue   | 7.1                             | 6.9     |
| Hydrogen revenue   | 0.1                             | 1.1     |
| Other  | 2.1                             | 0.3     |
| Total net sales  | \$ 85.3                         | \$ 73.1 |

\* See footnote (3) and (4) below for discussion of non-GAAP financial measures.

|  | As of<br>March 31,<br>2017              | As of<br>December 31,<br>2016 |
|--|---|-------------------------------|
|  | (audited)                               |                               |
|  | (in millions)                           |                               |
| <b>Balance Sheet Data:</b>                           |   |                               |
| Cash and cash equivalents                            | \$ 81.5                                 | \$ 55.6                       |
| Working capital                                      | 77.9                                    | 71.5                          |
| Total assets   | 1,328.4                                 | 1,312.2                       |
| Total debt, net of current portion                   | 623.8                                   | 623.1                         |
| Total partners' capital                              | 614.6                                   | 624.9                         |
|  | <b>Three Months Ended<br/>March 31,</b> |                               |
|  | <b>2017</b>                             | <b>2016</b>                   |
|  | (in millions)                           |                               |
| <b>Cash Flow Data:</b>                               |   |                               |
| Net cash flow provided by (used in):                 |   |                               |
| Operating activities                                 | \$ 30.0                                 | \$ 23.6                       |
| Investing activities                                 | (4.1)                                   | (1.7)                         |
| Financing activities                                 | —                                       | (19.9)                        |
| Net increase (decrease) in cash and cash equivalents | \$ 25.9                                 | \$ 2.0                        |
| Capital expenditures:                                |   |                               |
| Maintenance capital expenditures                     | \$ 4.0                                  | \$ 0.9                        |
| Growth capital expenditures                          | 0.1                                     | 0.8                           |
| Total capital expenditures                           | \$ 4.1                                  | \$ 1.7                        |

- (1) Direct operating expenses are shown exclusive of depreciation and amortization.
- (2) The Partnership incurred approximately \$1.2 million of legal and other professional fees and other merger-related expenses for the three months ended March 31, 2016, as discussed in Note 4 ("East Dubuque Merger") to Part I, Item 1 of this Report, which are included in selling, general and administrative expenses.
- (3) EBITDA is defined as net income (loss) 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 major scheduled turnaround expenses, gain or loss on extinguishment of debt, loss on disposition of assets, expenses associated with the East Dubuque Merger and business interruption insurance recovery, when applicable.

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 amounts, such as major scheduled turnaround expenses, gain or loss on extinguishment of debt, loss on disposition of assets, expenses associated with the East Dubuque Merger and business interruption insurance recovery, relating to transactions not reflective of our core operations. When applicable, each of these amounts is discussed herein, so that investors have complete information about these amounts. 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 (loss) 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 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 consolidated Net income (loss) to consolidated EBITDA and consolidated Adjusted EBITDA is as follows:

|  | Three Months Ended<br>March 31, |         |
|--|---------------------------------|---------|
|  | 2017                            | 2016    |
| (in millions)                                    |                                 |         |
| Net income (loss)                                | \$ (10.3)                       | \$ 18.0 |
| Add:   |                                 |         |
| Interest expense and other financing costs, net  | 15.7                            | 1.7     |
| Income tax expense                               | —                               | —       |
| Depreciation and amortization                    | 15.4                            | 7.0     |
| EBITDA   | \$ 20.8                         | \$ 26.7 |
| Add:   |                                 |         |
| Expenses associated with the East Dubuque Merger | —                               | 1.2     |
| Adjusted EBITDA                                  | \$ 20.8                         | \$ 27.9 |

- (4) The board of directors of our general partner has a policy to calculate available cash for distribution starting with Adjusted EBITDA. For the three months ended March 31, 2017 and 2016, 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 East Dubuque Merger, 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, and available cash is increased by the business interruption insurance proceeds and the impact of purchase accounting. Actual distributions are set by the board of directors of our general partner. 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.

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 (loss) 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.

A reconciliation of consolidated available cash for distribution is as follows:

|   | Three Months Ended<br>March 31, |                |
|---|---------------------------------|----------------|
|   | 2017                            | 2016           |
| (in millions, except units and per unit data)                               |                                 |                |
| Adjusted EBITDA   | \$ 20.8                         | \$ 27.9        |
| Adjustments:  |                                 |                |
| Less:   |                                 |                |
| Net cash interest expense (excluding capitalized interest) and debt service | (15.0)                          | (1.5)          |
| Maintenance capital expenditures  | (4.0)                           | (0.9)          |
| Expenses associated with the East Dubuque Merger                            | —                               | (1.2)          |
| Add:  |                                 |                |
| Available cash associated with East Dubuque 2016 first quarter              | —                               | 6.3            |
| Available cash for distribution   | <u>\$ 1.8</u>                   | <u>\$ 30.6</u> |
| Available cash for distribution, per common unit (a)                        | \$ 0.02                         | \$ 0.27        |
| Distribution declared, per common unit                                      | 0.02                            | 0.27           |
| Common units outstanding (in thousands) (a)                                 | 113,283                         | 113,283        |

(a) Available cash for distribution, per common unit for the three months ended March 31, 2016 is calculated based on the post-merger common units outstanding.

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

|  | Three Months Ended<br>March 31, |         |
|--|---------------------------------|---------|
|  | 2017                            | 2016    |
| <b>Key Operating Statistics:</b>                                   |                                 |         |
| Consolidated sales (thousand tons):                                |                                 |         |
| Ammonia  | 61.9                            | 24.4    |
| UAN  | 321.6                           | 267.0   |
| Consolidated product pricing at gate (dollars per ton) (1):        |                                 |         |
| Ammonia  | \$ 308                          | \$ 367  |
| UAN  | \$ 160                          | \$ 209  |
| Consolidated production volume (thousand tons):                    |                                 |         |
| Ammonia (gross produced) (2)                                       | 219.2                           | 113.7   |
| Ammonia (net available for sale) (2)                               | 80.0                            | 15.1    |
| UAN  | 341.9                           | 248.2   |
| Feedstock:   |                                 |         |
| Petroleum coke used in production (thousand tons)                  | 132.6                           | 126.9   |
| Petroleum coke used in production (dollars per ton)                | \$ 14                           | \$ 17   |
| Natural gas used in production (thousands of MMBtu)                | 2,091.2                         | —       |
| Natural gas used in production (dollars per MMBtu) (3)             | \$ 3.41                         | \$ —    |
| Natural gas in cost of materials and other (thousands of MMBtu)    | 1,476.0                         | —       |
| Natural gas in cost of materials and other (dollars per MMBtu) (3) | \$ 3.59                         | \$ —    |
| Coffeyville Facility on-stream factors (4):                        |                                 |         |
| Gasification   | 98.9%                           | 97.7%   |
| Ammonia  | 98.5%                           | 97.2%   |
| UAN  | 96.8%                           | 91.4%   |
| East Dubuque Facility on-stream factors (4):                       |                                 |         |
| Ammonia  | 99.6%                           | —%      |
| UAN  | 98.2%                           | —%      |
| <b>Market Indicators:</b>  |                                 |         |
| Ammonia - Southern plains (dollars per ton)                        | \$ 387                          | \$ 375  |
| Ammonia - Corn belt (dollars per ton)                              | \$ 424                          | \$ 441  |
| UAN - Corn belt (dollars per ton)                                  | \$ 215                          | \$ 229  |
| Natural gas NYMEX (dollars per MMBtu)                              | \$ 3.06                         | \$ 1.98 |

- (1) 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.
- (2) Gross tons produced for ammonia represent total ammonia produced, including ammonia produced that was upgraded into other fertilizer products. Net tons available for sale represent ammonia available for sale that was not upgraded into other fertilizer products.
- (3) The cost per MMBtu excludes derivative activity, when applicable. The impact of natural gas derivative activity during the three months ended March 31, 2017 and 2016 was not material.
- (4) 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.

### Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

**Net Sales.** Net sales were \$85.3 million for the three months ended March 31, 2017 compared to \$73.1 million for the three months ended March 31, 2016. The increase of \$12.2 million for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 is primarily attributable to increased sales volumes due to the inclusion of the full quarter of the East Dubuque Facility (\$26.8 million). For the three months ended March 31, 2017, UAN and ammonia made up \$57.6 million and \$19.9 million of our consolidated net sales, respectively, including freight. This compared to UAN and ammonia consolidated net sales of \$62.6 million and \$9.1 million, respectively, for the three months ended March 31, 2016, including freight.

Excluding the East Dubuque acquisition, net sales would have decreased by \$14.6 million. The following table demonstrates the impact of changes in sales volumes and pricing for the primary components of net sales at the Coffeyville Facility for the three months ended March 31, 2017 as compared to the three months ended March 31, 2016:

|         | Price<br>Variance | Volume<br>Variance |
|---------|-------------------|--------------------|
|         | (in millions)     |                    |
| UAN     | \$ (14.0)         | \$ 0.9             |
| Ammonia | \$ (0.7)          | \$ —               |

The decrease in UAN and ammonia sales prices at the Coffeyville Facility for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was primarily attributable to pricing fluctuation in the market.

**Cost of Materials and Other.** Cost of materials and other consists primarily of freight and distribution expenses, feedstock expenses, purchased ammonia and purchased hydrogen. Cost of materials and other for the three months ended March 31, 2017 was \$21.8 million, compared to \$16.3 million for the three months ended March 31, 2016. The \$5.5 million increase was primarily attributable to the inclusion of the full quarter of the East Dubuque Facility (\$6.2 million). Excluding the East Dubuque acquisition, cost of materials and other decreased \$0.7 million, primarily due to lower costs from transactions with third parties of \$2.1 million, partially offset by an increase in transactions with affiliates of \$1.4 million.

**Direct Operating Expenses (Exclusive of Depreciation and Amortization).** Direct operating expenses 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 three months ended March 31, 2017 were \$35.9 million as compared to \$23.7 million for the three months ended March 31, 2016. The \$12.2 million increase is primarily attributable to the inclusion of the full quarter of the East Dubuque Facility (\$11.0 million). Excluding the East Dubuque acquisition, direct operating expenses increased \$1.2 million, primarily due to higher electricity pricing (\$1.3 million), partially offset by lower maintenance costs.

**Depreciation and Amortization Expense.** Depreciation expense was \$15.4 million for the three months ended March 31, 2017, as compared to \$7.0 million for the three months ended March 31, 2016. The increase of \$8.4 million is primarily attributable to the inclusion of the East Dubuque Facility.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses include the direct selling, general and administrative 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 applicable agreements. We also reimburse our general partner in accordance with the partnership agreement for expenses it incurs on our behalf. Reimbursed expenses to our general partner are included as selling, general and administrative expenses from affiliates. Selling, general and administrative expenses were \$6.9 million for the three months ended March 31, 2017 and \$6.4 million for the three months ended March 31, 2016. The \$0.5 million increase is primarily attributable to the inclusion of the full quarter of the East Dubuque Facility (\$1.8 million), partially offset by a decrease in expenses associated with the East Dubuque Merger (\$1.2 million).

**Operating Income.** Operating income was \$5.3 million for the three months ended March 31, 2017, as compared to operating income of \$19.7 million for the three months ended March 31, 2016. The decrease of \$14.4 million was the result of an increase in direct operating expenses (\$12.2 million), an increase in depreciation and amortization (\$8.4 million), an increase in cost of materials and other (\$5.5 million) and an increase selling general and administrative expenses (\$0.5 million), partially offset by an increase in net sales (\$12.2 million).

**Interest Expense and Other Financing Costs.** Interest expense was \$15.7 million for the three months ended March 31, 2017, as compared to \$1.7 million for the three months ended March 31, 2016. The increase of \$14.0 million was primarily due to the increased borrowings and higher interest rate on the 2023 Notes.

**Net Income (Loss).** For the three months ended March 31, 2017, net loss was \$10.3 million, as compared to \$18.0 million of net income for the three months ended March 31, 2016, a decrease of \$28.3 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 for working capital, capital expenditures, funding our debt service obligations and paying distributions to our unitholders, as further discussed below.

We believe that our cash from operations and existing cash and cash equivalents, along with borrowings, as necessary, under the ABL Credit Facility will be sufficient to satisfy anticipated cash commitments associated with our existing operations for at least the next 12 months. 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 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.

#### Cash Balance and Other Liquidity

As of March 31, 2017, we had cash and cash equivalents of \$81.5 million, including \$31.9 million of customer advances. Working capital at March 31, 2017 was \$77.9 million, consisting of \$166.9 million in current assets and approximately \$89.0 million in current liabilities. Working capital at December 31, 2016 was \$71.5 million, consisting of \$134.5 million in current assets and \$63.0 million in current liabilities. As of April 25, 2017, we had cash and cash equivalents of \$82.7 million.

#### 2023 Notes

On June 10, 2016, the Partnership and CVR Nitrogen Finance Corporation issued \$645.0 million aggregate principal amount of 9.250% Senior Secured Notes due 2023. The 2023 Notes were issued at a \$16.1 million discount, which is being amortized over the term of the 2023 Notes as interest expense using the effective-interest method. As a result of the issuance, approximately \$9.4 million of debt issuance costs were incurred, which are being amortized over the term of the 2023 Notes as interest expense using the effective-interest method.

The 2023 Notes are guaranteed on a senior secured basis by all of the Partnership's existing subsidiaries.

At any time prior to June 15, 2019, we may on any of one or more occasions redeem up to 35% of the aggregate principal amount of the 2023 Notes issued under the indenture governing the 2023 Notes in an amount not greater than the net proceeds of one or more public equity offerings at a redemption price of 109.250% of the principal amount of the 2023 Notes, plus any accrued and unpaid interest to the date of redemption. Prior to June 15, 2019, we may on any one or more occasions redeem all or part of the 2023 Notes at a redemption price equal to the sum of: (i) the principal amount thereof, plus (ii) the Make Whole Premium, as defined in the indenture governing the 2023 Notes, at the redemption date, plus any accrued and unpaid interest to the applicable redemption date.

On and after June 15, 2019, we may on any one or more occasions redeem all or a part of the 2023 Notes at the redemption prices (expressed as percentages of principal amount) set forth below, plus any accrued and unpaid interest to the applicable redemption date on such Notes, if redeemed during the 12-month period beginning on June 15 of the years indicated below:

| Year                | Percentage |
|---------------------|------------|
| 2019                | 104.625%   |
| 2020                | 102.313%   |
| 2021 and thereafter | 100.000%   |

Upon the occurrence of certain change of control events as defined in the indenture (including the sale of all or substantially all of the properties or assets of the Partnership and its subsidiaries, taken as a whole), each holder of the 2023 Notes will have the right to require that the Partnership repurchase all or a portion of such holder's 2023 Notes in cash at a purchase price equal to 101% of the aggregate principal amount thereof plus any accrued and unpaid interest to the date of repurchase.

The 2023 Notes contain customary covenants for a financing of this type that, among other things, restrict the Partnership's ability and the ability of certain of its subsidiaries to: (i) sell assets; (ii) pay distributions on, redeem or repurchase the Partnership's units or redeem or repurchase its subordinated debt; (iii) make investments; (iv) incur or guarantee additional indebtedness or issue preferred units; (v) create or incur certain liens; (vi) enter into agreements that restrict distributions or other payments from the Partnership's restricted subsidiaries to the Partnership; (vii) consolidate, merge or transfer all or substantially all of the Partnership's assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. Most of the foregoing covenants would cease to apply at such time that the 2023 Notes are rated investment grade by both Standard & Poor's Ratings Services and Moody's Investors Service, Inc. However, such covenants would be reinstated if the 2023 Notes subsequently lost their investment grade rating. In addition, the indenture contains customary events of default, the occurrence of which would result in, or permit the trustee or the holders of at least 25% of the 2023 Notes to cause, the acceleration of the 2023 Notes, in addition to the pursuit of other available remedies.

The indenture governing the 2023 Notes prohibits us from making distributions to unitholders if any default or event of default (as defined in the indenture) exists. In addition, the indenture limits our ability to pay distributions to unitholders. The covenants will apply differently depending on our fixed charge coverage ratio (as defined in the indenture). If the fixed charge coverage ratio is not less than 1.75 to 1.0, we will generally be permitted to make restricted payments, including distributions to our unitholders, without substantive restriction. If the fixed charge coverage ratio is less than 1.75 to 1.0, we will generally be permitted to make restricted payments, including distributions to our unitholders, up to an aggregate \$75.0 million basket plus certain other amounts referred to as "incremental funds" under the indenture. As of March 31, 2017, the ratio was less than 1.75 to 1.0, and therefore, certain restricted payments may only be made up to an aggregate of \$75.0 million as noted above. No restricted payments have been made as of March 31, 2017, and this basket was fully available. As of March 31, 2017, we were in compliance with the covenants contained in the 2023 Notes.

#### ***Asset Based (ABL) Credit Facility.***

On September 30, 2016, the Partnership entered into the ABL Credit Facility with a group of lenders and UBS AG, Stamford Branch, as administrative agent and collateral agent. The ABL Credit Facility is a senior secured asset based revolving credit facility in an aggregate principal amount of availability of up to \$50.0 million with an incremental facility, which permits an increase in borrowings of up to \$25.0 million in the aggregate subject to additional lender commitments and certain other conditions. The proceeds of the loans may be used for capital expenditures and working capital and general corporate purposes of the Partnership and its subsidiaries. The ABL Credit Facility provides for loans and standby letters of credit in an amount up to the aggregate availability under the facility, subject to meeting certain borrowing base conditions, with sub-limits of the lesser of 10% of the total facility commitment and \$5.0 million for swingline loans and \$10.0 million for letters of credit. The ABL Credit Facility has a five-year maturity and will be used for working capital and other general corporate purposes.

At the option of the borrowers, loans under the ABL Credit Facility initially bear interest at an annual rate equal to (i) 2.00% plus LIBOR or (ii) 1.00% plus a base rate, subject to a 0.50% step-down based on the previous quarter's excess availability.

The Partnership must also pay a commitment fee on the unutilized commitments to the lenders under the ABL Credit Facility equal to (a) 0.375% per annum for the first full calendar quarter after the closing date and (b) thereafter, (i) 0.375% per annum if utilization under the facility is less than 50% of the total commitments and (ii) 0.25% per annum if utilization under the facility is equal to or greater than 50% of the total commitments. The borrowers must also pay customary letter of credit fees equal to 2.00%, subject to a 0.50% step-down based on the previous quarter's excess availability, on the maximum amount available to be drawn under, and customary facing fees equal to 0.125% of the face amount of, each letter of credit.

The ABL Credit Facility also contains customary covenants for a financing of this type that limit the ability of the Partnership to, among other things, incur liens, engage in a consolidation, merger, purchase or sale of assets, pay dividends, incur indebtedness, make advances, investments and loans, enter into affiliate transactions, issue equity interests, or create subsidiaries and unrestricted subsidiaries. The ABL Credit Facility also contains a fixed charge coverage ratio financial covenant, as defined therein. The Partnership was in compliance with the covenants of the ABL Credit Facility as of March 31, 2017.

As of March 31, 2017, the Partnership and its subsidiaries had availability under the ABL Credit Facility of \$50.0 million. There were no borrowings outstanding under the ABL Credit Facility as of March 31, 2017.

### ***Capital Spending***

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. Major scheduled turnaround expenses are expensed when incurred. Our total capital expenditures for the three months ended March 31, 2017 were approximately \$4.1 million, including \$4.0 million of maintenance capital spending and the remainder for growth capital projects.

Capital spending for our business has been and will be determined by the Board of Directors of our general partner. Our estimated maintenance capital expenditures are expected to be approximately \$15 million for the year ending December 31, 2017. Our estimated capital expenditures are subject to change due to unanticipated increases/decreases in the cost, scope and completion time for our capital projects. For example, we may experience increases/decreases in labor or equipment costs necessary to comply with government regulations or to complete projects that sustain or improve the profitability of our facilities.

### ***Major Scheduled Turnaround Expenditures***

Consistent, safe and reliable operations are critical to our financial performance and results of operations. Unplanned downtime of either 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 Coffeyville Facility has undergone a full facility turnaround every two to three years. The Coffeyville Facility underwent a full facility turnaround in the third quarter of 2015, at a cost of approximately \$7.0 million, exclusive of the impacts due to the lost production during the downtime. The Partnership is planning to undergo the next scheduled full facility turnaround at the Coffeyville Facility in 2018.

Historically, the East Dubuque Facility has also undergone a full facility turnaround every two to three years. The East Dubuque Facility underwent a full facility turnaround in the second quarter of 2016, at a cost of approximately \$6.6 million, exclusive of the impacts due to the lost production during the downtime. The Partnership is planning to undergo the next scheduled full facility turnaround at the East Dubuque Facility in the third quarter of 2017, which is expected to last approximately 10 to 12 days.

### ***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. See Note 8 ("Partners' Capital and Partnership Distributions") to Part I, Item 1 of this Report for information on our distribution policy and for information on the Partnership's first quarter of 2017 distribution.

## Cash Flows

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

|   | Three Months Ended<br>March 31, |               |
|---|---------------------------------|---------------|
|   | 2017                            | 2016          |
| (in millions)                             |                                 |               |
| Net cash flow provided by (used in):      |                                 |               |
| Operating activities                      | \$ 30.0                         | \$ 23.6       |
| Investing activities                      | (4.1)                           | (1.7)         |
| Financing activities                      | —                               | (19.9)        |
| Net increase in cash and cash equivalents | <u>\$ 25.9</u>                  | <u>\$ 2.0</u> |

### *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 three months ended March 31, 2017 were approximately \$30.0 million. Fluctuations in other working capital of \$29.0 million primarily lead to the increase in our operating cash flow and were due to an increase in deferred revenue of \$19.3 million, an increase to accrued expenses and other current liabilities of \$9.0 million and a decrease to prepaid expenses and other current assets of \$0.7 million for the three months ended March 31, 2017. The increase in deferred revenue was primarily attributable to our acceptance of certain customer prepayments scheduled primarily for deliveries during the three months ending June 30, 2017. The increase in accrued expenses and other current liabilities are primarily a result from higher accrued interest of \$14.9 million, partially offset by the payment of annual incentive awards during the three months ended March 31, 2017. Fluctuations in trade working capital decreased our operating cash flow by \$5.7 million due to an increase in inventory of \$3.1 million, an increase in accounts payable of \$1.4 million and an increase in accounts receivable of \$1.2 million. The increase in inventory was primarily attributable to the East Dubuque Facility's seasonal buildup of finished goods inventories in expectation of deliveries during the three months ending June 30, 2017.

Net cash flows provided by operating activities for the three months ended March 31, 2016 were approximately \$23.6 million. Fluctuations in trade working capital increased our operating cash flow by \$3.5 million due to a decrease in inventory of \$4.9 million and an increase in accounts payable of \$0.7 million, partially offset by an increase in accounts receivable of \$2.1 million. The decrease in inventory was primarily attributable to a decrease in finished goods inventory as a result of increased sales volumes for the three months ended March 31, 2016. The increase in accounts receivable was primarily attributable to an increase in sales and normal fluctuations in the timing of payments. Fluctuations in other working capital of \$5.8 million decreased our operating cash flow and were due to a decrease to accrued expenses and other current liabilities of \$4.2 million, a decrease in deferred revenue of \$2.3 million, partially offset by a decrease to prepaid expenses and other current assets of \$0.7 million for the three months ended March 31, 2016. The decrease in accrued expenses and other current liabilities was primarily due to the payment of incentive awards. The decrease in deferred revenue was primarily attributable to increased sales for the three months ended March 31, 2016.

### *Cash Flows Used in Investing Activities*

Net cash used in investing activities for the three months ended March 31, 2017 was \$4.1 million compared to \$1.7 million for the three months ended March 31, 2016. For the three months ended March 31, 2016, net cash used in investing activities was primarily the result of capital expenditures.

### *Cash Flows Used in Financing Activities*

Net cash flows provided by financing activities for the three months ended March 31, 2017 were \$0.0 million, compared to net cash flows used in financing activities for the three months ended March 31, 2016 of \$19.9 million. The net cash used in financing activities for the three months ended March 31, 2016 was attributable to quarterly cash distributions.



### **Contractual Obligations**

As of March 31, 2017, our contractual obligations included long-term debt, operating leases, unconditional purchase obligations, other specified capital and commercial commitments and interest payments. There were no material changes outside the ordinary course of our business with respect to our contractual obligations during the three months ended March 31, 2017, from those disclosed in our 2016 Form 10-K.

### **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.

### **Recent Accounting Pronouncements**

Refer to Note 3 ("Recent Accounting Pronouncements") to Part I, Item 1 of this Report for a discussion of recent accounting pronouncements applicable to the Partnership.

### **Critical Accounting Policies and Estimates**

Our critical accounting policies are disclosed in the "Critical Accounting Policies" section of our 2016 Form 10-K. No modifications have been made to our critical accounting policies and estimates.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

#### **Commodity Price, Foreign Currency Exchange and Non-Operating Risks**

We are exposed to significant market risk due to potential changes in prices for fertilizer products and natural gas. Natural gas is the primary raw material used in the production of various nitrogen-based products manufactured at our East Dubuque Facility. We have commitments to purchase natural gas for use in our East Dubuque Facility on the spot market, and through short-term, fixed supply, fixed price and index price purchase contracts. Natural gas prices have fluctuated during the last several years, increasing substantially in 2008 and subsequently declining to the current lower pricing levels.

In the normal course of business, we produce nitrogen-based fertilizer products throughout the year to supply the needs of our customers during the high-delivery-volume spring and fall seasons. The value of fertilizer product inventory is subject to market risk due to fluctuations in the relevant commodity prices. Prices of nitrogen fertilizer products can be volatile. We believe that market prices of nitrogen products are affected by changes in grain prices and demand, natural gas prices and other factors. 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 sales transactions.

We do not currently use derivative financial instruments to manage risks related to changes in prices of commodities (e.g., UAN, ammonia, natural gas or pet coke), except as noted above. 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. Our 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.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

As of March 31, 2017, we have evaluated, under the direction of our Executive Chairman, Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon and as of the date of that evaluation, our Executive Chairman, Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Partnership's management, including our Executive Chairman, Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. It should be noted that any system of disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any system of disclosure controls and procedures is based in part upon assumptions about the likelihood of future events. Due to these and other inherent limitations of any such system, there can be no assurance that any design will always succeed in achieving its stated goals under all potential future conditions.

#### **Changes in Internal Control Over Financial Reporting**

There has been no material change in our internal control over financial reporting required by Rule 13a-15 of the Exchange Act that occurred during the fiscal quarter ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **Part II. Other Information**

### **Item 1. Legal Proceedings**

See Note 12 ("Commitments and Contingencies") to Part I, Item 1 of this Report, which is incorporated by reference into this Part II, Item 1, for a description of certain litigation, legal and administrative proceedings and environmental matters.

### **Item 1A. Risk Factors**

There have been no material changes from the risk factors previously disclosed in the "Risk Factors" section of our 2016 Form 10-K.

### **Item 6. Exhibits**

See the accompanying Exhibit Index and related note following the signature page to this Report for a list of exhibits filed or furnished with this Report, which Exhibit Index and related note are incorporated herein by reference.



**EXHIBIT INDEX**

| <b><u>Exhibit Number</u></b> | <b><u>Exhibit Title</u></b>  |
|------------------------------|--|
| 10.1*                        | Hydrogen Purchase and Sale Agreement, dated as of January 1, 2017, by and between Coffeyville Resources Refining & Marketing, LLC and Coffeyville Resources Nitrogen Fertilizers, LLC.   |
| 10.2*                        | Second Amended and Restated Feedstock and Shared Services Agreement, dated as of January 1, 2017, by and between Coffeyville Resources Refining & Marketing, LLC and Coffeyville Resources Nitrogen Fertilizers, LLC.  |
| 10.3*                        | Third Amended and Restated Services Agreement, dated as of January 1, 2017, by and among CVR Partners, LP, CVR GP, LLC and CVR Energy, Inc.  |
| 10.4**                       | Amendment No. 1 to Transaction Agreement, dated as of January 20, 2017, by and among CVR Partners, LP, Coffeyville Resources, LLC, GSO Special Situations Overseas Master Fund Ltd., GSO Special Situations Fund LP, GSO Palmetto Opportunistic Investment Partners LP, GSO Credit-A Partners LP, Steamboat Credit Opportunities Master Fund LP, GSO Coastline Credit Partners LP, GSO Cactus Credit Opportunities Fund LP and GSO Aiguille des Grands Montets Fund II LP, GSO SSOMF Nitro Blocker LLC, Steamboat Nitro Blocker LLC, GSO ADGM II Nitro Blocker LLC and GSO Capital Partners LP (incorporated by reference to Exhibit 10.24.1 of the Form 10-K filed on February 21, 2017). |
| 31.1*                        | Rule 13a-14(a) or 15d-14(a) Certification of Executive Chairman.   |
| 31.2*                        | Rule 13a-14(a) or 15d-14(a) Certification of Chief Executive Officer and President.  |
| 31.3*                        | Rule 13a-14(a) or 15d-14(a) Certification of Chief Financial Officer and Treasurer.  |
| 32.1†                        | Section 1350 Certification of Executive Chairman.  |
| 32.2†                        | Section 1350 Certification of Chief Executive Officer and President.   |
| 32.3†                        | Section 1350 Certification of Chief Financial Officer and Treasurer.   |
| 101*                         | The following financial information for CVR Partners, LP's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, formatted in XBRL ("Extensible Business Reporting Language") includes: (1) Condensed Consolidated Balance Sheets (unaudited), (2) Condensed Consolidated Statements of Operations (unaudited), (3) Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited), (4) Condensed Consolidated Statement of Partners' Capital (unaudited), (5) Condensed Consolidated Statements of Cash Flows (unaudited) and (6) the Notes to Condensed Consolidated Financial Statements (unaudited), tagged in detail.                                     |
| *                            | Filed herewith.  |
| **                           | Previously filed.  |
| †                            | Furnished herewith.  |

PLEASE NOTE: Pursuant to the rules and regulations of the SEC, we may file or incorporate by reference agreements referenced as exhibits to the reports that we file with or furnish to the SEC. The agreements are filed to provide investors with information regarding their respective terms. The agreements are not intended to provide any other factual information about the Partnership, its business or operations. In particular, the assertions embodied in any representations, warranties and covenants contained in the agreements may be subject to qualifications with respect to knowledge and materiality different from those applicable to investors and may be qualified by information in confidential disclosure schedules not included with the exhibits. These disclosure schedules may contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants set forth in the agreements. Moreover, certain representations, warranties and covenants in the agreements may have been used for the purpose of allocating risk between the parties, rather than establishing matters as facts. In addition, information concerning the subject matter of the representations, warranties and covenants may have changed after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Partnership's public disclosures. Accordingly, investors should not rely on the representations, warranties and covenants in the agreements as characterizations of the actual state of facts about the Partnership, its business or operations on the date hereof.

## HYDROGEN PURCHASE AND SALE AGREEMENT

**THIS HYDROGEN PURCHASE AND SALE AGREEMENT** is entered into and effective as of the 1<sup>st</sup> day of January, 2017 (“Effective Date”), by and between Coffeyville Resources Refining & Marketing, LLC, a Delaware limited liability company (“**Refinery Company**”), and Coffeyville Resources Nitrogen Fertilizers, LLC, a Delaware limited liability company (“**Fertilizer Company**”).

### RECITALS

Refinery Company owns and operates the petroleum refinery located at Coffeyville, Kansas, which refinery is shown on Exhibit A hereto (including a recently constructed and operating hydrogen plant and any additions or other modifications made thereto from time to time, the “**Refinery**”).

Fertilizer Company owns and operates the nitrogen fertilizer complex located adjacent to the Refinery, shown on Exhibit A hereto (including any additions or other modifications made thereto from time to time, and which are collectively referred to herein as the “**Fertilizer Plant**”).

Refinery Company wishes to sell and Fertilizer Company wishes to purchase a fixed volume of Hydrogen per month that is produced by the Refinery.

Refinery Company has been delivering and Fertilizer Company has been purchasing Hydrogen from the Refinery since November 1, 2016.

In consideration of the premises and the mutual agreements, representations and warranties herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### ARTICLE 1

#### DEFINITIONS

The following terms have the meanings set forth below, unless the context otherwise dictates, both for purposes of this Agreement and all Exhibits hereto:

“**Agreement**” means this Hydrogen Purchase and Sale Agreement and the Exhibits hereto, all as the same may be amended, modified or supplemented from time to time.

“**Capital Costs**” or “**CC**” has the meaning given such term in Exhibit B.

“**Committed Volume**” means the minimum monthly volume of Hydrogen set forth in Exhibit “B” that Refinery Company is required to deliver and sell to Fertilizer Company and Fertilizer Company is required to receive and purchase from Refinery Company unless otherwise detailed in the Agreement.

“**Dispute**” has the meaning given such term in Article 5.

“**Easement Agreement**” means that Amended and Restated Cross-Easement Agreement between the Parties dated as of April 13, 2011, as amended, restated, modified or replaced from time to time, under which Fertilizer Company and Refinery Company grant each other certain rights to enter upon and use the real property of the other Party for the purposes described therein.

“**Effective Date**” means the date first above written.

“**Excess Volume**” means monthly volume of Hydrogen in excess of the Committed Volume that Fertilizer Company purchases from Refinery Company, up to the maximum set forth in Exhibit “B”.

“**Fertilizer Plant**” has the meaning given such term in the Recitals.

“**Fertilizer Company**” has the meaning given such term in the introductory paragraph.

“**Fertilizer Company Representative**” means the plant manager of the Fertilizer Plant or such other person as is designated in writing by Fertilizer Company.

“**Fixed Costs**” or “**FC**” has the meaning given such term in Exhibit B.

“**Force Majeure**” means war (whether declared or undeclared); fire, flood, lightning, earthquake, storm, tornado, or any other act of God; strikes, lockouts or other labor difficulties; civil disturbances, riot, sabotage, terrorist act, accident, any official order or directive, including with respect to condemnation, or industry-wide requirement by any governmental authority or instrumentality thereof, which, in the reasonable judgment of the Party affected, interferes with such Party’s performance under this Agreement; any inability to secure necessary materials and/or services to perform under this Agreement, including, but not limited to, inability to secure materials and/or services by reason of allocations promulgated by governmental agencies; or any other contingency beyond the reasonable control of the affected Party, which interferes with such Party’s performance under this Agreement.

“**Hydrogen**” means hydrogen in its gaseous form, as described in Exhibit B hereto, all within the tolerances and in compliance with the specifications therein contained.

“**Hydrogen Delivery Points**” means the points at which the Hydrogen is transferred from Refinery Company to Fertilizer Company and as shown on [Plot Plan A and Drawing D11-0913B] constituting a part of Exhibit A.

“**Laws**” means all applicable laws, regulations, permits, orders and decrees, including, without limitation, laws, regulations, permits, orders and decrees respecting health, safety and the environment.

“**mmscf**” means one million scf.

“**mmscfd**” means one million scf per day.

“**mscf**” means one thousand scf.

“**mscfd**” means one thousand scf per day.

“**Month**” or “**Monthly**” means a calendar month.

“**Monthly Adjusted Fixed Fee**” means the fees as detailed in Exhibit B attached hereto.

“**Monthly Excess Fee**” means the fee as detailed in Exhibit B attached hereto.

“**Monthly Fee**” means the fee as detailed in Exhibit B attached hereto.

“**Monthly Fixed Fee**” means the fee as detailed in Exhibit B attached hereto.

“**Monthly Variable Fee**” means the fee as detailed in Exhibit B attached hereto.

“**Natural Gas Price**” means the price as detailed in Exhibit B attached hereto.

“**Other Variable Costs**” or “**OVC**” means all the variable costs detailed in Exhibit B attached hereto.

“**Owner**” means Fertilizer Company or Refinery Company, as the context requires.

“**Party**” and “**Parties**” means the parties to this Agreement.

“**Person**” means and includes natural persons, corporations, limited partners, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities.

“**Prime Rate**” means the prime interest rate as published from time to time in The Wall Street Journal as the base lending rate on corporate loans posted by at least 75% of the 30 largest United States banks.

“**Refinery**” has the meaning given such term in the Recitals hereto.

“**Refinery Company**” has the meaning given such term in the introductory paragraph.

“**Refinery Company Representative**” means the plant manager of Refinery Company or such other person as is designated in writing by Refinery Company.

“**RCV**” means the actual total monthly volume of Hydrogen, up to the Committed Volume, received by Fertilizer Company from Refinery Company.

“**REV**” means the actual total monthly Excess Volume received by Fertilizer Company from Refinery Company.

“**scf**” means standard cubic feet at 60°F and at atmospheric pressure equal to 29.92 inches of mercury absolute, measured by standard sharp edge orifice plate and differential pressure transmitters located at the Fertilizer Plant. The measured flow will be pressure and temperature



compensated and totalized by the Fertilizer Plant's Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to Refinery Company through the existing communications bus for verification. Calibration of the transmitters will be done at least annually and may be done more frequently at Refinery Company's request.

"**Term**" has the meaning given such term in in Article 3 hereto.

"**Transfer**" means the sale, exchange, gift or other assignment of rights or interests, whether by specific assignment, merger, consolidation, entity conversion or other disposition, but not including any bona fide pledge or assignment for collateral purpose in connection with any financing.

## ARTICLE 2

### SALE AND PURCHASE OF HYDROGEN

#### 2.1 Sale and Purchase of Hydrogen.

- a. Committed Volume: Refinery Company agrees to sell and deliver the Committed Volume to Fertilizer Company and Fertilizer Company agrees to purchase and receive the Committed Volume during the Term. The intent of the Parties is that Fertilizer Company will receive 3,000 mscfd of Hydrogen, ratably, from Refinery Company.
  - i. In the event Fertilizer Company fails to take delivery of the full Committed Volume, Fertilizer Company remains obligated to pay Refinery Company for the Monthly Fixed Fee and the Monthly Variable Fee (related to the RCV) for the applicable Month.
  - ii. In the event Refinery Company fails to deliver any portion of the Committed Volume for the applicable Month (subject to Article 10.2(a) and 13), Fertilizer Company will be entitled to a pro-rata reduction of the Monthly Fixed Fee equal to the portion of the Committed Volume that Refinery Company fails to deliver and will only be required to pay the Monthly Adjusted Fixed Fee and the Monthly Variable Fee (related to RCV).
- b. Excess Volume: Fertilizer Company is hereby granted the option to purchase the Excess Volume from Refinery Company, if available for purchase.
  - i. By the 20<sup>th</sup> day of each Month, Fertilizer Company Representative will provide to Refinery Company Representative a forecast of the amount of Excess Volume Fertilizer Company wishes to purchase and receive for the subsequent Month.
  - ii. If the Refinery Company can provide the Excess Volume as detailed in the forecast, then the forecast will be considered a final nomination by the Fertilizer Company for the applicable Month.
  - iii. If the Refinery Company cannot provide the Excess Volume as detailed in the forecast, the Parties' Representative will work to adjust the Excess Volume forecast numbers for

the applicable Month and agree to the final nomination volume by Fertilizer Company for the applicable Month.

- iv. If any portion of Excess Volume is anticipated to change during the course of the applicable Month after the nomination has been finalized (subject to Article 2.2, 10.2(a) and 13), the Parties will provide notice to the other as soon as reasonably possible (and in any event within 24 hours) in the event of such changes and the nomination will be adjusted accordingly without penalty to either Party.
- d. **Monthly Fee:** Fertilizer Company agrees to pay a Monthly Fee to Refinery Company for the Committed Volume and Excess Volume as detailed in Exhibit B. Except as otherwise provided in this Agreement, Fertilizer Company agrees to pay the Monthly Fixed Fee to Refinery Company, regardless of whether Fertilizer Company receives any Committed Volume for the applicable Month.

## 2.2 Exceptions

- a. Refinery Company will not be obligated to provide any Excess Volume to Fertilizer Company if such Hydrogen is required, as determined in a commercially reasonable manner by Refinery Company based on its then current or anticipated operation requirements, for the operation of the Refinery.
- b. Refinery Company will not be obligated to provide any Hydrogen to Fertilizer Company if Refinery Company or the board of directors of the general partner of CVR Refining, LP (the sole member of CVR Refining, LLC, the sole member of Refinery Company) determines, in each case in their sole discretion, that such sale of Hydrogen would adversely affect the classification of CVR Refining, LP as a partnership for federal income tax purposes. The Parties agree they will continue to be bound by Section 2.1(a) in the event Refinery Company fails to deliver any portion of the Committed Volume pursuant to this Section 2.2(b).

## ARTICLE 3

### TERM

- 3.1 **Term.** This Agreement will be for an initial term of 20 years (the “**Initial Term**”) from the Effective Date. This Agreement will be automatically extended following the Initial Term for additional successive five-year renewal periods (each, a “**Renewal Term**” and together with the Initial Term, the “**Term**”), unless either party gives 180 days written notice of nonrenewal to the other party prior to end of the Initial Term or the Renewal Term, in which event this Agreement will terminate upon the expiration of the term in which the notice of nonrenewal is given.
- 3.2 **Termination.** Notwithstanding Section 3.1, this Agreement may be terminated by mutual agreement of the Parties. This Agreement may also be terminated as follows:

- a. This Agreement may be terminated by one Party (the “**Terminating Party**”) upon notice to the other Party (the “**Breaching Party**”), following the occurrence of an Event of Breach with respect to the Breaching Party. For purposes hereof, an “Event of Breach” occurs when both of the following exist: (i) a breach of this Agreement by the Breaching Party has not been cured by such Breaching Party within 30 days after receipt of written notice thereof from the Terminating Party or, in the case of a breach that is not reasonably feasible to effect a cure within said 30-day period, within 90 days after such receipt provided that the Breaching Party diligently prosecutes the cure of such breach; and (ii) the breach materially and adversely affects the Terminating Party.
- b. This Agreement may be terminated by Refinery Company if it is unable to provide Fertilizer with the Committed Volume pursuant to Section 2.2.b.; provided, notice of such termination must be provided as soon as reasonably practicable.
- c. This Agreement may be terminated by Refinery Company effective as of the permanent termination of substantially all of the operations at the Refinery (with no intent by Refinery Company or its successor to recommence operations at the Refinery); provided, however, that notice of such permanent termination of operations must be provided by Refinery Company to Fertilizer Company at least 12 months prior to such permanent termination.
- d. This Agreement may be terminated by Fertilizer Company effective as of the permanent termination of substantially all of the fertilizer production operations at the Fertilizer Plant (with no intent by Fertilizer Company or its successor to recommence operations at the Fertilizer Plant); provided, however, that notice of such permanent termination of operations must be provided by Fertilizer Company to Refinery Company at least 12 months prior to such permanent termination.
- e. This Agreement may be terminated by one Party upon notice to the other Party following (i) the appointment of a receiver for such other Party or any part of its property, (ii) a general assignment by such other Party for the benefit of creditors of such other Party, or (iii) the commencement of a proceeding under any bankruptcy, insolvency, reorganization, arrangement or other law relating to the relief of debtors by or against such other Party; provided, however, that if any such appointment or proceeding is initiated without the consent or application of such other Party, such appointment or proceeding will not constitute a termination event under this Agreement until the same has remained in effect for 60 days.

3.3 Effects of Expiration or Termination. Refinery Company and Fertilizer Company agree that upon and after expiration or termination of this Agreement:

- a. Fertilizer Company will remain obligated to make any payment due to Refinery Company hereunder for the Monthly Fee up to the date of expiration or termination.
- b. Refinery Company will remain obligated to sell and delivery Hydrogen to Fertilizer Company up to the date of expiration or termination.

- c. Liabilities of any Party arising from any act, breach or occurrence prior to termination will remain with such Party.
- d. The Parties' rights and obligations under Sections 10.1 and 10.4 and Articles 5,6, 7, 8, 9 11 and 15 will survive the expiration or termination of this Agreement.

## ARTICLE 4

### PAYMENT

4.1 Payment. Any fees payable hereunder will be represented by an invoice provided by Refinery Company to Fertilizer Company. All such invoices will be submitted monthly and set forth sufficient detail to reflect the determination of the amount payable hereunder. Unless otherwise indicated, all such invoices will be due net 15 days from receipt of the invoice. Fertilizer Company will make payment in full of the amount due under each invoice in strict compliance with the payment terms as set forth in this Agreement without any deduction for any discount or credits, contra or setoffs of any kind or amount whatsoever unless expressly authorized in writing by Refinery Company prior to the payment date relating to such invoice(s).

4.2 Delinquencies. To the extent any amount payable under this Agreement is not paid when due, then in addition to the amount payable and in addition to all other available rights and remedies, the applicable Party will be obligated to pay interest on such amount payable from and after the due date for such payment until such payment is made at a rate of interest per annum equal to three percent above the Prime Rate (the "**Late Payment Rate**").

## ARTICLE 5

### DISPUTES

5.1 Resolution of Disputes. The Parties will in good faith attempt to resolve promptly and amicably any dispute between the Parties arising out of or relating to this Agreement (each a "**Dispute**") pursuant to this Article. The Parties will first submit the Dispute to the Fertilizer Company Representative and Refinery Company Representative, who will then meet within 15 days to resolve the Dispute. If the Dispute has not been resolved within 45 days after the submission of the Dispute to the Fertilizer Company Representative and the Refinery Company Representative, the Dispute will be submitted to a mutually agreed non-binding mediation. The costs and expenses of the mediator will be borne equally by the Parties, and the Parties will pay their own respective attorneys' fees and other costs. If the Dispute is not resolved by mediation within 90 days after the Dispute is first submitted to the Refinery Company Representative and the Fertilizer Company Representative as provided above, then the Parties may exercise all available remedies.

## ARTICLE 6

### INDEMNIFICATION

6.1 Indemnification Obligations. Each of the Parties (each, an "**Indemnitor**") will indemnify, defend and hold the other Party and its respective officers, directors, members, managers and

employees (each, an **“Indemnitee”**) harmless from and against all liabilities, obligations, claims, losses, damages, penalties, deficiencies, causes of action, costs and expenses, including, without limitation, attorneys’ fees and expenses (collectively, **“Losses”**) imposed upon, incurred by or asserted against the person seeking indemnification that are caused by, are attributable to, result from or arise out of the breach of this Agreement by the Indemnitor or the negligence or willful misconduct of the Indemnitor, or of any officers, directors, members, managers, employees, agents, contractors and/or subcontractors acting for or on behalf of the Indemnitor. Any indemnification obligation pursuant to this Article 6 with respect to any particular Losses will be reduced by all amounts actually recovered by the Indemnitee from third parties, or from applicable insurance coverage, with respect to such Losses. Upon making any payment to any Indemnitee, the Indemnitor will be subrogated to all rights of the Indemnitee against any third party in respect of the Losses to which such payment relates, and such Indemnitee will execute upon request all instruments reasonably necessary to evidence and perfect such subrogation rights. If the Indemnitee receives any amounts from any third party or under applicable insurance coverage subsequent to an indemnification payment by the Indemnitor, then such Indemnitee will promptly reimburse the Indemnitor for any payment made or expense incurred by such Indemnitor in connection with providing such indemnification payment up to the amount received by the Indemnitee, net of any expenses incurred by such Indemnitee in collecting such amount.

## 6.2 Indemnification Procedures.

- a. Promptly after receipt by an Indemnitee of notice of the commencement of any action that may result in a claim for indemnification pursuant to this Article 6, the Indemnitee will notify the Indemnitor in writing within 30 days thereafter; provided, however, that any omission to so notify the Indemnitor will not relieve it of any liability for indemnification hereunder as to the particular item for which indemnification may then be sought (except to the extent that the failure to give notice has been materially prejudicial to the Indemnitor) nor from any other liability that it may have to any Indemnitee. The Indemnitor will have the right to assume sole and exclusive control of the defense of any claim for indemnification pursuant to this Article 6, including the choice and direction of any legal counsel.
- b. An Indemnitee will have the right to engage separate legal counsel in any action as to which indemnification may be sought under any provision of this Agreement and to participate in the defense thereof, but the fees and expenses of such counsel will be at the expense of such Indemnitee unless (i) the Indemnitor has agreed in writing to pay such fees and expenses, (ii) the Indemnitor has failed to assume the defense thereof and engage legal counsel within a reasonable period of time after being given the notice required above, or (iii) the Indemnitee has been advised by its legal counsel that representation of such Indemnitee and other parties by the same legal counsel would be inappropriate under applicable standards of professional conduct (whether or not such representation by the same legal counsel has been proposed) due to actual or potential conflicts of interests between them. It is understood, however, that to the extent more than one Indemnitee is entitled to engage separate legal counsel at the Indemnitor’s expense pursuant to clause (iii) above, the Indemnitor will, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the

reasonable fees and expenses of only one separate firm of attorneys at any time for all such Indemnitees having the same or substantially similar claims against the Indemnitor, unless but only to the extent the Indemnitees have actual or potential conflicting interests with each other.

- c. The Indemnitor is not liable for any settlement of any action effected without its written consent, but if settled with such written consent, or if there is a final judgment against the Indemnitee in any such action, the Indemnitor agrees to indemnify and hold harmless the Indemnitee to the extent provided above from and against any loss, claim, damage, liability or expense by reason of such settlement or judgment.

## **ARTICLE 7**

### **ASSIGNMENT**

This Agreement will extend to and be binding upon the Parties hereto, their successors and permitted assigns. Either Party may assign its rights and obligations hereunder solely (i) to an affiliate under common control with the assigning Party, provided that any such assignment requires the prior written consent of the other Party hereto (such consent not to be unreasonably withheld or delayed), and provided that the applicable assignee agrees, in a written instrument delivered to (and reasonably acceptable to) such other Party, to be fully bound hereby, or (ii) to a Party's lenders for collateral security purposes, provided that in the case of any such assignment each Party agrees (x) to cooperate with the lenders in connection with the execution and delivery of a customary form of lender consent to assignment of contract rights and (y) any delay or other inability of a Party to timely perform hereunder due to a restriction imposed under the applicable credit agreement or any collateral document in connection therewith will not constitute a breach hereunder. In addition, each Party agrees that it will assign its rights and obligations hereunder to a transferee acquiring all or substantially all of the equity in or assets of the assigning Party related to the Refinery or Fertilizer Plant (as applicable), which transferee must be approved in writing by the non-assigning Party (such approval not to be unreasonably withheld or delayed) and must agree in writing (with the non-assigning Party) to be fully bound hereby.

## **ARTICLE 8**

### **GOVERNING LAW AND VENUE**

THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SAID STATE. THE PARTIES AGREE THAT ANY ACTION BROUGHT IN CONNECTION WITH THIS AGREEMENT MAY BE MAINTAINED IN ANY COURT OF COMPETENT JURISDICTION LOCATED IN THE STATE OF KANSAS, AND EACH PARTY AGREES TO SUBMIT PERSONALLY TO THE JURISDICTION OF ANY SUCH COURT AND HEREBY WAIVES THE DEFENSES OF FORUM NON-CONVENIENS OR IMPROPER VENUE WITH RESPECT TO ANY ACTION BROUGHT IN ANY SUCH COURT IN CONNECTION WITH THIS AGREEMENT.

## ARTICLE 9

### LIMITATION OF LIABILITY

In no event, whether based on contract, indemnity, warranty, tort (including negligence), strict liability or otherwise, will either Party, its employees, suppliers or subcontractors, be liable for loss of profits or revenue or special, incidental, exemplary, punitive or consequential damages; provided, however, that the foregoing limitation does not preclude recourse to any insurance coverage maintained by the Parties pursuant to the requirements of this Agreement or otherwise.

## ARTICLE 10

### OPERATION OF FERTILIZER PLANT AND REFINERY

10.1 Cooperation. Refinery Company and Fertilizer Company will cause their respective personnel located at the Refinery and the Fertilizer Plant to fully cooperate with, and comply with the reasonable requests of, the other Party and its employees, agents and contractors to support such other Party's operations in a safe and efficient manner; provided, however, that nothing in this Section requires the expenditure of any monies other than may otherwise be required elsewhere in this Agreement.

10.2 Suspension of Hydrogen.

- a. Temporary Suspension of Hydrogen for Planned Repairs/Maintenance. Delivery of Hydrogen by Refinery Company may be temporarily suspended by either Party during and for such periods of time as are necessary to carry out scheduled maintenance or scheduled necessary repairs or improvements to the Refinery or Fertilizer Plant (which include each Party's planned turnaround schedule), as the case may be (each, a "**Temporary Service Suspension**"). In connection with any such Temporary Service Suspension, Refinery Company or Fertilizer Company (as applicable) may elect to reduce, interrupt, allocate, alter or change the sale or purchase of the Committed Volume that is required hereunder, provided that, the applicable Party will deliver reasonable advance notice to the other Party of any planned Temporary Service Suspension, including relevant details relating to the proposed reduction, interruption, allocation, alteration or change in the Hydrogen delivery and acceptance as a result of the Temporary Service Suspension. Upon the occurrence and during the continuation of Temporary Service Suspension, the parties will cooperate to attempt to arrange for Hydrogen to be furnished to the other Party or to minimize or reduce the effect of such Temporary Service Suspension on the applicable Party's operations. In the event of a Temporary Service Suspension, Fertilizer Plant will continue to be bound to Section 2.1(c).
- b. Unscheduled Emergency Repairs or Maintenance. The Parties will provide notice to the other as soon as reasonably possible (and in any event within 24 hours) in the event of any emergency repair or unplanned required maintenance that is affecting or will affect the delivery of Hydrogen under this Agreement ("Unplanned Temporary Service Suspension"). Each Party will use commercially reasonable efforts to complete any such emergency repairs

in a timely manner and to resume the delivery of Hydrogen as soon as practicable. The Parties agree they will continue to be bound by Section 2.1(a) in the event of an Unplanned Temporary Service Suspension.

10.3 Priority Supply. Fertilizer Company will have priority over third parties with respect to any Hydrogen to be made available by Refinery Company under this Agreement, provided that, to the extent that purchase of Hydrogen is discretionary on the part of Fertilizer Company and Fertilizer Company has not purchased from Refinery Company the quantity of the Hydrogen that is presently available from Refinery Company, then Refinery Company may offer and sell such available Hydrogen to a third party so long as Refinery Company first gives to Fertilizer Company written notice of such prospective offer and sale and the option to purchase such Hydrogen on the terms provided in this Agreement with respect to such available Hydrogen, provided that Fertilizer Company exercises such option by written notice to Refinery Company within five days following the date Refinery Company gives its written notice to Fertilizer Company with respect to the available Hydrogen.

10.4 Audit and Inspection Rights. Refinery Company and Fertilizer Company each ("**Requesting Party**") have the right, upon reasonable written notice to the other Party ("**Other Party**"), to audit, examine and inspect, at reasonable times and locations, all documentation, records, equipment, facilities, and other items owned or under the control of the Other Party that are reasonably related to the Hydrogen provided for under this Agreement, solely for the purpose of confirming the measurement or pricing of, or tolerances or specifications of, Hydrogen, confirming compliance and performance by the Other Party, or exercising any rights of the Requesting Party, under this Agreement.

## ARTICLE 11

### NOTICES

Any notice, request, correspondence, information, consent or other communication to any of the Parties required or permitted under this Agreement will be in writing (including facsimile), will be given by personal service or by facsimile, overnight courier service, or certified mail with postage prepaid, return receipt requested, and properly addressed to such Party and is effective upon receipt. For purposes hereof the proper address of the Parties will be the address stated beneath the corresponding Party's name below, or at the most recent address given to the other Parties hereto by notice in accordance with this Article:



If to Refinery Company, to:

With a copy to:

Coffeyville Resources  
Refining & Marketing, LLC  
400 N. Linden St., P.O. Box 1566  
Coffeyville, Kansas 67337  
Attention: Executive Vice President,  
Refining Operations  
Facsimile: (620) 251-1456

John R. Walter  
Senior Vice President and General Counsel  
Coffeyville Resources Refining & Marketing, LLC  
10 E. Cambridge Circle, Ste. 250  
Kansas City, Kansas 66103  
Facsimile: (913) 982-0976

If to Fertilizer Company, to:

With a copy to:

Coffeyville Resources  
Nitrogen Fertilizers, LLC  
701 E. Martin St., P.O. Box 5000  
Coffeyville, Kansas 67337  
Attention: Vice President, Operations Facsimile: (620) 252-4357

John R. Walter  
Senior Vice President and General Counsel  
Coffeyville Resources Nitrogen Fertilizers, LLC  
10 E. Cambridge Circle, Ste. 250  
Kansas City, Kansas 66103  
Facsimile: (913) 982-0976

or such other address(es) as either Party designates by registered or certified mail addressed to the other Party.

**ARTICLE 12**

**EXHIBITS**

All of the Exhibits attached hereto are incorporated herein and made a part of this Agreement by reference thereto.

**ARTICLE 13**

**FORCE MAJEURE**

Neither Party will be liable to the other for failure of or delay in performance hereunder (except for the payment of amounts due for Committed Volume hereunder) to the extent that the failure or delay is due to Force Majeure. Performance under this Agreement will be suspended (except for the payment of amounts due for Committed Volume hereunder) during the period of Force Majeure to the extent made necessary by the Force Majeure. No failure of or delay in performance pursuant to this Article will operate to extend the term of this Agreement. Performance under this Agreement will resume to the extent made possible by the end or amelioration of the Force Majeure event.

Upon the occurrence of any event of Force Majeure, the Party claiming Force Majeure will notify the other Party promptly in writing of such event and, to the extent possible, inform the other Party of the expected duration of the Force Majeure event and the performance to be affected by the event of Force Majeure under this Agreement. Each Party will designate a person with the power to represent such Party with respect to the event of Force Majeure. The Party claiming Force

Majeure will use commercially reasonable efforts, in cooperation with the other Party and such Party's designee, to diligently and expeditiously end or ameliorate the Force Majeure event. In this regard, the Parties will confer and cooperate with one another in determining the most cost-effective and appropriate action to be taken. If the Parties are unable to agree upon such determination, the matter will be determined by dispute resolution in accordance with Article 5.

## ARTICLE 14

### INSURANCE

14.1 Minimum Insurance. During the term of this Agreement, Refinery Company and Fertilizer Company will each carry the minimum insurance described below.

- a. Workers' compensation with no less than the minimum limits as required by applicable law.
- b. Employer's liability insurance with not less than the following minimum limits:
  - i. Bodily injury by accident - \$1,000,000 each accident;
  - ii. Bodily injury by disease - \$1,000,000 each employee; and
  - iii. Bodily injury by disease - \$1,000,000 policy limit.
- c. Commercial general liability insurance on ISO form CG 00 01 10 93 or an equivalent form covering liability from premises, operations, independent contractor, property damage, bodily injury, personal injury, products, completed operations and liability assumed under an insured contract, all on an occurrence basis, with limits of liability of not less than \$1,000,000 combined single limits.
- d. Automobile liability insurance, on each and every unit of automobile equipment, whether owned, non-owned, hired, operated, or used by Refinery Company or Fertilizer Company or their employees, agents, contractors and/or their subcontractors covering injury, including death, and property damage, in an amount of not less than \$1,000,000 per accident.
- e. Umbrella or excess liability insurance in the amount of \$10,000,000 covering the risks and in excess of the limits set for in subsections 14.1.b., c. and d. above.

14.2 Additional Insurance Requirements. Refinery Company and Fertilizer Company will each abide by the following additional insurance requirements with respect to all insurance policies required by Section 14.1, as follows:

- a. All insurance policies purchased and maintained in compliance with subsection 14.1.c., d. and e. above by one party (the "**Insuring Party**"), as well as any other excess and/or umbrella insurance policies maintained by the Insuring Party, will name the other party and their collective directors, officers, partners, members, managers, general partners, agents, and employees as additional insureds, with respect to any claims related to losses caused by the Insuring Party's business activities or premises. Those policies referred to in subsection

- 14.1.c will be endorsed to provide that the coverage provided by the Insuring Party's insurance carriers will always be primary coverage and non-contributing with respect to any insurance carried by the other Party with respect to any claims related to liability or losses caused by the Insuring Party's business activities or premises.
- b. Those policies referred to in Section 14.1, and in subsection 14.2.e., will be endorsed to provide that underwriters and insurance companies of each of Refinery Company and Fertilizer Company will not have any right of subrogation against the other Party or any of such other Party's directors, officers, members, managers, general partners, agents, employees, contractors, subcontractors, or insurers.
  - c. Those policies referred to in subsection 14.1 will be endorsed to provide that 30 days prior written notice be given to the other Party in the event of cancellation, no-payment of premium, or material change in the policies.
  - d. Each of Refinery Company and Fertilizer Company will furnish the other, prior to the commencement of any operations under this Agreement, with a certificate or certificates, properly executed by its insurance carrier(s), showing all the insurance described in subsection 14.1 to be in full force and effect.
  - e. Refinery Company and Fertilizer Company will each be responsible for its own property and business interruption insurance.
  - f. Notwithstanding the foregoing, the Parties acknowledge and agree that the insurance required by this Agreement may be purchased and maintained jointly by the Parties or their affiliates. If such insurance is purchased and maintained jointly and each Party is a named insured thereunder, then the requirements of Section 14.2.a. – e. will be deemed waived by the Parties.

## ARTICLE 15

### MISCELLANEOUS

#### 15.1 **Confidentiality.**

- a. During the course of the Parties' performance hereunder, the Parties acknowledge and agree that each of them may receive or have access to confidential information of the other Party ("***Confidential Information***"). "Confidential Information" of a Party ("***First Party***") includes any and all information relating to its business, including, but not limited to, inventions, concepts, designs, processes, specifications, schematics, equipment, reaction mechanisms, processing techniques, formulations, chemical compositions, technical information, drawings, diagrams, software (including source code), hardware, control systems, research, test results, plant layout, feasibility studies, procedures or standards, know-how, manuals, patent information, the identity of or information concerning current and prospective customers, suppliers, consultants, licensors, licensees, contractors, subcontractors and/or other agents, financial and sales information, current or planned

commercial activities, business strategies, records, marketing plans, or other information relating to its business activities or operations and those of its affiliates, customers, suppliers, consultants, licensors, contractors, subcontractors, agents and/or any others to whom such First Party owes a duty of confidentiality, which (i) is identified in writing as “Confidential,” “Restricted,” “Proprietary Information” or other similar marking, or (ii) is known by the other Party (the “**Second Party**”) to be considered confidential or proprietary, or (iii) should be known or understood to be confidential or proprietary by an individual exercising reasonable commercial judgment in the circumstances.

- b. Confidential Information of a First Party does not include information to the extent such information: (i) is or becomes generally available to and/or known by the public through no fault of the Second Party, or (ii) is or becomes generally available to the Second Party on a non-confidential basis from a source other than the First Party or its representatives, provided that such source was not known to the Second Party to be bound by a confidentiality agreement with the First Party, or (iii) was previously known to the Second Party or its affiliates as evidenced by written records, or (iv) is or was independently developed, as evidenced by written records, by or on behalf of the Second Party or its affiliates by individuals who did not directly or indirectly receive relevant Confidential Information of the First Party. Specific disclosures will not be deemed to be within the foregoing exceptions merely because they are embraced by more general information within the exceptions. In addition, any combination of features disclosed will not be deemed to be within the foregoing exceptions merely because individual features may be within the exceptions.
- c. The Parties agree that: (i) as between the Parties, a First Party’s Confidential Information will remain the exclusive property of such First Party, and (ii) the Second Party will use the First Party’s Confidential Information solely for purposes of performing such Second Party’s obligations under this Agreement (the “**Purpose**”), and for no other reason, and (iii) the Second Party will limit its disclosure of the First Party’s Confidential Information to those of its affiliates, employees, agents and other third parties with a “need-to-know” such information for the Purpose and will not disclose the Confidential Information (in whole or in part) to any other party, and (iv) the Second Party will ensure that any affiliates, employees, agents or other third parties to whom the First Party’s Confidential Information is disclosed are obligated in writing to abide by confidentiality and non-use restrictions at least as stringent as those set forth in this Agreement, and (v) the Second Party will protect the Confidential Information of the First Party to the same extent the Second Party protects its own like trade secrets and confidential information, but in no event less than commercially reasonable care.
- d. In the event a Second Party receives a request or is required by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process or legal requirement to disclose all or any part of the First Party’s Confidential Information, the Second Party agrees to (i) immediately notify the First Party in writing of the existence, terms and circumstances surrounding such a request or requirement, and (ii) assist the First Party in seeking a protective order or other appropriate remedy satisfactory to the First Party (at the expense of the First Party). In the event that such protective order or other remedy

is not obtained (or the First Party waives compliance with the provisions hereof), (x) the Second Party may disclose that portion of the First Party's Confidential Information which it is legally required to disclose, and (y) the Second Party will exercise reasonable efforts to obtain assurance that confidential treatment will be accorded the Confidential Information to be disclosed, and (z) the Second Party will give written notice to First Party of the information to be so disclosed as far in advance of its disclosure as practicable. In addition, a Second Party may disclose all or any part of the First Party's Confidential Information to the Second Party's funding sources and their representatives, provided that Second Party will exercise reasonable efforts to obtain assurance that confidential treatment will be accorded the Confidential Information to be disclosed, and the Second Party will give written notice to First Party of the information to be so disclosed as far in advance of its disclosure as practicable.

e. The parties agree that any violation of this Section 15.1 by a Second Party or any affiliates, employees, agents or other third parties to whom the Confidential Information of First Party is disclosed may be enforced by the First Party by obtaining injunctive or specific relief from a court of competent jurisdiction. Such relief is cumulative and not exclusive of any other remedies available to the First Party at law or in equity, including, but not limited to, damages and reasonable attorneys' fees.

15.2 Headings. The headings used in this Agreement are for convenience only and do not constitute a part of this Agreement.

15.3 Independent Contractors. The Parties acknowledge and agree that neither Party, by reason of this Agreement, will be an agent, employee or representative of the other with respect to any matters relating to this Agreement, unless specifically provided to the contrary in writing by the other Party. This Agreement will not be deemed to create a partnership or joint venture of any kind between Refinery Company and Fertilizer Company.

15.4 Ancillary Documentation, Amendments and Waiver. The Parties may, from time to time, use purchase orders, acknowledgments or other instruments to order, acknowledge or specify delivery times, suspensions, quantities or other similar specific matters concerning the delivery and purchase of Hydrogen hereunder, but the same are intended for convenience and record purposes only and any provisions which may be contained therein are not intended to (nor will they serve to) add to or otherwise amend or modify any provision of this Agreement, even if signed or accepted on behalf of either Party with or without qualification. This Agreement may not be amended, modified or waived except by a writing signed by all parties to this Agreement that specifically references this Agreement and specifically provides for an amendment, modification or waiver of this Agreement. No waiver of or failure or omission to enforce any provision of this Agreement or any claim or right arising hereunder will be deemed to be a waiver of any other provision of this Agreement or any other claim or right arising hereunder.

15.5 Construction and Severability. Every covenant, term and provision of this Agreement will be construed simply according to its fair meaning and in accordance with industry standards and not strictly for or against either Party. Every provision of this Agreement is intended

to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity will not affect the validity or legality of the remainder of this Agreement.

- 15.6 Waiver. The waiver by either Party of any breach of any term, covenant or condition contained in this Agreement will not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or of any other term, covenant or condition contained in this Agreement. No term, covenant or condition of this Agreement will be deemed to have been waived unless such waiver is in writing.
- 15.7 No Third Party Beneficiaries. The Parties each acknowledge and agree that there are no third party beneficiaries having rights under or with respect to this Agreement.
- 15.8 Entire Agreement. This Agreement, including all Exhibits hereto, constitutes the entire, integrated agreement between the Parties regarding the subject matter hereof and supersedes any and all prior and contemporaneous agreements (including the Original Agreement), representations and understandings of the Parties, whether written or oral, regarding the subject matter hereof.

*[signature page follows]*

**Signature Page**  
**to**  
**Hydrogen Sale and Purchase Agreement**

The Parties have executed and delivered this Agreement as of the date first above set forth.

COFFEYVILLE RESOURCES  
REFINING & MARKETING, LLC

COFFEYVILLE RESOURCES  
NITROGEN FERTILIZERS, LLC

By: /s/ Robert W. Haugen  
Name: Robert W. Haugen  
Title: Executive Vice President,  
Refining Operations

By: /s/ Mark A. Pytosh  
Name: Mark A. Pytosh  
Title: Chief Executive Officer and President

**EXHIBIT A**

**FACILITIES DESCRIPTION**

The Fertilizer Plant is shown on Plot Plan A attached hereto.

The Hydrogen Delivery Points are shown on Plot Plan A and Drawing D11-0913B attached hereto.

The Refinery is shown on Plot Plan A attached hereto.

The Hydrogen Plan is shown on Plot Plan A attached hereto.



**EXHIBIT B**

**ANALYSIS, SPECIFICATIONS AND PRICING FOR HYDROGEN**

|                     |  |
|---------------------|--|
| <b>Hydrogen</b>     |  |
| - Gaseous           |  |
| - Purity            | not less than 99.9 mol.%   |
| - Flow              |  |
| - Pressure          | 450 psig ± 30 psi  |
| - Carbon Monoxide   | less than 10 ppm   |
| - Carbon Dioxide    | less than 10 ppm   |
| - Committed Volume  | 90,000 mscf of Hydrogen per Month with the intent of providing 3,000 mscfd, ratably, to Fertilizer Company   |
| - Excess Volume     | Up to 60,000 mscf of Hydrogen per Month, or more upon mutual agreement of the parties, with the intent of providing up to an additional 2,000 mscfd to the Fertilizer Company.   |
| - Monthly Fee       | Fertilizer Company will pay Refinery Company a Monthly Fee equal to the sum of the: <ul style="list-style-type: none"><li>• Monthly Fixed Fee, plus</li><li>• Monthly Variable Fee, plus</li><li>• Monthly Excess Fee.</li></ul>   |
| - Monthly Fixed Fee | <p>The initial Monthly Fixed Fee is \$185,400.<br/>The Monthly Fixed Fee is equal to all Fixed Costs and Capital Costs associated with producing 90,000 mscf of Hydrogen per Month (see the formula below).</p> <p style="text-align: center;"><b>Monthly Fixed Fee = (FC + CC) * 90,000 mscf per Month</b></p> <p><i>Monthly Fixed Fee (\$185,400.00) = Fixed and Capital Costs for Committed Volume (initially \$2.060/mscf Hydrogen) * Committed Volume (90,000 mscf of Hydrogen per Month)</i></p> <p>The Parties agree that after the Initial Term and during any Renewal Term, the Monthly Fixed Fee will be reduced to \$56,250.00 which equals the Fixed Costs associated with producing 90,000 mscf of Hydrogen per Month (see the formula below).</p> <p style="text-align: center;"><b>Monthly Fixed Fee = FC * 90,000 mscf per Month</b></p> <p><i>Monthly Fixed Fee (\$56,250.00) = Fixed Costs for Committed Volume (initially \$0.625/mscf Hydrogen) * Committed Volume (90,000 mscf per Month)</i></p> |

|                        |   |
|------------------------|---|
| - Fixed Costs or FC    | Initially \$0.625 / mscf of Hydrogen or the fixed costs of producing one mscf of Hydrogen   |
| - Capital Costs or CC  | \$1.435 / mscf of Hydrogen or the capital costs of producing one mscf of Hydrogen   |
| - Monthly Variable Fee | <p>The Monthly Variable Fee is equal to the total monthly mscf of Hydrogen received by Fertilizer Company (up to the Committed Volume) (“RCV”) multiplied by the sum of 52% of the Natural Gas Price plus Other Variable Costs per mscf (see the formula below). [Note: 52% is used based upon the estimate of 11,180 mscfd of natural gas needed (for feed and furnace) to produce 21,500 mscfd of Hydrogen.]</p> <p style="text-align: center;"><b>Monthly Variable Fee = RCV * [(NGP * .52) + OVC]</b></p> <p>Therefore, if Fertilizer Company received the entire Committed Volume and the Natural Gas Price was \$3.00, the Monthly Variable Fee would be \$100,800.</p> <p><b>Monthly Variable Fee (\$100,800) = RCV (90,000 mscf per Month) * [(NGP*.52) + OVC]</b><br/> <b>[\$3.00*.52) - \$0.44]</b></p> |
| - Monthly Excess Fee   | <p>The Monthly Excess Fee is equal to the total monthly Excess Volume received by Fertilizer Company (“REV”) multiplied by the sum of 52% of the Natural Gas Price plus Other Variable Costs and Fixed Costs per mscf (see the formula below).</p> <p style="text-align: center;"><b>Monthly Excess Fee = REV * [(NGP * .52) + OVC + FC]</b></p> <p>Therefore, if Fertilizer Company received the maximum Excess Volume and the Natural Gas Price was \$3.00, the Monthly Excess Fee would be \$104,700.</p> <p><b>Monthly Excess Fee (\$104,700) = REV (60,000 mscf per Month) * [(NGP*.52) + OVC+FC]</b><br/> <b>[\$3.00*.52) - \$0.44 + \$0.625]</b></p>   |

|                                      |   |
|--------------------------------------|---|
| <p>- Monthly Adjusted Fixed Fee</p>  | <p>The Monthly Adjusted Fixed Fee is equal to the Monthly Fixed Fee multiplied by a fraction, the numerator of which is the RCV for the applicable Month and the denominator of which is the Committed Volume.</p> <p><b>Monthly Adjusted Fixed Fee = Monthly Fixed Fee * (RCV/Committed Volume)</b></p> <p>Example 1: If the CCR is down in the Refinery for 20 days and for the remaining 10 days of the applicable Month, Fertilizer Company receives a total of 50,000 mscf of Hydrogen for the applicable Month, Fertilizer Company pay a Monthly Adjusted Fix Fee of \$103,000.</p> <p><b>Monthly Adjusted Fixed Fee = 185,400 * (50,000 mscf/90,000 mscf) = \$103,000</b></p> <p>Example 2: If the CCR is down in the Refinery for 10 days in the applicable Month and for the remaining 20 days of the applicable Month, Fertilizer Company receives a total of 100,000 mscf of Hydrogen for the applicable Month, then Fertilizer Company will not receive a pro-rata reduction and be required to pay the full Monthly Fixed Fee and Monthly Variable Fee and Monthly Excess Fee.</p> |
| <p>- Natural Gas Price or NGP</p>    | <p>Natural gas measured at a per mmbtu rate based on the price for natural gas actually paid by Refinery Company for the month preceding the sale.</p>  |
| <p>- Other Variable Costs or OVC</p> | <p>-\$0.44</p> <p>The sum of the steam benefit (-\$0.54) plus power costs (\$0.03) plus chemical costs (\$0.07).</p>  |
| <p>- Escalation</p>                  | <p>The Fixed Costs set forth in this Exhibit B are subject to change annually commencing January 1, 2018 and each anniversary thereafter. The Fixed Costs will be adjusted using the Bureau of Labor Statistics (“BLS”) Employment Costs Index Average for Private Industry Workers (all workers) published in December of the previous year.</p> <p>For example, if the Fixed Costs for 2017 is \$.0625 and the BLS index published for December 2016 is 2.0% (not a real value), the 2018 Fixed Costs would be calculated as follows:</p> <p><b>2018 FC = 2017 FC + 2017 FC(2016 BLS Index published in December 2016)</b></p> <p><b>2018 FC = .0625 + .0625(2%) = .06375</b></p>   |

- Flow measurement

All Hydrogen flows will be measured by a standard sharp edge orifice plate and differential pressure transmitter located at the Fertilizer Plant. The measured flow will be pressure and temperature compensated and totaled by Fertilizer Plant's Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to Refinery Company through the existing communications bus for verification. Calibration of the transmitter will be done at least annually and may be done more frequently at Refinery Company's request.

**SECOND AMENDED AND RESTATED  
FEEDSTOCK AND SHARED SERVICES AGREEMENT**

**THIS SECOND AMENDED AND RESTATED FEEDSTOCK AND SHARED SERVICES AGREEMENT** is entered into and effective as of January 1, 2017 (the "**Effective Date**"), by and between Coffeyville Resources Refining & Marketing, LLC, a Delaware limited liability company ("**Refinery Company**"), and Coffeyville Resources Nitrogen Fertilizers, LLC, a Delaware limited liability company ("**Fertilizer Company**").

**RECITALS**

Refinery Company owns and operates the petroleum refinery located at Coffeyville, Kansas, which refinery is shown on Exhibit A hereto (including any additions or other modifications made thereto from time to time, the "**Refinery**").

Fertilizer Company owns and operates the nitrogen fertilizer complex located adjacent to the Refinery consisting of the Gasification Unit, the UAN Plant, the Ammonia Synthesis Loop, the Utility Facilities, storage and loading facilities, the Fertilizer Plant Water Clarifier and river access, the Grounds and related connecting pipes and improvements, which fertilizer manufacturing complex is connected to and associated with the Linde Facility and the Offsite Sulfur Recovery Unit, all of which are shown on Exhibit A hereto (including any additions or other modifications made thereto from time to time, and which are collectively referred to herein as the "**Fertilizer Plant**").

Refinery Company requires access to certain property and structures located on the Fertilizer Plant site to conduct its business, and Fertilizer Company requires access to certain structures and property located on the Refinery site to conduct its business.

Fertilizer Company and Refinery Company entered into the Feedstock and Shared Services Agreement dated as of October 25, 2007, as amended July 24, 2009, as amended and restated April 13, 2011 and as further amended December 30, 2013 (as amended, the "**Original Agreement**"), pursuant to which the parties agreed to provide each other with certain Feedstocks and Services for use in their respective production processes and certain other related matters. The Parties desire to amend and restate the terms of the Original Agreement upon the terms and subject to the conditions set forth in this Agreement and effective as of the Effective Date.

In consideration of the premises and the mutual agreements, representations and warranties herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

**ARTICLE 1**

**DEFINITIONS**

The following terms shall have the meanings set forth below, unless the context otherwise dictates, both for purposes of this Agreement and all Exhibits hereto:

**“Agreement”** means this Second Amended and Restated Feedstock and Shared Services Agreement and the Exhibits hereto, all as the same may be amended, modified or supplemented from time to time.

**“Ammonia Price”** means the price for anhydrous ammonia determined for a particular month as follows: The price per short ton of anhydrous ammonia shall be the average of (i) the average of the price range published in each weekly issue of “Green Markets” under the heading of “Ammonia” for “Southern Plains” averaged over such weekly issues published in the applicable calendar month, and (ii) the average of the price range published in each weekly issue of “Fertilizer Week America” under the heading of “Ammonia” for FOB Southern Plains” averaged over such weekly issues published in the applicable calendar month. In the event that either of the aforesaid publications ceases to be published, then the price per short ton of anhydrous ammonia shall be determined by reference to the publication that does not cease publication, using the average price range as provided for above. In the event that both of the aforesaid publications cease to be published, then the price per short ton of anhydrous ammonia shall be determined by reference to such generally accepted industry publication as Fertilizer Company may designate with the consent of the Refinery Company, which consent shall not be unreasonably withheld or delayed.

**“Ammonia Synthesis Loop”** means that ammonia synthesis loop within the Fertilizer Plant shown on Exhibit A hereto, including any additions or other modifications made thereto from time to time.

**“Coke”** has the meaning given such term in the Coke Supply Agreement.

**“Coke Supply Agreement”** means the Coke Supply Agreement between the Parties dated as of October 25, 2007, as amended, restated, modified or replaced from time to time.

**“cscf”** means one hundred scf.

**“Dispute”** has the meaning given such term in Article 5.

**“Easement Agreement”** means that Cross-Easement Agreement between the Parties dated as of October 25, 2007, as amended, restated, modified or replaced from time to time, under which the Fertilizer Company and the Refinery Company grant each other certain rights to enter upon and use the real property of the other Party for the purposes described therein.

**“Effective Date”** means the date first above written.

**“Feedstock”** means the materials and streams described in Exhibit B, all within the tolerances and to the specifications therein contained, that are provided by or on behalf of Refinery Company to Fertilizer Company, or by or on behalf of Fertilizer Company to Refinery Company, as the case may be and as otherwise may be agreed by the Parties.

**“Feedstock Delivery Points”** means the points at which the Feedstock is transferred from Fertilizer Company to Refinery Company, or from Refinery Company to Fertilizer Company, as

the case may be and as shown on Plot Plan A and Drawing D11-0913B constituting a part of Exhibit A.

**“Fertilizer Plant”** has the meaning given such term in the Recitals.

**“Fertilizer Company”** has the meaning given such term in the introductory paragraph.

**“Fertilizer Company Representative”** means the plant manager of the Fertilizer Plant or such other person as is designated in writing by Fertilizer Company.

**“Fertilizer Plant Water Clarifier”** means the Fertilizer Company’s water clarifier and associated equipment as shown on Plot Plan A constituting a part of Exhibit A.

**“Fire Water”** means the water and related systems to provide water for use in fire emergencies and the like, as such Fire Water is described in Exhibit B, all within the tolerances and in compliance with the specifications therein.

**“Force Majeure”** means war (whether declared or undeclared); fire, flood, lightning, earthquake, storm, tornado, or any other act of God; strikes, lockouts or other labor difficulties; unplanned plant outages; civil disturbances, riot, sabotage, terrorist act, accident, any official order or directive, including with respect to condemnation, or industry-wide requirement by any governmental authority or instrumentality thereof, which, in the reasonable judgment of the Party affected, interferes with such Party’s performance under this Agreement; any inability to secure necessary materials and/or services to perform under this Agreement, including, but not limited to, inability to secure materials and/or services by reason of allocations promulgated by governmental agencies; or any other contingency beyond the reasonable control of the affected Party, which interferes with such Party’s performance under this Agreement.

**“Gasification Unit”** means that gasification unit shown on Plot Plan A constituting a part of Exhibit A hereto, including any additions or other modifications made thereto from time to time.

**“Grounds”** means the realty on which the Fertilizer Plant is situated, which Grounds are shown on Plot Plan A constituting a part of Exhibit A.

**“High Pressure Steam”** means steam described in Exhibit B under the heading “High Pressure Steam,” all within the tolerances and in compliance with the specifications therein contained.

**“Hydrogen”** means hydrogen in its gaseous form, as described in Exhibit B hereto, all within the tolerances and in compliance with the specifications therein contained.

**“Instrument Air”** means air produced by mechanical compression as described in Exhibit B, all within the tolerances and in compliance with the specifications therein contained.

**“Laws”** means all applicable laws, regulations, permits, orders and decrees, including, without limitation, laws, regulations, permits, orders and decrees respecting health, safety and the environment.

**“Lease Agreement”** means the Lease Agreement between the Parties dated as of October 25, 2007, as amended, restated, modified or replaced from time to time, relating to the lease of certain Refinery Company premises to Fertilizer Company.

**“Linde”** means Linde LLC, a Delaware limited liability company.

**“Linde Agreement”** means that certain Amended and Restated On-Site Project Supply Agreement between Fertilizer Company and Linde (as successor in interest to The BOC Group, Inc.), dated as of June 1, 2005, as amended.

**“Linde Facility”** means the plant for the production of certain products and argon, including metering and related facilities, together with an inter-connected liquid nitrogen product storage vessel and vaporization equipment, as shown on Exhibit A hereto, all connected to the pipelines owned by Linde, including any additions or other modifications made thereto from time to time.

**“mlbs”** means one thousand pounds.

**“MMBtu”** means one million British thermal units.

**“mmscf”** means one million scf.

**“mmscfd”** means one million scf per day.

**“mscf”** means one thousand scf.

**“Nitrogen”** means nitrogen in its gaseous form, as described in Exhibit B hereto, all within the tolerances and in compliance with the specifications therein contained.

**“Offsite Sulfur Recovery Unit”** means that sulfur processing facility owned and operated by TKI pursuant to the TKI Phase II Agreement, which Offsite Sulfur Recovery Unit is shown on Plot Plan A constituting a part of Exhibit A hereto, including any additions or other modifications made thereto from time to time.

**“Owner”** means Fertilizer Company or Refinery Company, as the context requires.

**“Oxygen”** means oxygen in its gaseous form, as described in Exhibit B hereto, all within the tolerances and in compliance with the specifications therein contained.

**“Party”** and **“Parties”** means the parties to this Agreement.

**“Person”** means and includes natural persons, corporations, limited partners, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities.

**“PPM”** means parts per million.



**“Prime Rate”** means the prime interest rate as published from time to time in The Wall Street Journal as the base lending rate on corporate loans posted by at least seventy-five percent (75%) of the thirty (30) largest United States banks.

**“psi”** means pounds per square inch.

**“psig”** means pounds per square inch gauge.

**“Raw Water and Facilities Sharing Agreement”** means the Raw Water and Facilities Sharing Agreement between the Parties dated as of October 25, 2007, as amended, restated, modified or replaced from time to time.

**“Refinery”** has the meaning given such term in the Recitals hereto.

**“Refinery Company”** has the meaning given such term in the introductory paragraph.

**“Refinery Water Clarifier”** means the Refinery Company’s water clarifier and associated equipment.

**“Refinery Company Representative”** means the plant manager of the Refinery Company or such other person as is designated in writing by Refinery Company.

**“scf”** means standard cubic feet at 60°F and at atmospheric pressure equal to 29.92 inches of mercury absolute, measured by standard sharp edge orifice plate and differential pressure transmitters located at the Fertilizer Plant. The measured flow shall be pressure and temperature compensated and totalized by the Fertilizer Plant’s Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to the Refinery through the existing communications bus for verification. Calibration of the transmitters shall be done at least annually and may be done more frequently at Refinery Company’s request.

**“Security Contract”** means any agreement for security services to which Refinery Company is a party pursuant to which security services are provided on the Refinery premises and environs and on the Fertilizer Plant premises and environs.

**“Services”** means the services described as such on Exhibit B.

**“Sour Water”** means the process stream described on Exhibit B that meets the tolerances and specifications therein contained.

**“ST”** means short tons.

**“STPD”** means short tons per day.

**“Tail Gas”** means tail gas described in Exhibit B under the heading “Tail Gas,” all within the tolerances and in compliance with the specifications therein contained.

“TKI” means Tessengerlo Kerley, Inc.

“TKI General Plant and Labor Costs” means (i) the costs incurred and appropriately billed to Refinery Company pursuant to the TKI Phase I Agreement and (ii) the costs incurred and appropriately billed to Fertilizer Company pursuant to the TKI Phase II Agreement.

“TKI Phase I Agreement” means the Amended and Restated Phase I Sulfur Processing Agreement, dated June 28, 2009, between Refinery Company and TKI, as amended from time to time.

“TKI Phase I Unit” means the sulfur processing facility owned and operated by TKI pursuant to the TKI Phase I Agreement.

“TKI Phase II Agreement” means the Amended and Restated Phase II Sulfur Processing Agreement, dated June 28, 2009, between Fertilizer Company and TKI, , as amended from time to time.

“Transfer” means the sale, exchange, gift or other assignment of rights or interests, whether by specific assignment, merger, consolidation, entity conversion or other disposition, but not including any bona fide pledge or assignment for collateral purpose in connection with any financing.

“UAN Plant” means the urea ammonium nitrate plant shown on Exhibit A hereto, including any additions or other modifications made thereto from time to time.

“UAN Price” means the price for 32% urea ammonium nitrate determined for a particular month as follows: The price per short ton of 32% urea ammonium nitrate shall be the average of (i) the average of the price range published in each weekly issue of “Green Markets” under the heading of “UAN” for “Mid Cornbelt” averaged over such weekly issues published in the applicable calendar month and then multiplied by thirty-two (32), and (ii) the average of the price range published in each weekly issue of “Fertilizer Week America” under the heading of “UAN” for “FOB Midwest” averaged over such weekly issues published in the applicable calendar month. In the event that either of the aforesaid publications ceases to be published, then the price per short ton of 32% urea ammonium nitrate shall be determined by reference to the publication that does not cease publication, using the average price range as provided for above. In the event that both of the aforesaid publications cease to be published, then the price per short ton of 32% urea ammonium nitrate shall be determined by reference to such generally accepted industry publication as Fertilizer Company may designate with the consent of the Refinery Company, which consent shall not be unreasonably withheld or delayed.

“Utility Facilities” mean the utility facilities shown on Exhibit A hereto, including any additions or other modifications made thereto from time to time.

## ARTICLE 2

### FEEDSTOCK AND SHARED SERVICES

#### Section 2.1 Steam.

### 2.1.1 Refinery Steam Obligations

(a) Start-up Steam. Refinery Company shall, upon reasonable request by the Fertilizer Company, make available to Fertilizer Company High Pressure Steam at a cost to Fertilizer Company as designated on Exhibit B hereto, at sufficient pressure and in sufficient amounts, to allow Fertilizer Company to commence and recommence operation of the Fertilizer Plant from time to time at Fertilizer Company's request. The parties anticipate that commencement and/or recommencement of Fertilizer Plant operations will require approximately 75,000 pounds per hour of High Pressure Steam. For purposes of this Subsection 2.1.1(a), such High Pressure Steam shall be referred to as "**Start-Up Steam**." Refinery Company shall use commercially reasonable efforts to make available Start-Up Steam when requested by Fertilizer Company; provided that Refinery Company shall not be obligated to make available Start-Up Steam hereunder if doing so would have a material adverse effect on Refinery operations. Fertilizer Company shall provide reasonable notice to Refinery Company of the approximate time and date of each of its requirements for Start-Up Steam.

(b) Linde Steam. Refinery Company shall make commercially reasonable efforts as its operations permit, at a cost to Fertilizer Company as set forth in Exhibit B, to make available High Pressure Steam produced at the Refinery to the Fertilizer Company, solely for use at the Linde Facility. Fertilizer Company shall provide reasonable notice to Refinery Company of the approximate time and date of each of its requirements for High Pressure Steam under this subsection 2.1.1(b); provided that Refinery Company shall not be obligated to make available High Pressure Steam hereunder if doing so would have a material adverse effect on Refinery operations.

### 2.1.2 Fertilizer Plant Steam Obligations

Fertilizer Company shall make available at a cost to Refinery Company as set forth in Exhibit B, solely for use at the Refinery, any High Pressure Steam produced by the Fertilizer Plant that is not required for the operation of the Fertilizer Plant, following reasonable notice from Refinery Company requesting such steam.

### 2.1.3 Mutual Steam Obligations

(a) Low Pressure Steam. Refinery Company and Fertilizer Company may supply each other any steam (other than High Pressure Steam) produced by either of their respective operations, which is not required by such operation and is required for the other Party's operation, at no cost; provided, however, there shall be no obligation by either Party to supply any such steam and the Party requiring such steam shall give reasonable notice to the other Party of any request.

(b) Steam Condensate. Refinery Company shall retain all steam condensate for steam delivered to Refinery Company hereunder and Fertilizer Company shall retain all steam condensate for all steam delivered to Fertilizer Company hereunder.

Section 2.2 Nitrogen. Fertilizer Company shall make available to Refinery Company, solely for use at the Refinery, any Nitrogen produced by the Linde Facility and available to Fertilizer Company that is not required, as determined in a commercially reasonable manner by the Fertilizer Company based on its then current or anticipated operational requirements, for the operation of the

Fertilizer Plant, following reasonable notice from Refinery Company requesting such Nitrogen, at a cost to Refinery Company as designated on Exhibit B hereto.

Section 2.3 Instrument Air.

(a) Fertilizer Company shall make available for purchase by Refinery Company, for use solely at the Refinery, Instrument Air at a flow rate of not less than 3mscf/minute to the extent produced by the Linde Facility and available to Fertilizer Company and not required, as determined in a commercially reasonable manner by the Fertilizer Company based on its then current or anticipated operational requirements, for the operation of the Fertilizer Plant, at a cost to Refinery Company as designated on Exhibit B hereto and following reasonable request and notice from Refinery Company.

(b) Refinery Company shall make available for purchase by Fertilizer Company for use solely at the Fertilizer Plant, Instrument Air to the extent that Instrument Air is not available from the Linde Facility and is available from Refinery Company and not required, as determined in a commercially reasonable manner by the Refinery Company based on its then current or anticipated operational requirements, for the operation of the Refinery, at a flow rate of not less than 3 mscf/minute and at a cost to Fertilizer Company as designated on Exhibit B and following reasonable request and notice from the Fertilizer Company.

(c) Either Fertilizer Company or Refinery Company may terminate its obligation to make Instrument Air available for purchase by the other party hereunder upon not less than twelve (12) months prior written notice to the other party.

Section 2.4 Oxygen Supply to Refinery. Fertilizer Company shall provide to Refinery Company, solely for use at the Refinery, any Oxygen produced by the Linde Facility and made available to Fertilizer Company, as determined in a commercially reasonable manner by the Fertilizer Company not to exceed 29.8 STPD, based on its then current or anticipated operational requirements for the operation of the Fertilizer Plant, which Oxygen is not required for the operation of the Fertilizer Plant, following reasonable notice from Refinery Company requesting such Oxygen, at no cost to Refinery Company beginning January 1, 2017.

Section 2.5 Coke Supply to Fertilizer Plant. The terms and conditions governing Refinery Company's sales of Coke to Fertilizer Company shall be set forth in the Coke Supply Agreement.

Section 2.6 Sulfur; TKI Agreements.

(a) TKI Phase II Agreement. Refinery Company shall provide to TKI the utilities described in Section 2.6 of the TKI Phase II Agreement. Fertilizer Company shall reimburse Refinery Company for such utilities provided. Without limiting the foregoing, Fertilizer Company shall reimburse Refinery Company for electricity used by the Offsite Sulfur Recovery Unit as determined by the estimated electrical load of the Offsite Sulfur Recovery Unit, which estimated electrical load is 1,051 kilowatts. The number of kilowatts provided for in the immediately preceding sentence will be multiplied by the average rate per kilowatt hour that the Refinery Company pays for electricity times the hours the Offsite Sulfur Recovery Unit is in operation in the calendar month

for which such electricity reimbursement is being calculated. Refinery Company shall send a monthly invoice for such electricity cost as calculated in this Subsection along with Fertilizer Company's allocated share (as such allocation is reasonably agreed to by the Parties) of such other utilities provided by Refinery Company to TKI as required by the TKI Phase II Agreement. Fertilizer Company shall pay each such invoice within 15 days after receipt. Refinery Company shall receive, at no cost to either Owner, all return utility streams consisting primarily of low pressure steam (but excluding sulfur from the Offsite Sulfur Recovery Unit) and steam condensate under the TKI Phase II Agreement. Fertilizer Company shall not amend or terminate the TKI Phase II Agreement without the prior written consent of Refinery Company, which consent shall not be unreasonably withheld or delayed. Refinery Company shall not amend or terminate the TKI Phase I Agreement without the prior written consent of Fertilizer Company, which consent shall not be unreasonably withheld or delayed.

(b) Cost Sharing. The TKI General Plant and Labor Costs shall be shared equally by the Parties; provided, however, that in those instances where a particular cost can be reasonably determined to be associated with a particular Party, such Party shall bear such cost.

(c) Sulfur to Block. If at any time the pricing mechanisms for sulfur contained in Section 8.1 of the TKI Phase II Agreement do not accurately reflect then current sulfur market conditions, resulting in Fertilizer Company retaining sulfur in lieu of selling such excess sulfur to TKI, then Refinery Company agrees to remove and take title to such sulfur in exchange for a fee payable by Fertilizer Company to Refinery Company of \$11.50 per long ton, with such fee representing the costs incurred by Refinery Company to transport and store sulfur to block. The foregoing fee may be adjusted from time to time by mutual agreement of the parties to take into account charges assessed by third parties for loading sulfur into equipment owned or controlled by Refinery Company, or other potential increases or decreases in charges.

#### Section 2.7 Water.

(a) Raw Water. The allocation of raw water rights and obligations between the Fertilizer Company and the Refinery Company is provided in the Raw Water and Facilities Sharing Agreement.

(b) Sour Water. Refinery Company shall receive and process, at no cost to Fertilizer Company, all of the Sour Water produced at the Fertilizer Plant which does not exceed the volume parameters set forth on Exhibit B hereto.

(c) Refinery Supply of Fire Water. Refinery Company shall, at no cost or expense to Fertilizer Company, use reasonable efforts to keep and maintain its Fire Water systems, tanks, water inventory and equipment in such condition, repair and state of readiness so as to allow uninterrupted service to Fertilizer Company for use at the Fertilizer Plant and shall grant Fertilizer Company access to the Fire Water system for use of such system in conjunction with the Fire Water system of the Fertilizer Plant, for use in connection with Fertilizer Company's street sweeper and for use in washing down the Fertilizer Plant coke pad. The Refinery's Fire Water system and the points of access by Fertilizer Company to the Fire Water system are shown on Plot Plan A which constitutes part of Exhibit A hereto. Notwithstanding the foregoing, Fertilizer Company acknowledges and agrees that Refinery Company shall not be liable for any damages incurred resulting from its failure

or inability to provide Fire Water hereunder. If the Refinery Company should cease operations of the Refinery (including the Refinery Fire Water system), Refinery Company shall provide advance notice of such cessation of operations to Fertilizer Company and Fertilizer Company may, upon notice to Refinery Company, operate such Refinery Fire Water System, at the cost and expense of the Fertilizer Company and for the benefit of the Fertilizer Company for a period of up to two years.

Section 2.8 Security. Fertilizer Company agrees to pay its pro rata share (determined as provided in Exhibit B) of security services provided under the Security Contract upon receipt of an invoice from Refinery Company for such pro rata share, as provided in Exhibit B. Refinery Company and Fertilizer Company shall also cooperate in developing and administering a mutual security plan. Refinery Company may, upon six (6) months prior written notice to Fertilizer Company, require Fertilizer Company to enter into a separate agreement for security services and adopt and administer a security plan covering solely its premises. Fertilizer Company may, upon six (6) months prior written notice to Refinery Company, terminate taking security services from Refinery Company, whereupon at the end of such six (6) month period, Fertilizer Company may cease paying Refinery Company for such security services and will adopt and administer its own security plan. Fertilizer Company acknowledges and agrees that Refinery Company shall not be liable to Fertilizer Company for any damages, losses or other liability arising, directly or indirectly, out of the services performed by any service provider engaged by Refinery Company to perform security services, or arising, directly or indirectly, out of any mutual security plan.

Section 2.9 Hydrogen Supply.

(a) Upon reasonable request by Refinery Company from time to time during the term of this Agreement, and to the extent available to Fertilizer Company, Fertilizer Company agrees to provide Hydrogen to Refinery Company in accordance with the specifications set forth on Exhibit B and for the applicable prices set forth on Exhibit B, in each case subject to the following:

(i) Fertilizer Company will not be obligated to provide any Hydrogen to Refinery Company if such Hydrogen is required, as determined in a commercially reasonable manner by Fertilizer Company based on its then current or anticipated operation requirements, for the operation of the Fertilizer Plant;

(ii) Fertilizer Company will not be obligated to provide any Hydrogen to Refinery Company if Fertilizer Company or the board of directors of the general partner of CVR Partners, LP (the sole member of Fertilizer Company) determines, in each case in their sole discretion, that such sale of Hydrogen would adversely affect the classification of CVR Partners, LP as a partnership for federal income tax purposes; and

(iii) Fertilizer Company will not be obligated to provide any Hydrogen to Refinery Company if Fertilizer Company determines in its sole discretion that such sale of Hydrogen would not be in Fertilizer Company's best interest.

(b) Total Monthly Gross Fees of Hydrogen sales by Fertilizer Company to Refinery Company and by Refinery Company to Fertilizer Company pursuant to the Hydrogen Purchase and

Sale Agreement between the parties, effective January 1, 2017 (as may be amended from time to time) will be netted against each other on a monthly basis.

(c) Notwithstanding the provisions of (a) and (b) above, Refinery Company and Fertilizer Company may purchase Hydrogen from the other party upon such terms and conditions as the parties mutually agree upon in writing from time to time with respect to any single purchase, any series of purchases, or otherwise.

Section 2.10 Natural Gas. Refinery Company is a party to a “Sales and Transportation Service Agreement” dated August 27, 1992 with United Cities Gas Company (now Atmos Energy), and the City of Coffeyville (“**Gas Contract**”) pursuant to which natural gas is transported to the Refinery and the Fertilizer Plant. Refinery Company will nominate and purchase natural gas transportation and natural gas supplies for the Fertilizer Company and Fertilizer Company agrees to coordinate with Refinery Company with respect to such nominations and to provide Refinery Company timely information regarding Fertilizer Company’s requirements for natural gas transportation and natural gas supplies. Refinery Company shall provide Fertilizer Company with an invoice for natural gas supply and transportation services received by Fertilizer Company promptly following Refinery Company’s receipt of invoices from Atmos Energy (or Refinery Company’s then-current natural gas transportation provider(s)), any relevant interstate natural gas pipeline and the then current natural gas supplier(s) and for agreed to fees related to infrastructure constructed by Refinery Company to supply natural gas to the Fertilizer Company, if any.

At the request of either Fertilizer Company or Refinery Company, the Parties agree to use their commercially reasonable efforts to (i) add Fertilizer Company as a party to the Gas Contract, any successor natural gas provider, or to reach some other mutually acceptable accommodation (including, but not limited to separate natural gas transportation agreements) whereby both Refinery Company and Fertilizer Company would each be able to receive, on an individual basis, natural gas transportation service from Atmos or a successor natural gas provider on similar terms and conditions; and (ii) separate natural gas purchasing so that the Refinery Company and Fertilizer Company would each purchase for their own account the natural gas supplies to be delivered to the Refinery and Fertilizer Plant respectively.

Section 2.11 Railroad Tracks. Refinery Company and Fertilizer Company currently share rail services on railroad tracks that traverse the Refinery premises in part and the Fertilizer Plant premises in part, some of which railroad tracks are owned by Union Pacific and operated by South Kansas & Oklahoma Railroad, Inc., or their successors (“**Main Tracks**”), some of which railroad tracks are owned and operated by Refinery Company (“**Refinery Tracks**”), and some of which railroad tracks are owned and operated by Fertilizer Company (“**Fertilizer Tracks**”). The Parties agree to coordinate and cooperate to ensure that each Party has access to the Main Tracks, the Refinery Tracks, and the Fertilizer Tracks for the receipt of Feedstocks and delivery out of products, and to pay a mutually agreed prorated share of the costs and expense of maintaining such railroad tracks based upon an approximation of actual use. Each Party shall use its best commercially reasonable efforts to move railroad cars from the Main Tracks to the Refinery Tracks or the Fertilizer Tracks as soon as possible following arrival of such railroad cars. Each Party shall utilize such Party’s own railroad sidings for the loading and unloading of any products or other items by such

Party. Railroad track sharing between the Parties shall also be subject to and in accordance with the railroad trackage easements provided for in the Easement Agreement.

Section 2.12 South Administration Building, Laboratory Building, and Oil Storage Building Use and Occupancy. The Refinery Company will allow the Fertilizer Company to occupy a portion of the buildings known on the date hereof as the "South Administration Building," the "Laboratory Building," and the Oil Storage Building for, without limitation, purposes of office space, maintenance space, storage and laboratory space therein, as more specifically provided in the Lease Agreement.

Section 2.13 Tank Capacity. To the extent available, Refinery Company and Fertilizer Company agree to provide the other party with finished product tank capacity from time to time. The terms under which such tank capacity will be provided, including the fee, term and tank designation will be mutually agreed upon by the parties.

Section 2.14 Tail Gas. Fertilizer Company will make available to Refinery Company, solely for use at the Refinery, Tail Gas at a cost to Refinery Company as designated on Exhibit B hereto.

## ARTICLE 3

### TERM

Section 3.1 Term. This Agreement shall be for an initial term of twenty (20) years, commencing April 13, 2011. The term of this Agreement shall be automatically extended following the initial term for additional successive five (5) year renewal periods, unless either party gives notice to the other party, not less than three (3) years prior to the date that any such renewal period would commence, that such party does not desire to extend and renew the term of this Agreement, in which event this Agreement shall terminate upon the expiration of the term in which the notice of nonrenewal is given.

Section 3.2 Termination. Notwithstanding Section 3.1, this Agreement may be terminated by mutual agreement of the Parties. This Agreement may also be terminated as follows:

(a) This Agreement may be terminated by one Party (the "**Terminating Party**") upon notice to the other Party (the "**Breaching Party**"), following the occurrence of an Event of Breach with respect to the Breaching Party. For purposes hereof, an "Event of Breach" shall occur when both of the following exist: (i) a breach of this Agreement by the Breaching Party has not been cured by such Breaching Party within thirty (30) days after receipt of written notice thereof from the Terminating Party or, in the case of a breach that is not reasonably feasible to effect a cure within said 30-day period, within ninety (90) days after such receipt provided that the Breaching Party diligently prosecutes the cure of such breach; and (ii) the breach materially and adversely affects the ability of the Terminating Party to operate its Refinery or its Fertilizer Plant, as the case may be.



(b) This Agreement may be terminated by the Refinery Company effective as of the permanent termination of substantially all of the operations at the Refinery (with no intent by Refinery Company or its successor to recommence operations at the Refinery); provided, however, that notice of such permanent termination of operations shall be provided by the Refinery Company to Fertilizer Company at least twelve (12) months prior to such permanent termination.

(c) This Agreement may be terminated by the Fertilizer Company effective as of the permanent termination of substantially all of the fertilizer production operations at the Fertilizer Plant (with no intent by Fertilizer Company or its successor to recommence operations at the Fertilizer Plant); provided, however, that notice of such permanent termination of operations shall be provided by the Fertilizer Company to Refinery Company at least twelve (12) months prior to such permanent termination.

(d) This Agreement may be terminated by one Party upon notice to the other Party following (i) the appointment of a receiver for such other Party or any part of its property, (ii) a general assignment by such other Party for the benefit of creditors of such other Party, or (iii) the commencement of a proceeding under any bankruptcy, insolvency, reorganization, arrangement or other law relating to the relief of debtors by or against such other Party; provided, however, that if any such appointment or proceeding is initiated without the consent or application of such other Party, such appointment or proceeding shall not constitute a termination event under this Agreement until the same shall have remained in effect for sixty (60) days.

Section 3.3 Effects of Expiration or Termination. Refinery Company and Fertilizer Company agree that upon and after expiration or termination of this Agreement:

(a) Each Party will remain obligated to make any payment due to the other Party hereunder for any Feedstock or Service delivered to or purchased by such Party prior to termination.

(b) Liabilities of any Party arising from any act, breach or occurrence prior to termination will remain with such Party.

(c) The Parties' rights and obligations under Sections 10.1 and 10.6 and ARTICLES 5, 6, 7, 8, 9, 11, 12 and 15 and the second paragraph of Section 2.10 will survive the expiration or termination of this Agreement.

#### **ARTICLE 4**

#### **PAYMENT**

Section 4.1 Payment. Any amount payable hereunder shall be represented by an invoice therefor provided by the Party to receive said payment to the other Party. All such invoices shall be submitted weekly (or on such other periodic basis as the Parties may agree to in writing from time to time with respect to any particular Feedstock or Service) and set forth sufficient detail to reflect the determination of the amount payable hereunder. Unless otherwise indicated, all such invoices will be due net fifteen (15) days. The Parties shall make payment in full of the amount due under each invoice in strict compliance with the payment terms as set forth in this Agreement

without any deduction for any discount or credits, contra or setoffs of any kind or amount whatsoever unless expressly authorized in writing by each Party prior to the payment date relating to such invoice(s), and except that each Party shall be entitled to offset, against any amount payable by such Party to the other Party for Feedstocks or Services hereunder or for Coke under the Coke Supply Agreement, any amounts payable from such other Party for Feedstocks or Services hereunder.

Section 4.2 Delinquencies. To the extent any amount payable under this Agreement is not paid when due, then in addition to the amount payable and in addition to all other available rights and remedies, the applicable Party also shall be obligated to pay interest on such amount payable from and after the due date for such payment until such payment is made at a rate of interest per annum equal to three percent (3%) above the Prime Rate (the "**Late Payment Rate**").

## ARTICLE 5

### DISPUTES

Section 5.1 Resolution of Disputes. The Parties shall in good faith attempt to resolve promptly and amicably any dispute between the Parties arising out of or relating to this Agreement (each a "**Dispute**") pursuant to this Article 5. The Parties shall first submit the Dispute to the Fertilizer Company Representative and the Refinery Company Representative, who shall then meet within fifteen (15) days to resolve the Dispute. If the Dispute has not been resolved within forty-five (45) days after the submission of the Dispute to the Fertilizer Company Representative and the Refinery Company Representative, the Dispute shall be submitted to a mutually agreed non-binding mediation. The costs and expenses of the mediator shall be borne equally by the Parties, and the Parties shall pay their own respective attorneys' fees and other costs. If the Dispute is not resolved by mediation within ninety (90) days after the Dispute is first submitted to the Refinery Company Representative and the Fertilizer Company Representative as provided above, then the Parties may exercise all available remedies.

Section 5.2 Multi-Party Disputes. The Parties acknowledge that they or their respective affiliates contemplate entering or have entered into various additional agreements with third parties that relate to the subject matter of this Agreement and that, as a consequence, Disputes may arise hereunder that involve such third parties (each a "**Multi-Party Dispute**"). Accordingly, the Parties agree, with the consent of such third parties, that any such Multi-Party Dispute, to the extent feasible, shall be resolved by and among all the interested parties consistent with the provisions of this Article 5.

## ARTICLE 6

### INDEMNIFICATION

Section 6.1 Indemnification Obligations. Each of the Parties (each, an "**Indemnitor**") shall indemnify, defend and hold the other Party and its respective officers, directors, members, managers and employees (each, an "**Indemnitee**") harmless from and against all liabilities, obligations, claims, losses, damages, penalties, deficiencies, causes of action, costs and expenses,

including, without limitation, attorneys' fees and expenses (collectively, "**Losses**") imposed upon, incurred by or asserted against the person seeking indemnification that are caused by, are attributable to, result from or arise out of the breach of this Agreement by the Indemnitor or the negligence or willful misconduct of the Indemnitor, or of any officers, directors, members, managers, employees, agents, contractors and/or subcontractors acting for or on behalf of the Indemnitor. Any indemnification obligation pursuant to this Article 6 with respect to any particular Losses shall be reduced by all amounts actually recovered by the Indemnitee from third parties, or from applicable insurance coverage, with respect to such Losses. Upon making any payment to any Indemnitee, the Indemnitor shall be subrogated to all rights of the Indemnitee against any third party in respect of the Losses to which such payment relates, and such Indemnitee shall execute upon request all instruments reasonably necessary to evidence and perfect such subrogation rights. If the Indemnitee receives any amounts from any third party or under applicable insurance coverage subsequent to an indemnification payment by the Indemnitor, then such Indemnitee shall promptly reimburse the Indemnitor for any payment made or expense incurred by such Indemnitor in connection with providing such indemnification payment up to the amount received by the Indemnitee, net of any expenses incurred by such Indemnitee in collecting such amount.

## Section 6.2 Indemnification Procedures.

(a) Promptly after receipt by an Indemnitee of notice of the commencement of any action that may result in a claim for indemnification pursuant to this Article 6, the Indemnitee shall notify the Indemnitor in writing within 30 days thereafter; provided, however, that any omission to so notify the Indemnitor will not relieve it of any liability for indemnification hereunder as to the particular item for which indemnification may then be sought (except to the extent that the failure to give notice shall have been materially prejudicial to the Indemnitor) nor from any other liability that it may have to any Indemnitee. The Indemnitor shall have the right to assume sole and exclusive control of the defense of any claim for indemnification pursuant to this Article 6, including the choice and direction of any legal counsel.

(b) An Indemnitee shall have the right to engage separate legal counsel in any action as to which indemnification may be sought under any provision of this Agreement and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnitee unless (i) the Indemnitor has agreed in writing to pay such fees and expenses, (ii) the Indemnitor has failed to assume the defense thereof and engage legal counsel within a reasonable period of time after being given the notice required above, or (iii) the Indemnitee shall have been advised by its legal counsel that representation of such Indemnitee and other parties by the same legal counsel would be inappropriate under applicable standards of professional conduct (whether or not such representation by the same legal counsel has been proposed) due to actual or potential conflicts of interests between them. It is understood, however, that to the extent more than one Indemnitee is entitled to engage separate legal counsel at the Indemnitor's expense pursuant to clause (iii) above, the Indemnitor shall, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of only one separate firm of attorneys at any time for all such Indemnitees having the same or substantially similar claims

against the Indemnitor, unless but only to the extent the Indemnitees have actual or potential conflicting interests with each other.

(c) The Indemnitor shall not be liable for any settlement of any action effected without its written consent, but if settled with such written consent, or if there is a final judgment against the Indemnitee in any such action, the Indemnitor agrees to indemnify and hold harmless the Indemnitee to the extent provided above from and against any loss, claim, damage, liability or expense by reason of such settlement or judgment.

## **ARTICLE 7**

### **ASSIGNMENT**

This Agreement shall extend to and be binding upon the Parties hereto, their successors and permitted assigns. Either Party may assign its rights and obligations hereunder solely (i) to an affiliate under common control with the assigning Party, provided that any such assignment shall require the prior written consent of the other Party hereto (such consent not to be unreasonably withheld or delayed), and provided that the applicable assignee agrees, in a written instrument delivered to (and reasonably acceptable to) such other Party, to be fully bound hereby, or (ii) to a Party's lenders for collateral security purposes, provided that in the case of any such assignment each Party agrees (x) to cooperate with the lenders in connection with the execution and delivery of a customary form of lender consent to assignment of contract rights and (y) any delay or other inability of a Party to timely perform hereunder due to a restriction imposed under the applicable credit agreement or any collateral document in connection therewith shall not constitute a breach hereunder. In addition, each Party agrees that it will assign its rights and obligations hereunder to a transferee acquiring all or substantially all of the equity in or assets of the assigning Party related to the Refinery or Fertilizer Plant (as applicable), which transferee must be approved in writing by the non-assigning Party (such approval not to be unreasonably withheld or delayed) and must agree in writing (with the non-assigning Party) to be fully bound hereby.

## **ARTICLE 8**

### **GOVERNING LAW AND VENUE**

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SAID STATE. THE PARTIES AGREE THAT ANY ACTION BROUGHT IN CONNECTION WITH THIS AGREEMENT MAY BE MAINTAINED IN ANY COURT OF COMPETENT JURISDICTION LOCATED IN THE STATE OF KANSAS, AND EACH PARTY AGREES TO SUBMIT PERSONALLY TO THE JURISDICTION OF ANY SUCH COURT AND HEREBY WAIVES THE DEFENSES OF FORUM NON-CONVENIENS OR IMPROPER VENUE WITH RESPECT TO ANY ACTION BROUGHT IN ANY SUCH COURT IN CONNECTION WITH THIS AGREEMENT.

## ARTICLE 9

### LIMITATION OF LIABILITY

In no event, whether based on contract, indemnity, warranty, tort (including negligence), strict liability or otherwise, shall either Party, its employees, suppliers or subcontractors, be liable for loss of profits or revenue or special, incidental, exemplary, punitive or consequential damages; provided, however, that the foregoing limitation shall not preclude recourse to any insurance coverage maintained by the Parties pursuant to the requirements of this Agreement or otherwise.

## ARTICLE 10

### OPERATION OF FERTILIZER PLANT AND REFINERY

Section 10.1 Cooperation. Refinery Company and Fertilizer Company shall cause their respective personnel located at the Refinery and the Fertilizer Plant to fully cooperate with, and comply with the reasonable requests of, the other Party and its employees, agents and contractors to support such other Party's operations in a safe and efficient manner; provided, however, that nothing in this Section 10.1 shall require the expenditure of any monies other than may otherwise be required elsewhere in this Agreement. In addition, the Parties agree to (i) meet promptly following the request by either Party to develop a long term plan for the bifurcation of those properties and services that one Party or the other deems appropriate to bifurcate and (ii) cooperate fully with each other to implement such plan in an expeditious and cost effective manner. The costs of implementing any such program, such as costs and expense of negotiating with contract counterparties and legal fees, shall be borne equally unless otherwise agreed.

Section 10.2 Fertilizer Plant Operations. Subject to the express obligations of the Parties under this Agreement, no provision of this Agreement is intended as, or shall be construed to be, any agreement on the part of Fertilizer Company to operate the Fertilizer Plant in any particular manner or to continue operations at the Fertilizer Plant, all in its sole discretion; provided, however, that prior notice of any permanent termination of operations shall be provided by Fertilizer Company to the Refinery Company pursuant to Section 3.2(c).

Section 10.3 Refinery Operations. Subject to the express obligations of the Parties under this Agreement, no provision of this Agreement is intended as, or shall be construed to be, any agreement on the part of Refinery Company to operate the Refinery in any particular manner or to continue operations at the Refinery, all in its sole discretion; provided, however, that prior notice of any permanent termination of operations shall be provided by Refinery Company to the Fertilizer Company pursuant to Section 3.2(b).

Section 10.4 Suspension of Services.

(a) Temporary Suspension of Feedstock or Services for Repairs/Maintenance. The provision of one or more of the Feedstocks or Services by the Parties may be temporarily suspended for such periods of time as are necessary to carry out scheduled or unscheduled maintenance or necessary repairs or improvements to the Refinery or the Fertilizer Plant, as the case may be (each,

a **“Temporary Service Suspension”**). In connection with any such Temporary Service Suspension, Refinery Company or Fertilizer Company (as applicable) may elect to reduce, interrupt, allocate, alter or change the Feedstock or Services that it is required to provide hereunder, provided that, except in the case of emergencies, the applicable Party shall deliver not less than thirty (30) days prior written notice to the other Party of any planned Temporary Service Suspension, including relevant details relating to the proposed reduction, interruption, allocation, alteration or change in the Feedstock or Services as a result of the Temporary Service Suspension. Upon the occurrence and during the continuation of Temporary Service Suspension, the parties shall cooperate to attempt to arrange for Feedstock or Services to be furnished to the other Party in an alternate manner or by a third party acceptable to affected Party, to minimize or reduce the effect of such Temporary Service Suspension on the applicable Party’s operations.

(b) **Emergency Repairs**. The Parties shall provide notice to the other as soon as reasonably possible (and in any event within twenty-four (24) hours) in the event of any emergency repair or unplanned required maintenance that is affecting or will affect provision of the Services. Each Party shall use commercially reasonable efforts to complete any such emergency repairs in a timely manner and to resume the provision of such Service as soon as practicable.

Section 10.5 **Priority Supply**. Refinery Company and Fertilizer Company shall each have priority over third parties with respect to any Feedstocks and Services to be made available to such Party (the **“Receiving Party”**) by the other Party (the **“Supplying Party”**) under this Agreement, provided that, to the extent that purchase of any particular Feedstock or Service by a Receiving Party is discretionary on the part of the Receiving Party and the Receiving Party has not purchased from the Supplying Party the quantity of the Feedstock or Service that is presently available from the Supplying Party, then the Supplying Party may offer and sell such available Feedstock or Service to a third party so long as the Supplying Party first gives to the Receiving Party written notice of such prospective offer and sale and the option to purchase such Feedstock or Service on the terms provided in this Agreement with respect to such available Feedstock or Service, provided that the Receiving Party exercises such option by written notice to the Supplying Party within five (5) days following the date Supplying Party gives its written notice to Receiving Party with respect to the available Feedstock or Service.

Section 10.6 **Audit and Inspection Rights**. Refinery Company and Fertilizer Company shall each (**“Requesting Party”**) have the right, upon reasonable written notice to the other Party (**“Other Party”**), to audit, examine and inspect, at reasonable times and locations, all documentation, records, equipment, facilities, and other items owned or under the control of the Other Party that are reasonably related to the Feedstocks and Services provided for under this Agreement, solely for the purpose of confirming the measurement or pricing of, or tolerances or specifications of, any Feedstocks or Services, confirming compliance and performance by the Other Party, or exercising any rights of the Requesting Party, under this Agreement.

Section 10.7 **Upgrade Costs**. In the event that either Refinery Company or Fertilizer Company (**“Requiring Company”**) requires that any capital or other upgrades be made by the other Party (**“Upgrading Party”**) to any of the Upgrading Party’s equipment or other facilities in connection with the provision of any Feedstock or Services under this Agreement, the Upgrading

Party shall cooperate in implementing any such upgrades, provided that: (a) such upgrade does not adversely affect in a material respect the Upgrading Party's facilities or operations, and (b) the Requiring Party pays (on terms and conditions acceptable to the Upgrading Party) any and all costs of implementing such upgrade, and any increase in ongoing costs to the Upgrading Party (including without limitation the costs of insurance, licenses, maintenance, permits, repairs, replacements, and taxes).

Section 10.8 Successor Third Party Agreements. In the event that any of the Linde Agreement, TKI Phase I Agreement, TKI Phase II Agreement, Gas Contract, or any other agreement with or between any third parties that relates to any Feedstock or Services referred to in this Agreement, terminates prior to the termination of this Agreement, the parties shall in good faith cooperate to replace any such agreements with successor agreements with commercially similar terms, in which case reference herein to the terminated third party agreement shall be deemed a reference to the applicable successor agreement. In the event that such a successor agreement is not entered into or is entered into on terms that are not commercially similar, then the parties will negotiate in good faith to determine the terms and conditions, if any, that are commercially practicable for the applicable Feedstock or Services to be furnished by one party to the other.

## ARTICLE 11

### NOTICES

Any notice, request, correspondence, information, consent or other communication to any of the Parties required or permitted under this Agreement shall be in writing (including telex, telecopy, or facsimile), shall be given by personal service or by telex, telecopy, facsimile, overnight courier service, or certified mail with postage prepaid, return receipt requested, and properly addressed to such Party and shall be effective upon receipt. For purposes hereof the proper address of the Parties shall be the address stated beneath the corresponding Party's name below, or at the most recent address given to the other Parties hereto by notice in accordance with this Article:

If to Refinery Company, to:

Coffeyville Resources  
Refining & Marketing, LLC  
400 N. Linden St., P.O. Box 1566  
Coffeyville, Kansas 67337  
Attention: Executive Vice President,  
Refining Operations  
Facsimile: (620) 251-1456

If to Fertilizer Company, to:

Coffeyville Resources  
Nitrogen Fertilizers, LLC  
701 E. Martin St., P.O. Box 5000  
Coffeyville, Kansas 67337  
Attention: Vice President, Operations  
Facsimile: (620) 252-4357

With a copy to:

John R. Walter,  
Senior Vice President and General Counsel  
Coffeyville Resources  
Refining & Marketing, LLC  
10 E. Cambridge Circle, Ste. 250  
Kansas City, Kansas 66103  
Facsimile: (913) 982-0976

With a copy to:

John R. Walter,  
Senior Vice President and General Counsel  
Coffeyville Resources  
Nitrogen Fertilizers, LLC  
10 E. Cambridge Circle, Ste. 250  
Kansas City, Kansas 66103  
Facsimile: (913) 982-0976

or such other address(es) as either Party designates by registered or certified mail addressed to the other Party.

## **ARTICLE 12**

### **EXHIBITS**

All of the Exhibits attached hereto are incorporated herein and made a part of this Agreement by reference thereto.

## **ARTICLE 13**

### **FORCE MAJEURE**

Neither Party shall be liable to the other for failure of or delay in performance hereunder (except for the payment of amounts due for Feedstocks or Services hereunder) to the extent that the failure or delay is due to Force Majeure. Performance under this Agreement shall be suspended (except for the payment of amounts due for Feedstocks or Services hereunder) during the period of Force Majeure to the extent made necessary by the Force Majeure. No failure of or delay in performance pursuant to this Article 13 shall operate to extend the term of this Agreement. Performance under this Agreement shall resume to the extent made possible by the end or amelioration of the Force Majeure event.

Upon the occurrence of any event of Force Majeure, the Party claiming Force Majeure shall notify the other Party promptly in writing of such event and, to the extent possible, inform the other Party of the expected duration of the Force Majeure event and the performance to be affected by the event of Force Majeure under this Agreement. Each Party shall designate a person with the power to represent such Party with respect to the event of Force Majeure. The Party claiming Force Majeure shall use commercially reasonable efforts, in cooperation with the other Party and such Party's designee, to diligently and expeditiously end or ameliorate the Force Majeure event. In this regard, the Parties shall confer and cooperate with one another in determining the most cost-effective and appropriate action to be taken. If the Parties are unable to agree upon such determination, the matter shall be determined by dispute resolution in accordance with Article 5.

## **ARTICLE 14**

### **INSURANCE**

Section 14.1 Minimum Insurance. During the term of this Agreement, Refinery Company and Fertilizer Company shall each carry the minimum insurance described below.

- (a) Workers' compensation with no less than the minimum limits as required by applicable law.
- (b) Employer's liability insurance with not less than the following minimum limits:



- (i) Bodily injury by accident - \$1,000,000 each accident;
- (ii) Bodily injury by disease - \$1,000,000 each employee; and
- (iii) Bodily injury by disease - \$1,000,000 policy limit.

(c) Commercial general liability insurance on ISO form CG 00 01 10 93 or an equivalent form covering liability from premises, operations, independent contractor, property damage, bodily injury, personal injury, products, completed operations and liability assumed under an insured contract, all on an occurrence basis, with limits of liability of not less than \$1,000,000 combined single limits.

(d) Automobile liability insurance, on each and every unit of automobile equipment, whether owned, non-owned, hired, operated, or used by Refinery Company or Fertilizer Company or their employees, agents, contractors and/or their subcontractors covering injury, including death, and property damage, in an amount of not less than \$1,000,000 per accident.

(e) Umbrella or excess liability insurance in the amount of \$10,000,000 covering the risks and in excess of the limits set for in subsections 14(b), (c) and (d) above.

Section 14.2 Additional Insurance Requirements. Refinery Company and Fertilizer Company shall each abide by the following additional insurance requirements with respect to all insurance policies required by Section 14.1, as follows:

(a) All insurance policies purchased and maintained in compliance with subsection 14.1(c), (d) and (e) above by one party (the "**Insuring Party**"), as well as any other excess and/or umbrella insurance policies maintained by the Insuring Party, shall name the other party and their collective directors, officers, partners, members, managers, general partners, agents, and employees as additional insureds, with respect to any claims related to losses caused by the Insuring Party's business activities or premises. Those policies referred to in subsection 14.1(c) shall be endorsed to provide that the coverage provided by the Insuring Party's insurance carriers shall always be primary coverage and non-contributing with respect to any insurance carried by the other Party with respect to any claims related to liability or losses caused by the Insuring Party's business activities or premises.

(b) Those policies referred to in Section 14.1, and in subsection 14.2(e), shall be endorsed to provide that underwriters and insurance companies of each of Refinery Company and Fertilizer Company shall not have any right of subrogation against the other Party or any of such other Party's directors, officers, members, managers, general partners, agents, employees, contractors, subcontractors, or insurers.

(c) Those policies referred to in subsection 14.1 shall be endorsed to provide that 30 days prior written notice shall be given to the other Party in the event of cancellation, no-payment of premium, or material change in the policies.

(d) Each of Refinery Company and Fertilizer Company shall furnish the other, prior to the commencement of any operations under this Agreement, with a certificate or certificates, properly executed by its insurance carrier(s), showing all the insurance described in subsection 14.1 to be in full force and effect.

(e) The Refinery Company and Fertilizer Company shall each be responsible for its own property and business interruption insurance.

(f) Notwithstanding the foregoing, the Parties acknowledge and agree that the insurance required by this Agreement may be purchased and maintained jointly by the Parties or their affiliates. If such insurance is purchased and maintained jointly and each Party is a named insured thereunder, then the requirements of Section 14.2(a) – (e) will be deemed waived by the Parties.

## ARTICLE 15

### MISCELLANEOUS

#### Section 15.1 Confidentiality.

(a) During the course of the Parties' performance hereunder, the Parties acknowledge and agree that each of them may receive or have access to confidential information of the other Party ("**Confidential Information**"). "Confidential Information" of a Party ("**First Party**") shall include any and all information relating to its business, including, but not limited to, inventions, concepts, designs, processes, specifications, schematics, equipment, reaction mechanisms, processing techniques, formulations, chemical compositions, technical information, drawings, diagrams, software (including source code), hardware, control systems, research, test results, plant layout, feasibility studies, procedures or standards, know-how, manuals, patent information, the identity of or information concerning current and prospective customers, suppliers, consultants, licensors, licensees, contractors, subcontractors and/or other agents, financial and sales information, current or planned commercial activities, business strategies, records, marketing plans, or other information relating to its business activities or operations and those of its affiliates, customers, suppliers, consultants, licensors, contractors, subcontractors, agents and/or any others to whom such First Party owes a duty of confidentiality, which (i) is identified in writing as "Confidential," "Restricted," "Proprietary Information" or other similar marking, or (ii) is known by the other Party (the "**Second Party**") to be considered confidential or proprietary, or (iii) should be known or understood to be confidential or proprietary by an individual exercising reasonable commercial judgment in the circumstances.

(b) Confidential Information of a First Party does not include information to the extent such information: (i) is or becomes generally available to and/or known by the public through no fault of the Second Party, or (ii) is or becomes generally available to the Second Party on a non-confidential basis from a source other than the First Party or its representatives, provided that such source was not known to the Second Party to be bound by a confidentiality agreement with the First Party, or (iii) was previously known to the Second Party or its affiliates as evidenced by written records, or (iv) is or was independently developed, as evidenced by written records, by or on behalf of the Second Party or its affiliates by individuals who did not directly or indirectly receive relevant

Confidential Information of the First Party. Specific disclosures shall not be deemed to be within the foregoing exceptions merely because they are embraced by more general information within the exceptions. In addition, any combination of features disclosed shall not be deemed to be within the foregoing exceptions merely because individual features may be within the exceptions.

(c) The Parties agree that: (i) as between the Parties, a First Party's Confidential Information shall remain the exclusive property of such First Party, and (ii) the Second Party shall use the First Party's Confidential Information solely for purposes of performing such Second Party's obligations under this Agreement (the "**Purpose**"), and for no other reason, and (iii) the Second Party shall limit its disclosure of the First Party's Confidential Information to those of its affiliates, employees, agents and other third parties with a "need-to-know" such information for the Purpose and shall not disclose the Confidential Information (in whole or in part) to any other party, and (iv) the Second Party shall ensure that any affiliates, employees, agents or other third parties to whom the First Party's Confidential Information is disclosed are obligated in writing to abide by confidentiality and non-use restrictions at least as stringent as those set forth in this Agreement, and (v) the Second Party shall protect the Confidential Information of the First Party to the same extent the Second Party protects its own like trade secrets and confidential information, but in no event less than commercially reasonable care.

(d) In the event a Second Party receives a request or is required by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process or legal requirement to disclose all or any part of the First Party's Confidential Information, the Second Party agrees to (i) immediately notify the First Party in writing of the existence, terms and circumstances surrounding such a request or requirement, and (ii) assist the First Party in seeking a protective order or other appropriate remedy satisfactory to the First Party (at the expense of the First Party). In the event that such protective order or other remedy is not obtained (or the First Party waives compliance with the provisions hereof), (x) the Second Party may disclose that portion of the First Party's Confidential Information which it is legally required to disclose, and (y) the Second Party shall exercise reasonable efforts to obtain assurance that confidential treatment will be accorded the Confidential Information to be disclosed, and (z) the Second Party shall give written notice to First Party of the information to be so disclosed as far in advance of its disclosure as practicable. In addition, a Second Party may disclose all or any part of the First Party's Confidential Information to the Second Party's funding sources and their representatives, provided that Second Party shall exercise reasonable efforts to obtain assurance that confidential treatment will be accorded the Confidential Information to be disclosed, and the Second Party shall give written notice to First Party of the information to be so disclosed as far in advance of its disclosure as practicable.

(e) The parties agree that any violation of this Section 15.1 by a Second Party or any affiliates, employees, agents or other third parties to whom the Confidential Information of First Party is disclosed may be enforced by the First Party by obtaining injunctive or specific relief from a court of competent jurisdiction. Such relief shall be cumulative and not exclusive of any other remedies available to the First Party at law or in equity, including, but not limited to, damages and reasonable attorneys' fees.

Section 15.2 Headings. The headings used in this Agreement are for convenience only and shall not constitute a part of this Agreement.

Section 15.3 Independent Contractors. The Parties acknowledge and agree that neither Party, by reason of this Agreement, shall be an agent, employee or representative of the other with respect to any matters relating to this Agreement, unless specifically provided to the contrary in writing by the other Party. This Agreement shall not be deemed to create a partnership or joint venture of any kind between Refinery Company and Fertilizer Company.

Section 15.4 Ancillary Documentation, Amendments and Waiver. The Parties may, from time to time, use purchase orders, acknowledgments or other instruments to order, acknowledge or specify delivery times, suspensions, quantities or other similar specific matters concerning the Feedstocks or relating to performance hereunder, but the same are intended for convenience and record purposes only and any provisions which may be contained therein are not intended to (nor shall they serve to) add to or otherwise amend or modify any provision of this Agreement, even if signed or accepted on behalf of either Party with or without qualification. This Agreement may not be amended, modified or waived except by a writing signed by all parties to this Agreement that specifically references this Agreement and specifically provides for an amendment, modification or waiver of this Agreement. No waiver of or failure or omission to enforce any provision of this Agreement or any claim or right arising hereunder shall be deemed to be a waiver of any other provision of this Agreement or any other claim or right arising hereunder.

Section 15.5 Construction and Severability. Every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and in accordance with industry standards and not strictly for or against either Party. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

Section 15.6 Waiver. The waiver by either Party of any breach of any term, covenant or condition contained in this Agreement shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or of any other term, covenant or condition contained in this Agreement. No term, covenant or condition of this Agreement will be deemed to have been waived unless such waiver is in writing.

Section 15.7 No Third Party Beneficiaries. The Parties each acknowledge and agree that there are no third party beneficiaries having rights under or with respect to this Agreement, including without limitation, under the Linde Agreement, TKI I Phase I Agreement, TKI Phase II Agreement, or Gas Contract.

Section 15.8 Entire Agreement. This Agreement, including all Exhibits hereto, constitutes the entire, integrated agreement between the Parties regarding the subject matter hereof and supersedes any and all prior and contemporaneous agreements (including the Original Agreement), representations and understandings of the Parties, whether written or oral, regarding the subject matter hereof.

*[signature page follows]*

**Signature Page**  
**to**  
**Feedstock and Shared Services Agreement**

The Parties have executed and delivered this Agreement as of the date first above set forth.

COFFEYVILLE RESOURCES  
REFINING & MARKETING, LLC

COFFEYVILLE RESOURCES  
NITROGEN FERTILIZERS, LLC

By: /s/ Robert W. Haugen  
Name: Robert W. Haugen  
Title: Executive Vice President,  
Refining Operations

By: /s/ Mark A. Pytosh  
Name: Mark A. Pytosh  
Title: Chief Executive Officer and President

## **EXHIBIT A**

### **FACILITIES DESCRIPTION**

The Fertilizer Plant is shown on Plot Plan A attached hereto.

The Gasification Unit is shown on Plot Plan A attached hereto.

The Ammonia Synthesis Loop is shown on Plot Plan A attached hereto.

The UAN Plant is shown on Plot Plan A attached hereto.

The Linde Facility is shown on Plot Plan A attached hereto.

The Administrative and Warehouse Building is shown on Plot Plan A attached hereto.

The Feedstock Delivery Points are shown on Plot Plan A and Drawing D11-0913B attached hereto. The coke Feedstock Delivery Point is the south side of the Refinery's coke pit.

The Utility Facilities are shown on Plot Plan A attached hereto.

The Grounds are shown on Plot Plan A attached hereto.

The Offsite Sulfur Recovery Unit is shown on Plot Plan A attached hereto.

The Refinery is shown on Plot Plan A attached hereto.

**EXHIBIT B**

**ANALYSIS, SPECIFICATIONS AND PRICING FOR FEEDSTOCK AND SERVICES**

**FEEDSTOCKS:**

**Hydrogen**

- Gaseous
- Purity not less than 99.9 mol. %
- Flow 21 mmscf/day maximum
- Pressure 450 psig  $\pm$  30 psi
- Carbon Monoxide less than 10 ppm
- Carbon Dioxide less than 10 ppm
- Price for sales from Fertilizer Company to Refinery Company For the first 1.675 mmscfd (aggregated monthly) of Hydrogen, the Hydrogen price shall be \$0.46 per 100scf based on an Ammonia Price of \$300.00 per short ton. For any Hydrogen in excess of 1.675 mmscfd (aggregated monthly), the Hydrogen price for such excess Hydrogen shall be \$0.55 per 100scf based on a UAN Price of \$150.00 per short ton. The Hydrogen price per 100scf shall adjust as of the first day of each calendar month up or down in the same percentage as the Ammonia Price or UAN Price for the immediately preceding calendar month adjusts up or down from \$300.00 per short ton or \$150.00 per short ton, respectively.

- Flow measurement All Hydrogen flows shall be measured by a standard sharp edge orifice plate and differential pressure transmitter located at the Fertilizer Plant. The measured flow shall be pressure and temperature compensated and totalized by the Fertilizer Plant's Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to the Refinery through the existing communications bus for verification. Calibration of the transmitter shall be done at least annually and may be done more frequently at Refinery Company's request.

**Nitrogen**

- Gaseous
- Purity 99.99 mol. % (minimum) (5 ppm oxygen maximum)
- Pressure 180 psig ( $\pm$  10 psig)
- Flow 20,000 scfh (normal); 40,000 scfh (maximum)
- Temperature Ambient

- Price \$0.25 per cscf based on a total electric energy cost of \$0.035 per KWH; provided, however, that this price will increase or decrease in the same percentage as the Fertilizer Company's electric bill from the City of Coffeyville (or from such other electric utility provider as the Fertilizer Company may have from time to time in the future) increases or decreases on a per/KWH basis and each such price adjustment shall apply to any gaseous nitrogen sold by Fertilizer Company after the date of such adjustment to the date of the next adjustment.

- Flow measurement All Nitrogen flows shall be measured by a standard sharp edge orifice plate and differential pressure transmitter located at the Fertilizer Plant. The measured flow shall be pressure and temperature compensated and totalized by the Fertilizer Plant's Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to the Refinery through the existing communications bus for verification. Calibration of the transmitter shall be done at least annually and may be done more frequently at Refinery Company's request.

### Oxygen

-Gaseous  
-Purity 99.6 mol. % (minimum)  
-Pressure 65 psig ( $\pm$  5 psig)  
-Flow 29.8 STPD (maximum)  
-Temperature Ambient  
- Flow measurement All Oxygen flows shall be measured by a standard sharp edge orifice plate and differential pressure transmitter located at the Fertilizer Plant. The measured flow shall be pressure and temperature compensated and totalized by the Fertilizer Plant's Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to the Refinery through the existing communications bus for verification. Calibration of the transmitter shall be done at least annually and may be done more frequently at Refinery Company's request.

### Sour water

- Composition .80% ammonia (maximum)  
0.05 mol. % H<sub>2</sub>S (maximum)  
-Pressure 90 psig (maximum)  
35 psig (minimum)  
-Temperature 125°F (normal)  
-Flow 20 gpm (maximum)  
12 gpm (normal)  
-Price zero dollars (\$0)



**High Pressure Steam**

- Pressure 600 psig ± 10 psi (normal)
- Flow (Gasifier Startup) As available, up to 75,000 pounds per hour (to Fertilizer Company)  
(normal) As available, 50,000 ± 20,000 pounds per hour (to Refinery Company)
- Price The price is dependent upon the natural gas price (symbolized by "NGP" in the formulae below) and "steam flow" in the formulae below is determined by the Fertilizer Plant's process control computer:  
To Fertilizer Company: Price = (1.22)(NGP)(steam flow)/1000  
To Refinery Company: Price = (1.10)(NGP)(steam flow)/1000

For purposes of determining the price of High Pressure Steam hereunder, NGP means the price of natural gas measured at a per mmbtu rate based on the price for natural gas actually paid by Refinery Company for the month preceding the sale. Notwithstanding anything to the contrary set forth herein, Refinery Company shall have no obligation to pay for High Pressure Steam during periods when Refinery Company is flaring fuel gas.

- Flow measurement All High Pressure Steam flows shall be measured by a standard sharp edge orifice plate and differential pressure transmitter located at the Fertilizer Plant. The measured flow shall be totaled by the Fertilizer Plant's Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to the Refinery through the existing communications bus for verification. Calibration of the transmitter shall be done at least annually and may be done more frequently at Refinery Company's request.

**Low Pressure Steam**

- Flow Variable
- Pressure Approximately 120-170 psi
- Price zero dollars (\$0)

**Tail Gas**

- Gaseous

- Flow measurement
 

All Tail Gas flows will be measured by a standard sharp edge orifice plate or annubar and differential pressure transmitter located at the Fertilizer Plant. The measured flow shall be pressure and temperature compensated and totalized by the Fertilizer Plant's Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to the Refinery through the existing communications bus for verification. Calibration of the transmitter shall be done at least annually and may be done more frequently at Refinery Company's request.
  
- LHV / HHV
 

LHV means the lower heating value, and HHV means the higher heating value.
  
- Tail Gas Price
 

$VOL_{TG} \times LHV_{TG} \times PRICE_{NG} \times (HHV_{NG} / LHV_{NG})$

For purposes of the foregoing formula:

$VOL_{TG}$  = the volume of the Tail Gas stream in scf for the month

$LHV_{TG}$  = the average LHV of the weekly samples of the Tail Gas stream analyzed for the previous month; the Refinery Company and the Fertilizer Plant will mutually agree on the Btu Content for the first month of operation following the Commencement Date

$PRICE_{NG}$  = the price of natural gas measured at a per mmbtu rate (and at the HHV) based on the price for natural gas actually paid by Refinery Company for the month preceding the sale

$HHV_{NG}$  = the HHV of natural gas or 1012 Btu/scf

$LHV_{NG}$  = the LHV of natural gas or 911 Btu/scf
  
- Capital Cost
 

The "Capital Cost" is the aggregate capital expenditures incurred by Refinery Company to procure, construct and install the piping, pipe supports, control valve station, flow meter and associated instrumentation needed to connect the PSA at the Fertilizer Plant to the #1 Boiler at the Refinery, for purposes of the delivery of Tail Gas.
  
- Capital Recovery Fee
 

The "Capital Recovery Fee" is the monthly amount needed for Refinery Company to recover the Capital Cost using straight-line depreciation over a three-year period at an interest rate of 12% per annum.
  
- Return Fee
 

The monthly amount needed to net to the Refinery Company a 15% per annum return on their investment of the Capital Cost.
  
- Commencement Date
 

The "Commencement Date" will be the date upon which the delivery of Tail Gas to the Refinery begins.

- Net Price

Upon the Commencement Date, the net price for the Tail Gas for the first three years will be computed by taking the Tail Gas Price minus the Capital Recovery Fee. Following the initial three-year period and continuing for one year thereafter, the net price for the Tail Gas will be computed by taking the Tail Gas Price minus the Return Fee. Following the initial four-year period, the net price for Tail Gas will be the Tail Gas Price. Notwithstanding anything to the contrary set forth herein, Refinery Company shall have no obligation to pay for Tail Gas during periods when Refinery Company is flaring fuel gas.

Refinery Company will pay Fertilizer Company on a monthly basis for all Tail Gas purchased.

**SERVICES:**

**Firewater**

- Pressure 185 psig (maximum)  
100 psig (minimum)
- Temperature 70°F (normal)
- Flow 2,000 gpm (maximum)  
0 gpm (normal)
- Price zero dollars (\$0)

**Instrument Air**

- Purity -40°F dew point (normal operating)
- Pressure 125 psig  $\pm$  10 psi (normal operating)
- Flow 4000 scfm maximum (normal operating)
- Temperature ambient
- Price

To the Refinery Company:

\$18,000 per month (prorated on a per diem basis to reflect the number of days, including partial days, in the applicable month that Instrument Air is provided) based on \$.035 total laid in cost per KWH; provided, that this price will increase or decrease in the same percentage as the Fertilizer Company's total laid in cost for electricity from the City of Coffeyville (or from such other electric utility provider as the Fertilizer Company may have from time to time in the future) increases or decreases on a per/KWH basis and each such price adjustment shall apply to any Instrument Air sold by Fertilizer Company after the date of such adjustment until the date of the next adjustment; provided, however, that such cost shall be reduced on a pro-rata basis for each day that such Instrument Air is not available from the Linde Facility.

To the Fertilizer Company:

\$18,000 per month (prorated on a per diem basis to reflect the number of days, including partial days, in the applicable month that Instrument Air is provided) based on \$.039 total laid in cost per KWH; provided, that this price will increase or decrease in the same percentage as the Refinery Company's total cost for electricity from Kansas Gas and Electric Company (or from such other electric utility provider as the Refinery Company may have from time to time in the future) increases or decreases on a per/KWH basis and each such price adjustment shall apply to any Instrument Air sold by Refinery Company after the date of such adjustment until the date of the next adjustment.

- Flow measurement

All Instrument Air flows shall be measured by a standard sharp edge orifice plate and differential pressure transmitter located at the Fertilizer Plant. The measured flow shall be totaled by the Fertilizer Plant's Honeywell process control computer (TDC 3000) or any replacement computer. All transmitter signals and computer calculations are available to the Refinery through the existing communications bus for verification. Calibration of the transmitter shall be done at least annually and may be done more frequently at Refinery Company's request.

### **Security**

Fertilizer Company shall pay Refinery Company a pro rata share of Refinery Company's direct costs of providing security services for the entire Fertilizer Plant/Refinery complex, which pro rata share shall be mutually agreed upon by the Parties based upon a commercially reasonable allocation of such costs in relation to the security services as provided to the Fertilizer Plant and the Refinery.

### THIRD AMENDED AND RESTATED SERVICES AGREEMENT

This Third Amended and Restated Services Agreement (this “**Agreement**”) is entered into as of the 1st day of January, 2017, by and among CVR Partners, LP, a Delaware limited partnership (“**MLP**”), CVR GP, LLC, a Delaware limited liability company (“**GP**”), and CVR Energy, Inc., a Delaware corporation (“**CVR**”, and collectively with MLP and GP, the “**Parties**” and each, a “**Party**”).

#### RECITALS

MLP is the owner, directly or indirectly, of certain subsidiaries involved in the production and marketing of nitrogen fertilizer and related products (collectively, the “**Fertilizer Subs**”). GP, in its capacity as the general partner of MLP, desires to engage CVR, on its own behalf and for the benefit of the Fertilizer Subs and MLP, to provide certain services to the Fertilizer Subs, MLP and GP (the “**Services Recipients**”), and CVR is willing to undertake such engagement, subject to the terms and conditions of this Agreement.

MLP, GP and CVR entered into a Second Amended and Restated Services Agreement dated as of May 4, 2012, as amended February 17, 2014 (the “**Prior Agreement**”), pursuant to which pursuant to which (i) CVR agreed to provide certain services to the Services Recipients, including (a) the provision of Shared Personnel who have similar titles and positions and perform similar services with similar responsibilities for CVR and its Affiliates, and (b) certain shared administrative and other services described in Article 3 herein, and (ii) the Parties agreed to allocate the cost and expenses of providing the Shared Personnel and those shared administrative and other services among CVR and the Service Recipients. The Parties desire to amend and restate the terms of the Prior Agreement upon the terms and subject to the conditions set forth in this Agreement.

MLP, GP (for itself and in its capacity as the general partner of MLP), and CVR agree as follows:

#### ARTICLE I

#### DEFINITIONS

Section 1.01 Terms. The following defined terms will have the meanings given below:

“**Affiliate**” means with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person. For purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, through the ownership of voting securities, by contract or otherwise (provided that, solely for purposes of this Agreement, the Services Recipients are not deemed Affiliates of CVR).

“**Bankrupt**” with respect to any Person means such Person is generally unable to pay its debts as such debts become due, or so admits in writing or makes a general assignment for the benefit of creditors; or any proceeding is instituted by or against such Person seeking to adjudicate

it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), remains undismitted or unstayed for a period of 30 days; or such Person takes any action to authorize any of the actions set forth above.

**“CVR Representative”** means such person as is designated in writing by CVR to serve in such capacity.

**“Default Rate”** means an interest rate (which in no event will be higher than the rate permitted by applicable law) equal to 300 basis points over LIBOR.

**“Fertilizer Subs”** has the meaning set forth in the Recitals.

**“Governmental Approval”** means any material consent, authorization, certificate, permit, right of way grant or approval of any Governmental Authority that is necessary for the construction, ownership and operation of the assets used in the business of the Services Recipients in accordance with applicable Laws.

**“Governmental Authority”** means any court or tribunal in any jurisdiction or any federal, state, tribal, municipal or local government or other governmental body, agency, authority, department, commission, board, bureau, instrumentality, arbitrator or arbitral body or any quasi-governmental or private body lawfully exercising any regulatory or taxing authority.

**“GP/MLP Representative”** means such person as is designated in writing by GP to serve in such capacity.

**“Laws”** means any applicable statute, environmental law, common law, rule, regulation, judgment, order, ordinance, writ, injunction or decree issued or promulgated by any Governmental Authority.

**“Party”** and **“Parties”** means the parties to this Agreement.

**“Person”** means an individual, corporation, partnership, joint venture, trust, limited liability company, unincorporated organization or other entity.

**“Personnel Costs”** means all compensation costs incurred by an employer in connection with the employment by such employer of applicable personnel, including all payroll and benefits but excluding any Share-Based Compensation.

**“Seconded Personnel”** means individuals who are employed by CVR or any of its Affiliates and provided on a full-time basis to the Services Recipients in connection with provision of the Services.

“**Services**” mean those services performed for the Services Recipients as described on Exhibit 1.

“**Services Recipients**” has the meaning set forth in the Recitals.

“**Share-Based Compensation**” means any compensation accruing or payable under any incentive or other compensation plan or program of an employer based upon changes in the equity value of such employer or any of its Affiliates (but excluding the MLP, CVR Refining, LP and their respective subsidiaries).

“**Shared Personnel**” means individuals who are employed by CVR or any of its Affiliates and assist in providing, as part of the Services, any of the administrative services referred to in Exhibit 1.

## ARTICLE II

### RETENTION OF CVR; SCOPE OF SERVICES

Section 2.01 Retention of CVR. GP, on its own behalf and for the benefit of the Services Recipients, hereby engages CVR to perform the Services and CVR hereby accepts such engagement and agrees to perform the Services and to provide all Seconded Personnel and Shared Personnel necessary to perform the Services.

Section 2.02 Scope of Services. The Services will be provided in accordance with (i) applicable material Governmental Approvals and Laws, (ii) applicable industry standards and (iii) quality standards that, taken as a whole, are not materially less favorable to the Services Recipients compared to those provided to the Services Recipients as of the date of this Agreement.

Section 2.03 Exclusion of Services. At any time, GP or CVR may temporarily or permanently exclude any particular service from the scope of the Services upon 180 days notice.

Section 2.04 Performance of Services by Affiliates or Other Persons. The Parties hereby agree that in discharging its obligations hereunder, CVR may engage any of its Affiliates or other Persons to perform the Services (or any part of the Services) on its behalf and that the performance of the Services (or any part of the Services) by any such Affiliate or Person will be expensed and allocated hereunder as if CVR performed such Services itself.

## ARTICLE III

### PAYMENT AMOUNT

Section 3.01 Payment Amount. GP will pay or cause MLP or the Fertilizer Subs to pay, to CVR (or its Affiliates as CVR may direct) the amount of any direct or indirect expenses incurred by CVR or its Affiliates in connection with the provision of Services by CVR or its Affiliates (the “**Payment Amount**”), in accordance with the following:

- (a) Seconded Personnel. The Payment Amount will include all Personnel Costs of Seconded Personnel, to the extent attributable to the periods during which such Seconded Personnel are provided to the Services Recipients.
- (b) Shared Personnel. The Payment Amount will include a prorata share of all Personnel Costs of Shared Personnel, as determined by CVR on a commercially reasonable basis, based on the percent of total working time that such respective personnel are engaged in performing any of the Services.
- (c) Administrative Costs. The Payment Amount will include following:
- (i) Office Costs. A prorata share of all office costs (including, without limitation, all costs relating to office leases, equipment leases, supplies, property taxes and utilities) for all locations of personnel, as determined by CVR on a commercially reasonable basis, based on the headcount of the personnel at such locations;
  - (ii) Insurance. Insurance premiums will be direct charged to the applicable insured to the extent possible, and otherwise will be allocated on a commercially reasonable basis as mutually agreed upon by the Parties;
  - (iii) Outside Services. Services provided by outside vendors (including audit services, legal services, government and public relation services, and other services) will first be direct charged where applicable, provided, however, the Payment Amount will include a prorata share of charges for all services that are provided by outside vendors and not direct charged, as determined by CVR on a commercially reasonable basis, based on the estimated portion of such services that are for the benefit of the Services Recipients;
  - (iv) Other SGA Costs. A prorata share of all other sales, general and administrative costs relating to the Services Recipients, as determined by CVR on a commercially reasonable basis, based on the estimated portion of such services that are for the benefit of the Services Recipients; and
  - (v) Depreciation and Amortization. A prorata share of depreciation and amortization relating to all locations of personnel, as determined by CVR on a commercially reasonable basis, based on the headcount of the personnel at such locations, following recognition of such depreciation or amortization as an expense on the books and records of CVR or its Affiliates.
- (d) Other Costs. Bank charges, interest expense and any other costs as reasonably incurred by CVR or its Affiliates in the provision of Services will be direct charged as applicable. For the avoidance of doubt, any of the foregoing costs and expenses described in Section 3.01 that are direct charged to any Party will not be included in the Payment Amount.



Section 3.02 Payment of Payment Amount. CVR will submit monthly invoices to GP for the Services, which invoices are due and payable net 15 days. GP will pay or cause MLP or the Fertilizer Subs to pay, to CVR in immediately available funds, the full Payment Amount due under Section 3.01. Past due amounts will bear interest at the Default Rate. Allocation percentages referred to in this Article III will be calculated and determined for calendar year or calendar quarter periods, as CVR may determine, based upon CVR's annual audited financials, or quarterly unaudited financials, for the immediately preceding calendar year or calendar quarter, as applicable.

Section 3.03 Disputed Charges. GP MAY, WITHIN 90 DAYS AFTER RECEIPT OF A CHARGE FROM CVR, TAKE WRITTEN EXCEPTION TO SUCH CHARGE, ON THE GROUND THAT THE SAME WAS NOT A REASONABLE COST INCURRED BY CVR OR ITS AFFILIATES IN CONNECTION WITH THE SERVICES. GP WILL NEVERTHELESS PAY OR CAUSE MLP OR THE FERTILIZER SUBS TO PAY IN FULL WHEN DUE THE FULL PAYMENT AMOUNT OWED TO CVR. SUCH PAYMENT WILL NOT BE DEEMED A WAIVER OF THE RIGHT OF THE SERVICES RECIPIENT TO RECOUP ANY CONTESTED PORTION OF ANY AMOUNT SO PAID. HOWEVER, IF THE AMOUNT AS TO WHICH SUCH WRITTEN EXCEPTION IS TAKEN, OR ANY PART THEREOF, IS ULTIMATELY DETERMINED NOT TO BE A REASONABLE COST INCURRED BY CVR OR ITS AFFILIATES IN CONNECTION WITH ITS PROVIDING THE SERVICES HEREUNDER, SUCH AMOUNT OR PORTION THEREOF (AS THE CASE MAY BE) WILL BE REFUNDED BY CVR TO THE SERVICES RECIPIENTS TOGETHER WITH INTEREST THEREON AT THE DEFAULT RATE DURING THE PERIOD FROM THE DATE OF PAYMENT BY THE SERVICES RECIPIENTS TO THE DATE OF REFUND BY CVR.

Section 3.04 CVR's Employees. The Services Recipients are not obligated to pay directly to Seconded Personnel or Shared Personnel any compensation, salaries, wages, bonuses, benefits, social security taxes, workers' compensation insurance, retirement and insurance benefits, training or other expenses; provided, however, that if CVR fails to pay any employee within 30 days of the date such employee's payment is due:

(a) The Services Recipients may (i) pay such employee directly, (ii) employ such employee directly, or (iii) notify CVR that this Agreement is terminated and employ such employee directly; and

(b) CVR will reimburse GP, MLP or the Fertilizer Subs, as the case may be, for the amount GP, MLP or the Fertilizer Subs, as applicable, paid to CVR with respect to employee services for which CVR did not pay any such employee.

## ARTICLE IV

### BOOKS, RECORDS AND REPORTING

Section 4.01 Books and Records. CVR and its Affiliates and the Services Recipients will each maintain accurate books and records regarding the performance of the Services and calculation of the Payment Amount, and maintain such books and records for the period required by applicable accounting practices or law, or five years, whichever is longer.

Section 4.02 Audits. CVR and its Affiliates and the Services Recipients have the right, upon reasonable notice, and at all reasonable times during usual business hours, to audit, examine and make copies of the books and records referred to in Section 4.01. Such right may be exercised through any agent or employee of the Person exercising such right if designated in writing by such Person or by an independent public accountant, engineer, attorney or other agent so designated. Each Person exercising such right will bear all costs and expenses incurred by it in any inspection, examination or audit. Each Party will review and respond in a timely manner to any claims or inquiries made by the other Party regarding matters revealed by any such inspection, examination or audit.

Section 4.03 Reports. CVR will prepare and deliver to GP any reports provided for in this Agreement and such other reports as GP may reasonably request from time to time regarding the performance of the Services.

## ARTICLE V

### INTELLECTUAL PROPERTY

Section 5.01 Ownership by CVR and License to MLP. Any (i) inventions, whether patentable or not, developed or invented, or (ii) copyrightable material (and the intangible rights of copyright therein) developed, by CVR, its Affiliates or its or their employees in connection with the performance of the Services is the property of CVR; provided, however, that CVR hereby grants, and agrees to cause its Affiliates to grant, to MLP an irrevocable, royalty-free, non-exclusive and non-transferable (without the prior written consent of CVR) right and license to use such inventions or material; and further provided, however, that MLP will only be granted such a right and license to the extent such grant does not conflict with, or result in a breach, default, or violation of a right or license to use such inventions or material granted to CVR by any Person other than an Affiliate of CVR. Notwithstanding the foregoing, CVR will, and will cause its Affiliates to, use all commercially reasonable efforts to grant such right and license to MLP.

Section 5.02 License to CVR and its Affiliates. MLP hereby grants, and will cause its Affiliates to grant, to CVR and its Affiliates an irrevocable, royalty-free, non-exclusive and non-transferable right and license to use, during the term of this Agreement, any intellectual property provided by MLP or its Affiliates to CVR or its Affiliates, but only to the extent such use is necessary for the performance of the Services. CVR agrees that CVR and its Affiliates will utilize such intellectual property solely in connection with the performance of the Services.

## ARTICLE VI

### TERMINATION

Section 6.01 Termination By GP.

(a) Upon the occurrence of any of the following events, GP may terminate this Agreement by giving written notice of such termination to CVR:

- (i) CVR becomes Bankrupt; or
- (ii) CVR dissolves and commences liquidation or winding-up.

Any termination under this Section 6.01(a) becomes effective immediately upon delivery of the notice first described in this Section 6.01(a), or such later time (not to exceed the first anniversary of the delivery of such notice) as may be specified by GP.

(b) GP may terminate this Agreement at any time by giving notice of such termination to CVR. Any termination under this Section 6.01(b) is effective 180 days after delivery of such notice, or such later time (not to exceed the first anniversary of the delivery of such notice) as may be specified by GP.

Section 6.02 Termination By CVR. CVR may terminate this Agreement at any time by giving notice of such termination to GP. Any termination under this Section 6.02 is effective 180 days after delivery of such notice, or such later time (not to exceed the first anniversary of the delivery of such notice) as may be specified by CVR.

Section 6.03 Effect of Termination. If this Agreement is terminated in accordance with Section 6.01 or Section 6.02, all rights and obligations under this Agreement will cease except for (a) obligations that expressly survive termination of this Agreement; (b) liabilities and obligations that have accrued prior to such termination, including the obligation to pay any amounts that have become due and payable prior to such termination, and (c) the obligation to pay any portion of any Payment Amount that has accrued prior to such termination, even if such portion has not become due and payable at that time.

Section 6.04 Transition of Services. During the period of 180 days following the delivery of any notice of termination delivered in accordance with Section 6.01(b) or 6.02, in addition to the Services, CVR will, and will cause its Affiliates to, provide to MLP such additional services as may be reasonably requested by GP to assist the Services Recipients in effecting a transition of the responsibility for providing the Services.

Section 6.05 Survival. The provisions of this Article VI and Sections 3.03, 4.01, 4.02, 5.01, 8.01, 8.02, 8.03 and Articles IX and X will survive and continue in full force and effect notwithstanding the termination of this Agreement.

## **ARTICLE VII**

### **ADDITIONAL REPRESENTATIONS AND WARRANTIES**

Section 7.01 Representations and Warranties of CVR. CVR hereby represents, warrants and covenants to the other Parties that as of the date hereof:

(a) CVR is duly organized, validly existing, and in good standing under the laws of the State of Delaware; CVR is duly qualified and in good standing in the States required in order to perform the Services except where failure to be so qualified or in good standing could not reasonably be expected to have a material adverse impact on GP or MLP; and

CVR has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder

(b) CVR has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding obligation of CVR, enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity); and

(c) The authorization, execution, delivery, and performance of this Agreement by CVR does not and will not (i) conflict with, or result in a breach, default or violation of, (A) the amended and restated certificate of incorporation of CVR, (B) any contract or agreement to which CVR is a party or is otherwise subject, or (C) any law, order, judgment, decree, writ, injunction or arbitral award to which CVR is subject; or (ii) require any consent, approval or authorization from, filing or registration with, or notice to, any governmental authority or other Person, unless such requirement has already been satisfied, except, in the case of clauses (i)(B) and (i)(C), for such conflicts, breaches, defaults or violations that would not have a material adverse effect on CVR or on its ability to perform its obligations hereunder, and except, in the case of clause (ii), for such consents, approvals, authorizations, filings, registrations or notices, the failure of which to obtain or make would not have a material adverse effect on CVR or on their ability to perform their obligations hereunder.

Section 7.02 Representations and Warranties of GP and MLP. Each of GP and MLP hereby represents, warrants and covenants to the other Parties that as of the date hereof:

(a) Each of GP and MLP is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation; each of GP and MLP has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(b) Each of GP and MLP has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding obligation of each such Person enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity); and

(c) The authorization, execution, delivery, and performance of this Agreement by each of GP and MLP does not and will not (i) conflict with, or result in a breach, default or violation of, (A) the limited liability company agreement of GP or the partnership agreement of MLP, (B) any contract or agreement to which such Person is a party or is otherwise subject, or (C) any law, order, judgment, decree, writ, injunction or arbitral award to which such Person is subject; or (ii) require any consent, approval or authorization from, filing or registration with, or notice to, any governmental authority or other Person, unless such requirement has already been satisfied, except, in the case of clause (i)(B) and (i)(C), for such conflicts, breaches, defaults or violations that would not have a material adverse effect on GP or MLP or on their ability to perform their obligations hereunder, and except, in the case of clause (ii), for such consents, approvals, authorizations, filings, registrations

or notices, the failure of which to obtain or make would not have a material adverse effect on GP or MLP or on their ability to perform their respective obligations hereunder.

## ARTICLE VIII

### ADDITIONAL REQUIREMENTS

Section 8.01 Indemnity. The Services Recipients agree to indemnify, reimburse, defend and hold harmless CVR and its Affiliates and their respective successors and permitted assigns, together with their respective employees, officers, members, managers, directors, agents and representatives (collectively the "Indemnified Parties"), from and against all losses (including lost profits), costs, damages, injuries, taxes, penalties, interests, expenses, obligations, claims and liabilities (joint or severable) of any kind or nature whatsoever (collectively "Losses") that are incurred by such Indemnified Parties in connection with, relating to or arising out of (i) the breach of any term or condition of this Agreement, or (ii) the performance of any Services hereunder; *provided, however*, that the Services Recipients are not obligated to indemnify, reimburse, defend or hold harmless any Indemnified Party for any Losses Incurred, by such Indemnified Party in connection with, relating to or arising out of:

- (a) a breach by such Indemnified Party of this Agreement;
- (b) the gross negligence, willful misconduct, bad faith or reckless disregard of such Indemnified Party in the performance of any Services hereunder; or
- (c) fraudulent or dishonest acts of such Indemnified Party with respect to the Services Recipients.

The rights of any Indemnified Party referred to above are in addition to any rights that such Indemnified Party otherwise has at law or in equity. Without the prior written consent of the Services Recipients, no Indemnified Party may settle, compromise or consent to the entry of any judgment in, or otherwise seek to terminate any, claim, action, proceeding or investigation in respect of which indemnification could be sought hereunder unless (a) such Indemnified Party indemnifies the Services Recipients from any liabilities arising out of such claim, action, proceeding or investigation, (b) such settlement, compromise or consent includes an unconditional release of the Services Recipients and Indemnified Party from all liability arising out of such claim, action, proceeding or investigation and (c) the parties involved agree that the terms of such settlement, compromise or consent remain confidential. In the event that indemnification is provided for under any other agreements between CVR or any of its Affiliates and any of the Services Recipients or any of their Affiliates, and such indemnification is for any particular Losses, then such indemnification (and any limitations thereon) as provided in such other agreement applies as to such particular Losses and will supersede and be in lieu of any indemnification that would otherwise apply to such particular Losses under this Agreement.

Section 8.02 Limitation of Duties and Liability. The relationship of CVR to the Services Recipients pursuant to this Agreement is as an independent contractor and nothing in this Agreement will be construed to impose on CVR, or on any of its Affiliates, or on any of their respective

successors and permitted assigns, or on their respective employees, officers, members, managers, directors, agents and representatives, an express or implied fiduciary duty. CVR and its Affiliates and their respective successors and permitted assigns, together with their respective employees, officers, members, managers, directors, agents and representatives, will not be liable for, and the Services Recipients will not take, or permit to be taken, any action against any of such Persons to hold such Persons liable for, (a) any error of judgment or mistake of law or for any liability or loss suffered by the Services Recipients in connection with the performance of any Services under this Agreement, except for a liability or loss resulting from gross negligence, willful misconduct, bad faith or reckless disregard in the performance of the Services, or (b) any fraudulent or dishonest acts with respect to the Services Recipients. In no event, whether based on contract, indemnity, warranty, tort (including negligence), strict liability or otherwise, will CVR or its Affiliates, their respective successors and permitted assigns, or their respective employees, officers, members, managers, directors, agents and representatives, be liable for loss of profits or revenue or special, incidental, exemplary, punitive or consequential damages.

Section 8.03 Reliance. CVR and its Affiliates and their respective successors and permitted assigns, together with their respective employees, officers, members, managers, directors, agents and representatives, may take and may act and rely upon:

(a) the opinion or advice of legal counsel, which may be in-house counsel to the Services Recipients or to CVR or its Affiliates, any U.S.-based law firm, or other legal counsel reasonably acceptable to the Boards of Directors of GP, in relation to the interpretation of this Agreement or any other document (whether statutory or otherwise) or generally in connection with the Services Recipients;

(b) advice, opinions, statements or information from bankers, accountants, auditors, valuation consultants and other consulted Persons who are in each case believed by the relying Person in good faith to be expert in relation to the matters upon which they are consulted; or

(c) any other document provided in connection with the Services Recipients upon which it is reasonable for the applicable Person to rely.

A Person will not be liable for anything done, suffered or omitted by it in good faith in reliance upon such opinion, advice, statement, information or document.

Section 8.04 Services to Others. While CVR is providing the Services under this Agreement, CVR is also permitted to provide services, including services similar to the Services covered hereby, to others, including Affiliates of CVR.

Section 8.05 Transactions With Affiliates. CVR may recommend to the Services Recipients, and may engage in, transactions with any of CVR's Affiliates; *provided*, that any such transactions are subject to the authorization and approval of the Boards of Directors of GP.

Section 8.06 Sharing of Information. Each Party (the "**Recipient Party**") agrees to maintain the confidentiality of, and not to use, the confidential or proprietary information disclosed

pursuant to or in connection with this Agreement (“**Confidential Information**”) by or on behalf of the other Party (the “**Disclosing Party**”) for any purpose whatsoever except in connection with performance pursuant to this Agreement. The obligations undertaken pursuant to this Section do not apply to such part of the Confidential Information that is or has become published or otherwise generally available to the public, other than as a consequence of the willful or negligent act or omission of the Recipient Party, or which, at the time of disclosure to the Recipient Party, was already in the lawful possession of the Recipient Party, as evidenced by written records. The Recipient Party will impose corresponding obligations of confidentiality and non-use on its Affiliates and each of their respective employees, agents and representatives (collectively, “**Representatives**”) involved in the performance of this Agreement prior to making the Confidential Information available to them. Any breach of confidentiality or non-use of Confidential Information by any Representative will be deemed a breach of confidentiality or non-use by the Recipient Party. It will not be a breach of the confidentiality obligations herein for the Recipient Party to disclose Confidential Information, where such disclosure is required by law or applicable legal process, provided the Recipient Party agrees to (a) immediately notify the Disclosing Party in writing of the existence, terms and circumstances surrounding such a requirement, and (b) assist the Disclosing Party in seeking a protective order or other appropriate remedy satisfactory to the Disclosing Party (at the expense of the Disclosing Party). If such protective order or other remedy is not obtained (or the Disclosing Party waives compliance with the provisions hereof), (i) the Recipient Party may disclose that portion of the Confidential Information it is legally required to disclose, (ii) the Recipient Party will exercise reasonable efforts to obtain assurance that confidential treatment will be accorded the Confidential Information to be disclosed, and (iii) the Recipient Party will give written notice to the Disclosing Party of the information to be so disclosed as far in advance of its disclosure as practicable. The parties agree that any violation of this Section by the Recipient Party or its Representatives may be enforced by the Disclosing Party by obtaining injunctive or specific relief from a court of competent jurisdiction. Such relief is cumulative and not exclusive of any other remedies available to the Disclosing Party at law or in equity, including, but not limited to, damages and reasonable attorneys’ fees.

Section 8.07 Disclosure of Remuneration. CVR will disclose the amount of remuneration of Shared Personnel to the Services Recipients to the extent required for the Services Recipients to comply with the requirements of applicable law, including applicable Federal securities laws.

Section 8.08 Operations Personnel. Personnel performing the actual day-to-day business and operations of the Fertilizer Subs at the plant or operating level will be employed by the Fertilizer Subs, and the Fertilizer Subs will bear all Personnel Costs or other costs relating to such personnel.

## ARTICLE IX

### DISPUTES

Section 9.01 Resolution of Disputes. The Parties will in good faith attempt to resolve promptly and amicably any dispute between the Parties arising out of or relating to this Agreement (each a “Dispute”) pursuant to this Article IX. The Parties will first submit the Dispute to the CVR Representative and the GP/MLP Representative, who will then meet within 15 days to resolve the Dispute. If the Dispute has not been resolved within 45 days after the submission of the Dispute

to the CVR Representative and the GP/MLP Representative, the Dispute will be submitted to a mutually agreed non-binding mediation. The costs and expenses of the mediator will be borne equally by the Parties, and the Parties will pay their own respective attorneys' fees and other costs. If the Dispute is not resolved by mediation within 90 days after the Dispute is first submitted to the CVR Representative and the GP/MLP Representative as provided above, then the Parties may exercise all available remedies.

Section 9.02 Multi-Party Disputes. The Parties acknowledge that they or their respective affiliates contemplate entering or have entered into various additional agreements with third parties that relate to the subject matter of this Agreement and that, as a consequence, Disputes may arise hereunder that involve such third parties (each a "Multi-Party Dispute"). Accordingly, the Parties agree, with the consent of such third parties, that any such Multi-Party Dispute, to the extent feasible, will be resolved by and among all the interested parties consistent with the provisions of this Article IX.

## ARTICLE X

### MISCELLANEOUS

Section 10.01 Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests or consents provided for or permitted to be given under this Agreement must be in writing and must be delivered to the recipient in person, by courier or mail or by facsimile or electronic transmission; and a notice, request or consent given under this Agreement is effective on receipt by the Party to receive it; provided, however, that a facsimile or other electronic transmission that is transmitted after the normal business hours of the recipient will be deemed effective on the next business day. All notices, requests and consents to be sent to MLP must be sent to GP. All notices, requests and consents (including copies thereof) to be sent to GP must be sent to or made at the address given below for GP.

If to GP or MLP, to:

Susan M. Ball  
CFO and Treasurer  
CVR Partners, LP  
2277 Plaza Drive, Suite 500  
Sugar Land, Texas 77479  
Facsimile: (913) 982-2652

With a copy to:

John R. Walter  
Senior Vice President and General Counsel  
CVR Partners, LP  
10 E. Cambridge Circle, Ste. 250  
Kansas City, Kansas 66103  
Facsimile: (913) 982-0976

If to CVR, to:

John J. Lipinski  
President and CEO  
CVR Energy, Inc.  
2277 Plaza Drive, Suite 500  
Sugar Land, Texas 77479  
Facsimile: (281) 207-3505

With a copy to:

John R. Walter  
Senior Vice President and General Counsel  
CVR Energy, Inc.  
10 E. Cambridge Circle, Ste. 250  
Kansas City, Kansas 66103  
Facsimile: (913) 982-0976



Section 10.02 Effect of Waiver or Consent. Except as otherwise provided in this Agreement, a waiver or consent, express or implied, to or of any breach or default by any Party in the performance by that Party of its obligations under this Agreement is not a consent or waiver to or of any other breach or default in the performance by that Party of the same or any other obligations of that Party under this Agreement. Except as otherwise provided in this Agreement, failure on the part of a Party to complain of any act of another Party or to declare another Party in default under this Agreement, irrespective of how long that failure continues, does not constitute a waiver by that Party of its rights with respect to that default until the applicable statute-of-limitations period has run.

Section 10.03 Headings; References; Interpretation. All Article and Section headings in this Agreement are for convenience only and will not be deemed to control or affect the meaning or construction of any of the provisions hereof. The words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, will refer to this Agreement as a whole, and not to any particular provision of this Agreement. All references herein to Articles and Sections will, unless the context requires a different construction, be deemed to be references to the Articles and Sections of this Agreement, respectively. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, will include all other genders, and the singular will include the plural and vice versa. The terms “include,” “includes,” “including” or words of like import will be deemed to be followed by the words “without limitation.”

Section 10.04 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

Section 10.05 No Third Party Rights. The provisions of this Agreement are intended to bind the parties signatory hereto as to each other and are not intended to and do not create rights in any other person or confer upon any other person any benefits, rights or remedies, and no person is or is intended to be a third party beneficiary of any of the provisions of this Agreement.

Section 10.06 Counterparts. This Agreement may be executed in any number of counterparts, all of which together will constitute one agreement binding on the Parties.

Section 10.07 Governing Law. THIS AGREEMENT IS GOVERNED BY AND WILL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS.

Section 10.08 Submission to Jurisdiction; Waiver of Jury Trial. Subject to the provisions of Article IX, each of the Parties hereby irrevocably acknowledges and consents that any legal action or proceeding brought with respect to any of the obligations arising under or relating to this Agreement may be brought in the courts of the State of Kansas, or in the United States District Court for the District of Kansas and each of the Parties hereby irrevocably submits to and accepts with regard to any such action or proceeding, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. Each Party hereby further irrevocably waives any claim that any such courts lack jurisdiction over such Party, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement or the transactions contemplated hereby brought in any of the aforesaid courts, that any such court lacks jurisdiction over such Party. Each Party irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such

party, at its address for notices set forth in this Agreement, such service to become effective 10 days after such mailing. Each Party hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other documents contemplated hereby that service of process was in any way invalid or ineffective. The foregoing does not limit the rights of any Party to serve process in any other manner permitted by applicable law. The foregoing consents to jurisdiction do not constitute general consents to service of process in the State of Kansas for any purpose except as provided above and do not confer rights on any Person other than the respective Parties. Each of the Parties hereby waives any right it may have under the laws of any jurisdiction to commence by publication any legal action or proceeding with respect to this Agreement. To the fullest extent permitted by applicable law, each of the Parties hereby irrevocably waives the objection which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement in any of the courts referred to in this Section 10.08 and hereby further irrevocably waives and agrees not to plead or claim that any such court is not a convenient forum for any such suit, action or proceeding. The Parties agree that any judgment obtained by any Party or its successors or assigns in any action, suit or proceeding referred to above may, in the discretion of such Party (or its successors or assigns), be enforced in any jurisdiction, to the extent permitted by applicable law. The Parties agree that the remedy at law for any breach of this Agreement may be inadequate and that should any dispute arise concerning any matter hereunder, this Agreement will be enforceable in a court of equity by an injunction or a decree of specific performance. Such remedies are cumulative and nonexclusive, and are in addition to any other remedies which the Parties may have. Each Party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation as between the Parties directly or indirectly arising out of, under or in connection with this Agreement or the transactions contemplated hereby or disputes relating hereto. Each Party (i) certifies that no representative, agent or attorney of any other Party has represented, expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other Parties have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 10.08.

Section 10.09 Remedies to Prevailing Party. If any action at law or equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

Section 10.10 Severability. If any provision of this Agreement or the application thereof to any Person or any circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other Persons or circumstances will not be affected thereby and will be enforced to the greatest extent permitted by law.

Section 10.11 Amendment or Modification. This Agreement may be amended or modified from time to time only by the written agreement of all the Parties.

Section 10.12 Integration. This Agreement and the exhibit referenced herein supersede all previous understandings or agreements (including the Prior Agreement) among the Parties, whether

oral or written, with respect to its subject matter. This Agreement and such exhibit contain the entire understanding of the Parties with respect to its subject matter. In the case of any actual conflict or inconsistency between the terms of this Agreement and the agreement of limited partnership of MLP, the terms of the agreement of limited partnership of MLP controls. No understanding, representation, promise or agreement, whether oral or written, is intended to be or will be included in or form part of this Agreement unless it is contained in a written amendment hereto executed by the Parties after the date of this Agreement.

Section 10.13 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Party will execute and deliver any additional documents and instruments and perform any additional acts that may be reasonably necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

This Agreement has been duly executed by the Parties as of the date first written above.

CVR Partners, LP  
By: CVR GP, LLC, its general partner

By: /s/ Susan M. Ball  
Name: Susan M. Ball  
Title: Chief Financial Officer and Treasurer

CVR GP, LLC

By: /s/ Susan M. Ball  
Name: Susan M. Ball  
Title: Chief Financial Officer and Treasurer

CVR Energy, Inc.

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

**THIRD AMENDED AND RESTATED SERVICES AGREEMENT  
SIGNATURE PAGE**

The Services may include the following:

- services in capacities equivalent to the capacities of corporate executive officers, except that the persons serving in such capacities will serve in such capacities as Shared Personnel on a shared, part-time basis only, unless and to the extent otherwise agreed by CVR;
- safety and environmental advice;
- administrative and professional services, including legal, accounting, SEC and securities exchange reporting, human resources, payroll, information technology, communications, insurance, tax, credit, finance, government and regulatory affairs;
- managing its liquidity and capital resources and compliance with applicable law;
- establishing and maintaining books and records of the Services Recipients in accordance with customary practice and GAAP;
- recommend to the Board of Directors of GP (x) capital raising activities, including the issuance of debt or equity securities of the Services Recipients, the entry into credit facilities or other credit arrangements, structured financings or other capital market transactions, (y) changes or other modifications in the capital structure of the Services Recipients, including repurchases;
- recommend to the Board of Directors of GP the engagement of or, if approval is not otherwise required hereunder, engage agents, consultants or other third party service providers to the Services Recipients, including accountants, lawyers or experts, in each case, as may be necessary by the Services Recipients from time to time;
- management and oversight of litigation, administrative or regulatory proceedings, investigations or any other reviews of the Services Recipients' business or operations that may arise in the ordinary course of business or otherwise, subject to the approval of the Board of Directors of GP to the extent necessary in connection with the settlement, compromise, consent to the entry of an order or judgment or other agreement resolving any of the foregoing;
- establish and maintain appropriate insurance policies with respect to the Services Recipients' business and operations;
- recommend to the Board of Directors of GP the payment of dividends or other distributions on the equity interests of the Services Recipients;
- attend to the timely calculation and payment of taxes payable, the filing of all taxes return due, and assistance with tax audits and other tax documentation encountered, by the Services Recipients; and

- manage or provide advice or recommendations for other projects of the Services Recipients, as may be agreed to between GP and CVR from time to time.

**Certification of Executive Chairman Pursuant to  
Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934,  
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, John J. Lipinski, certify that:

1. I have reviewed this report on Form 10-Q of CVR Partners, LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ JOHN J. LIPINSKI

John J. Lipinski

*Executive Chairman*

*CVR GP, LLC*

*the general partner of CVR Partners, LP*

*(Principal Executive Officer)*

Date: April 27, 2017

**Certification of Chief Executive Officer and President Pursuant to  
Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934,  
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mark A. Pytosh, certify that:

1. I have reviewed this report on Form 10-Q of CVR Partners, LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ MARK A. PYTOSH

Mark A. Pytosh

*Chief Executive Officer and President*

*CVR GP, LLC*

*the general partner of CVR Partners, LP*

*(Principal Executive Officer)*

Date: April 27, 2017



**Certification of Chief Financial Officer and Treasurer Pursuant to  
Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934,  
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Susan M. Ball, certify that:

1. I have reviewed this report on Form 10-Q of CVR Partners, LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ SUSAN M. BALL

Susan M. Ball

*Chief Financial Officer and Treasurer*

*CVR GP, LLC*

*the general partner of CVR Partners, LP*

*(Principal Financial and Accounting Officer)*

Date: April 27, 2017

**Certification of Executive Chairman  
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the filing of the Quarterly Report of CVR Partners, LP, a Delaware limited partnership (the "Partnership"), on Form 10-Q for the fiscal quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Lipinski, Executive Chairman of CVR GP, LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership as of the dates and for the periods expressed in the Report.

By: /s/ JOHN J. LIPINSKI

\_\_\_\_\_  
John J. Lipinski

*Executive Chairman*

*CVR GP, LLC*

*the general partner of CVR Partners, LP*

*(Principal Executive Officer)*

Dated: April 27, 2017

**Certification of Chief Executive Officer and President  
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the filing of the Quarterly Report of CVR Partners, LP, a Delaware limited partnership (the "Partnership"), on Form 10-Q for the fiscal quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark A. Pytosh, Chief Executive Officer and President of CVR GP, LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership as of the dates and for the periods expressed in the Report.

By: /s/ MARK A. PYTOSH

\_\_\_\_\_  
Mark A. Pytosh

*Chief Executive Officer and President*

*CVR GP, LLC*

*the general partner of CVR Partners, LP*

*(Principal Executive Officer)*

Dated: April 27, 2017

**Certification of Chief Financial Officer and Treasurer  
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the filing of the Quarterly Report of CVR Partners, LP, a Delaware limited partnership (the "Partnership"), on Form 10-Q for the fiscal quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan M. Ball, Chief Financial Officer and Treasurer of CVR GP, LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership as of the dates and for the periods expressed in the Report.

By: /s/ SUSAN M. BALL

\_\_\_\_\_  
Susan M. Ball

*Chief Financial Officer and Treasurer*

*CVR GP, LLC*

*the general partner of CVR Partners, LP*

*(Principal Financial and Accounting Officer)*

Dated: April 27, 2017