

Calumet Specialty Products Partners, L.P.

Form S-1

June 14, 2006

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**As filed with the Securities and Exchange Commission on June 14, 2006**

**Registration No. 333-**

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

**Form S-1  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**Calumet Specialty Products Partners, L.P.**  
*(Exact Name of Registrant as Specified in Its Charter)*

**Delaware**  
*(State or Other Jurisdiction of  
Incorporation or Organization)*

**2911**  
*(Primary Standard Industrial  
Classification Code Number)*

**37-1516132**  
*(I.R.S. Employer  
Identification Number)*

**2780 Waterfront Pkwy E. Drive  
Suite 200  
Indianapolis, Indiana 46214  
(317) 328-5660**

*(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal  
Executive Offices)*

**R. Patrick Murray, II  
2780 Waterfront Pkwy E. Drive  
Suite 200  
Indianapolis, Indiana 46214  
(317) 328-5660**

*(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)*

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

### CALCULATION OF REGISTRATION FEE

| Title of Class of Securities to Be Registered       | Amount to Be Registered(1) | Proposed Maximum Offering Price Per Unit(2) | Proposed Maximum Aggregate Offering Price(1)(2) | Amount of Registration Fee |
|-----------------------------------------------------|----------------------------|---------------------------------------------|-------------------------------------------------|----------------------------|
| Common units representing limited partner interests | 4,600,000 common units     | \$34.41                                     | \$158,286,000                                   | \$16,937                   |

(1) Includes 600,000 common units which may be sold upon exercise of the underwriters' option to purchase additional units.

(2) Calculated in accordance with Rule 457(c) on the basis of the average of the high and low sales price of the common units on June 8, 2006.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to completion. Dated June 14, 2006**

**PROSPECTUS**

**4,000,000 Common Units  
Calumet Specialty Products Partners, L.P.  
Representing Limited Partner Interests**

Calumet Specialty Products Partners, L.P. is offering 4,000,000 common units representing limited partner interests.

The common units are traded on the NASDAQ National Market under the symbol CLMT. On June 8, 2006, the last reported sale price of the common units on the NASDAQ National Market was \$35.52 per common unit.

*See Risk Factors on page 15 to read about factors you should consider before buying the common units.*

These risks include the following:

We may not have sufficient cash from operations to pay our minimum quarterly distribution following the establishment of cash reserves and payment of fees and expenses, including payments to our general partner.

Refining margins are volatile, and a reduction in our refining margins will adversely affect the amount of cash we will have available for distribution.

Our hedging activities may reduce our earnings, profitability and cash flows.

Our asset reconfiguration and enhancement initiatives, including the major expansion project currently underway at our Shreveport refinery may not result in revenue or cash flow increases, may be subject to cost overruns and are subject to regulatory, environmental, political, legal and economic risks, which could adversely affect our business, operating results, cash flows and financial condition.

We depend on certain key crude oil gatherers for a significant portion of our supply of crude oil.

Our general partner and its affiliates have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests to your detriment.

Unitholders have limited voting rights and are not entitled to elect our general partner or its directors.

Even if unitholders are dissatisfied, they cannot initially remove our general partner without its consent.

You may be required to pay taxes on income from us even if you do not receive any cash distributions from us.

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

|                         | <b>Per Common Unit</b> | <b>Total</b> |
|-------------------------|------------------------|--------------|
| Initial price to public | \$                     | \$           |

|                                                                        |    |    |
|------------------------------------------------------------------------|----|----|
| Underwriting discount                                                  | \$ | \$ |
| Proceeds, before expenses to Calumet Specialty Products Partners, L.P. | \$ | \$ |

To the extent that the underwriters sell more than 4,000,000 common units, the underwriters have the option to purchase up to an additional 600,000 common units at the initial price to the public less the underwriting discount.

The underwriters expect to deliver the common units against payment in New York, New York on \_\_\_\_\_, 2006.

**Goldman, Sachs & Co.**

Prospectus dated \_\_\_\_\_, 2006.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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References in this prospectus to Calumet, the Partnership, we, our, us or like terms when used in present tense, prospectively or for historical periods since January 31, 2006, refer to Calumet Specialty Products Partners, L.P. and its subsidiaries. References to Calumet Predecessor, or to we, our, us or like terms for historical periods prior to January 31, 2006, refer to Calumet Lubricants Co., Limited Partnership and its subsidiaries, which were contributed to us at the closing of our initial public offering on January 31, 2006. The results of operations for the quarter ended March 31, 2006 for Calumet include the results of operations of Calumet Predecessor for the period of January 1, 2006 through January 31, 2006. References in this prospectus to our general partner refer to Calumet GP, LLC.

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**SUMMARY**

*This summary provides a brief overview of information contained elsewhere in this prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in the common units. You should read the entire prospectus carefully, including the historical and pro forma financial statements and the notes to those financial statements. The information presented in this prospectus assumes that the underwriters' option to purchase additional common units is not exercised. You should read "Risk Factors" beginning on page 15 for more information about important risks that you should consider carefully before buying our common units. We include a glossary of some of the terms used in this prospectus as Appendix A.*

**Calumet Specialty Products Partners, L.P.**

We are a leading independent producer of high-quality, specialty hydrocarbon products in North America. Our business is organized into two segments: specialty products and fuel products. In our specialty products segment, we process crude oil into a wide variety of customized lubricating oils, solvents and waxes. Our specialty products are sold to domestic and international customers who purchase them primarily as raw material components for basic industrial, consumer and automotive goods. In our fuel products segment, we process crude oil into a variety of fuel and fuel-related products including unleaded gasoline, diesel fuel and jet fuel. In connection with our production of specialty products and fuel products, we also produce asphalt and a limited number of other by-products. For the year ended December 31, 2005 and the three months ended March 31, 2006, approximately 52.2% and 72.7%, respectively, of our gross profit was generated from our specialty products segment and approximately 47.8% and 27.3%, respectively, of our gross profit was generated from our fuel products segment.

Our operating assets consist of our:

*Princeton Refinery.* Our Princeton refinery, with an aggregate crude oil throughput capacity of approximately 10,000 barrels per day ( bpd ) and located in northwest Louisiana, produces specialty lubricating oils, including process oils, base oils, transformer oils and refrigeration oils that are used in a variety of industrial and automotive applications.

*Cotton Valley Refinery.* Our Cotton Valley refinery, with an aggregate crude oil throughput capacity of approximately 13,500 bpd and located in northwest Louisiana, produces specialty solvents that are used principally in the manufacture of paints, cleaners and automotive products.

*Shreveport Refinery.* Our Shreveport refinery, with an aggregate current crude oil throughput capacity of approximately 42,000 bpd and located in northwest Louisiana, produces specialty lubricating oils and waxes, as well as fuel products such as gasoline, diesel fuel and jet fuel. In the second quarter of 2006, we began processing 5,000 bpd of sour crude oil utilizing existing permitted capacity at our Shreveport refinery. We have commenced a major expansion project, scheduled for completion in the third quarter of 2007, to increase our Shreveport refinery's aggregate crude oil throughput capacity to approximately 57,000 bpd.

*Distribution and Logistics Assets.* We own and operate a terminal in Burnham, Illinois with a storage capacity of approximately 150,000 barrels that facilitates the distribution of our products in the upper Midwest and East Coast regions of the United States and in Canada. In addition, we lease approximately 1,200 rail cars to receive crude oil or distribute our products throughout the United States and Canada. We also have approximately 4.5 million barrels of aggregate finished product storage capacity at our refineries.

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**Business Strategies**

Our management team is dedicated to increasing the amount of cash available for distribution on each limited partner unit by executing the following strategies:

*Concentrate on stable cash flows.*

*Develop and expand our customer relationships.*

*Enhance profitability of our existing assets.*

*Pursue strategic and complementary acquisitions.*

**Competitive Strengths**

We believe that we are well positioned to execute our business strategies successfully based on the following competitive strengths:

*We offer our customers a diverse range of specialty products.*

*We have strong relationships with a broad customer base.*

*Our refineries have advanced technology.*

*We have an experienced management team.*

**Shreveport Refinery Expansion**

We have commenced a major expansion project at our Shreveport refinery to increase its throughput capacity and its production of specialty products. The expansion project involves several of the refinery's operating units and is estimated to result in a crude oil throughput capacity increase of approximately 15,000 bpd, bringing total crude oil throughput capacity of the refinery to approximately 57,000 bpd. The expansion is expected to be completed and fully operational in the third quarter of 2007. Upon completion of the project and on a combined basis, our production of specialty lubricating oils and waxes at the Shreveport refinery is anticipated to increase by approximately 75% over first quarter 2006 levels and our production of fuel products at the Shreveport refinery is anticipated to increase by approximately 30% over first quarter 2006 levels.

As part of the Shreveport refinery expansion project, we plan to increase the Shreveport refinery's capacity to process an additional 8,000 bpd of sour crude oil, bringing total capacity to process sour crude oil to 13,000 bpd. Of the anticipated 57,000 bpd throughput rate upon completion of the expansion project, we expect the refinery to process approximately 42,000 bpd of sweet crude oil and 13,000 bpd of sour crude oil, with the remainder coming from interplant feedstocks. Our ability to process significant amounts of sour crude oil enhances our competitive position in the industry relative to refiners that process primarily sweet crude oil because sour crude oil typically can be purchased at a discount to sweet crude oil.

Subject to normal contingencies, we anticipate incurring approximately \$60 million in capital expenditures related to the expansion project during 2006 and approximately \$50 million related to the expansion project in 2007. We expect that our expansion project will be accretive on a per unit basis upon its completion.

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**Risk Factors**

An investment in our common units involves risks associated with our business, regulatory and legal matters, our limited partnership structure and the tax characteristics of our common units. Please carefully read **Risk Factors** immediately following this **Summary** beginning on page 15.

**Partnership Structure**

We are a Delaware limited partnership formed in September 2005 to acquire, own and operate the assets that were historically owned by Calumet Lubricants Co., Limited Partnership.

Upon the completion of this offering:

The Heritage Group, a privately-owned general partnership that invests in a variety of industrial companies, the Fred M. Fehsenfeld, Jr. and F. William Grube families or trusts set up on their behalf, and certain of their affiliates will own 5,761,015 common units and 13,066,000 subordinated units, representing a 61.2% limited partner interest in us;

Our general partner, Calumet GP, LLC, will continue to own a 2% general partner interest in us and all of our incentive distribution rights, which entitles our general partner to increasing percentages of the cash we distribute in excess of \$0.495 per unit per quarter; and

Our public unitholders will own 11,304,985 common units, representing a 36.8% limited partner interest in us.

The principal difference between our common units and subordinated units is that, in any quarter during the subordination period, holders of the subordinated units are entitled to receive the minimum quarterly distribution of \$0.45 per unit only after the common units have received the minimum quarterly distribution plus arrearages from prior quarters. Subordinated units will not accrue arrearages. The subordination period will end if we meet the financial tests in our partnership agreement, but it generally cannot end before December 31, 2010. Please read **The Offering** for a description of the subordination period.

**Holding Company Structure**

As is common with publicly traded limited partnerships and in order to maximize operational flexibility, we conduct our operations through subsidiaries. In order to be treated as a partnership for federal income tax purposes, we must generate 90% or more of our gross income from certain qualifying sources, such as the refining of crude oil and other feedstocks and the marketing of finished petroleum products. However, the income derived from the marketing of these products to certain end-users, such as governmental entities and airlines, is not considered qualifying income for federal income tax purposes. As a result, we market products to these non-qualifying end-users through Calumet Sales Company Incorporated, a corporate subsidiary of our operating company, Calumet Operating, LLC. Income from activities conducted by our corporate subsidiary are taxed at the applicable corporate income tax rate. Dividends received by us from our corporate subsidiary constitute qualifying income. For a more complete description of this qualifying income requirement, please read **Material Tax Consequences Partnership Status**.

The following diagram depicts our organization and ownership after giving effect to the offering.

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**Organizational Structure**

| Ownership of Calumet Specialty Products Partners, L.P.        |       |
|---------------------------------------------------------------|-------|
| Public Common Units                                           | 36.8% |
| Common Units owned by Affiliates of our General Partner       | 18.7% |
| Subordinated Units owned by Affiliates of our General Partner | 42.5% |
| General Partner Interest                                      | 2.0%  |
| Total                                                         | 100%  |



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**Management and Ownership of Calumet Specialty Products Partners, L.P.**

Calumet GP, LLC, our general partner, has sole responsibility for conducting our business and for managing our operations. The Heritage Group and the Fred M. Fehsenfeld, Jr. and F. William Grube families and their family trusts own our general partner. For information about the executive officers and directors of our general partner, please read **Management Directors and Executive Officers**. Our general partner does not receive any management fee or other compensation in connection with its management of our business but is entitled to be reimbursed for all direct and indirect expenses incurred on our behalf. Our general partner is also entitled to distributions on its general partner interest and, if specified requirements are met, on its incentive distribution rights. Please read **Certain Relationships and Related Party Transactions and Management**.

Neither our general partner nor the board of directors of our general partner is elected by our unitholders. Unlike shareholders in a publicly traded corporation, our unitholders are not entitled to elect the directors of our general partner.

**Principal Executive Offices and Internet Address**

Our principal executive offices are located at 2780 Waterfront Pkwy. E. Drive, Suite 200, Indianapolis, Indiana 46214 and our telephone number is (317) 328-5660. Our website is located at <http://www.calumetspecialty.com>. We make our periodic reports and other information filed with or furnished to the Securities and Exchange Commission, or SEC, available, free of charge, through our website, as soon as reasonably practicable. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

**Summary of Conflicts of Interest and Fiduciary Duties**

Calumet GP, LLC, our general partner, has a legal duty to manage us in a manner beneficial to our unitholders. This legal duty originates in statutes and judicial decisions and is commonly referred to as a fiduciary duty. The officers and directors of our general partner also have fiduciary duties to manage our general partner in a manner beneficial to its owners. As a result of this relationship, conflicts of interest may arise in the future between us and our unitholders, on the one hand, and our general partner and its affiliates on the other hand. For a more detailed description of the conflicts of interest and fiduciary duties of our general partner, please read **Conflicts of Interest and Fiduciary Duties**.

Our partnership agreement limits the liability and reduces the fiduciary duties of our general partner to our unitholders. Our partnership agreement also restricts the remedies available to unitholders for actions that might otherwise constitute a breach of our general partner's fiduciary duties owed to unitholders. By purchasing a common unit, you are treated as having consented to various actions contemplated in our partnership agreement and conflicts of interest that might otherwise be considered a breach of fiduciary or other duties under applicable state law. Please read **Conflicts of Interest and Fiduciary Duties** **Fiduciary Duties** for a description of the fiduciary duties imposed on our general partner by Delaware law, the material modifications of these duties contained in our partnership agreement and certain legal rights and remedies available to unitholders.

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**The Offering**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Common units offered                  | <p>4,000,000 common units.</p> <p>4,600,000 common units, if the underwriters exercise their option to purchase additional units in full.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Units outstanding after this offering | <p>17,066,000 common units, representing a 55.5% limited partner interest in us, and 13,066,000 subordinated units, representing a 42.5% limited partner interest in us.</p> <p>17,666,000 common units, representing a 56.3% limited partner interest, and 13,066,000 subordinated units, representing a 41.7% limited partner interest in us, if the underwriters exercise their option to purchase additional units in full.</p>                                                                                                                                                                                                                                                                                                                                                                            |
| Use of proceeds                       | <p>We intend to use the estimated net proceeds of approximately \$135.0 million from this offering, after deducting underwriting discounts, commissions and fees, and estimated offering expenses of approximately \$1.0 million, to:</p> <ul style="list-style-type: none"><li>repay all of our borrowings outstanding under our revolving credit facility, which were \$14.8 million as of March 31, 2006;</li><li>fund the construction and other start-up costs of the expansion project currently underway at our Shreveport refinery; and</li><li>for general partnership purposes, to the extent available.</li></ul> <p>If the underwriters exercise their option to purchase additional units, we will use the additional net proceeds for general partnership purposes, to the extent available.</p> |
| Cash distributions                    | <p>We paid a prorated quarterly cash distribution of \$0.30 per unit for the first quarter of 2006, or \$1.80 per unit on an annualized and un-prorated basis, on May 15, 2006 to unitholders of record as of May 2, 2006. This distribution was for the period from January 31, 2006, the date of the closing of our initial public offering, through the end of the first quarter.</p> <p>Within 45 days after the end of each quarter, we distribute our available cash to unitholders of record on the applicable record date.</p> <p>In general, we will pay any cash distributions we make each quarter in the following manner:</p> <ul style="list-style-type: none"><li>first, 98% to the holders of common units, pro rata, and 2% to our</li></ul>                                                  |