2020 ANNUAL REPORT

CALUMET™
SPECIALTY PRODUCTS PARTNERS, L.P.

www.CalumetSpecialty.com

CALUMET
SPECIALTY PRODUCTS PARTNERS, L.P.

Dear Fellow Unitholders,

Calumet started 2020 with a clear plan to focus on our core specialties business, examine strategic alternatives for our Great Falls refinery and deleverage organically through cash flow generation. The future looked bright. A multi-year turnaround of our business was almost complete. However, we now know that 2020 will be remembered mostly for COVID-19 and the global pandemic.

By March, the pandemic had created a global economic crisis, which had exaggerated effects on transportation fuels and presented an existential threat to the Partnership. Immediately, we shifted to a remote operating model and took decisive actions to reduce costs and capital spending. We monetized gains from our crude and product hedges. We improved our capital structure through opportunistic debt repayment and refinancing. Our objective was to prove that Calumet could rise to the challenge and generate positive cash flow in a year of crisis.

Calumet demonstrated that we are indeed a survivor. Our operational and safety performance improved significantly across the board. Our diversified, integrated, and commercially focused specialties business grew in the most difficult of environments.

In a year rife with challenge, we had many successes and accomplishments. The primary goal of positive cash flow was supported by exceptionally strong specialties results across the board, further confirming our renewed focus on this core business. But the root of the accomplishments is our people and so this letter is a thank you to our team. Even with the personal challenges and uncertainty of the pandemic, we asked our employees to perform at the highest level in the most challenging business conditions. Put simply, Calumet delivered. I am proud to write that in a year of massive potential distraction, we set multiple safety, environmental and operating records. It’s difficult to ask more than that and my deepest of thanks goes out to my colleagues.

We are emerging from the trials of 2020 and looking forward with a revised and clear strategic vision. Our Renewable Diesel project in Montana is expected to be the most competitive conversion project in North America. This advantaged location will allow us to focus on serving the highest value low carbon markets. I speak for the whole team in writing that we are excited by the opportunity to play a material role in the energy transition that is clearly underway.

In 2021, we are revising our business segment reporting to Specialty Products & Solutions, Performance Brands and Montana/Renewables. These are our three competitively advantaged businesses, each with clear growth and value delivery propositions which we will pursue with rigor.

Finally, I would like to thank our unitholders for your support during a difficult 2020. We have clear strategic purpose and vision and we will be focused on repaying your faith and investment in Calumet.

On behalf of the Calumet team, please continue to stay safe and healthy.

Steve Mawer
Chief Executive Officer

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2020

OR

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

Commission file number 000-51734

Calumet Specialty Products Partners, L.P.

(Exact Name of Registrant as Specified in Its Charter)

DE	**35-1811116**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**
2780 Waterfront Parkway East Drive , Suite 200	
Indianapolis , IN	**46214**
(Address of Principal Executive Offices)	**(Zip Code)**

(317) 328-5660
(Registrant's Telephone Number, Including Area Code)

None
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading symbol(s)	Name of Each Exchange on Which Registered
Common units representing limited partner interests	CLMT	NASDAQ

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

NONE.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☑ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☑ No

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 every Interactive Data File required to be submitted 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 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	☐	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

The aggregate market value of the common units held by non-affiliates of the registrant was approximately $177.9 million on June 30, 2020, based on $2.28 per unit, the closing price of the common units as reported on the NASDAQ Global Select Market on such date.

On March 2, 2021, there were 78,640,380 common units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

NONE.

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.
FORM 10-K — 2020 ANNUAL REPORT

Table of Contents

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Annual Report") includes certain "forward-looking statements." These statements can be identified by the use of forward-looking terminology including "may," "intend," "believe," "expect," "anticipate," "estimate," "continue," "plan," "should," "could," "would," or other similar words. The statements regarding (i) the effect, impact, potential duration or other implications of the ongoing novel coronavirus ("COVID-19") pandemic and global crude oil production levels on our business and operations, (ii) demand for refined petroleum products in markets we serve, (iii) estimated capital expenditures as a result of required audits or required operational changes or other environmental and regulatory liabilities, (iv) our anticipated levels of, use and effectiveness of derivatives to mitigate our exposure to crude oil price changes, natural gas price changes and fuel products price changes, (v) estimated costs of complying with the U.S. Environmental Protection Agency's ("EPA") Renewable Fuel Standard ("RFS"), including the prices paid for Renewable Identification Numbers ("RINs") and the amount of RINs we may be required to purchase in any given compliance year, (vi) our ability to meet our financial commitments, debt service obligations, debt instrument covenants, contingencies and anticipated capital expenditures, (vii) our access to capital to fund capital expenditures and our working capital needs and our ability to obtain debt or equity financing on satisfactory terms, (viii) our access to inventory financing under our supply and offtake agreements, (ix) our ability to remediate the identified material weakness and further strengthen the overall controls surrounding information systems (x) the future effectiveness of our enterprise resource planning ("ERP") system to further enhance operating efficiencies and provide more effective management of our business operations and (xi) potential costs and savings associated with our cost reduction plan to reduce overall operating expenses, as well as other matters discussed in this Annual Report that are not purely historical data, are forward-looking statements. These forward-looking statements are based on our expectations and beliefs as of the date hereof concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our current expectations for future sales and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisition or disposition transactions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause our actual results to differ from those in the forward-looking statements are those described in Part I, Item 1A "Risk Factors" of this Annual Report. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

References in this Annual Report to "Calumet Specialty Products Partners, L.P.," "Calumet," "the Company," "we," "our," "us" or like terms refer to Calumet Specialty Products Partners, L.P. and its subsidiaries. References to "Predecessor" in this Annual Report refer to Calumet Lubricants Co., Limited Partnership and its subsidiaries, the assets and liabilities of which were contributed to Calumet Specialty Products Partners, L.P. and its subsidiaries upon the completion of our initial public offering in 2006. References in this Annual Report to "our general partner" refer to Calumet GP, LLC, the general partner of Calumet Specialty Products Partners, L.P.

SUMMARY OF RISK FACTORS

An investment in our common units involves a significant degree of risk. Below is a summary of certain risk factors that you should consider in evaluating us and our common units. However, this list is not exhaustive. Before you invest in our common units, you should carefully consider the risk factors discussed or referenced below and under Item 1A. "Risk Factors" in this Annual Report on Form 10-K. If any of the risks discussed below and under Item 1A. "Risk Factors" were actually to occur, our business, financial position or results of operations could be materially adversely affected.

Risks Related to Our Business

- Our business depends on hydrocarbon supply and demand fundamentals, which can be adversely affected by numerous factors outside of our control, including a pandemic, epidemic or widespread outbreak of an infectious disease, such as COVID-19, as well as actions taken by commodity markets.
- Refining margins are volatile, and a reduction in our refining margins will adversely affect the amount of cash we will have available to operate our business and for payments of our debt obligations.
- We have identified a material weakness in our internal control over financial reporting which, if not remediated, could result in material misstatements in our financial statements.
- Our hedging activities may not be effective in reducing the volatility of our cash flows and may reduce our earnings, profitability and cash flows.

- Decreases in the price of crude oil may lead to a reduction in the borrowing base under our revolving credit facility and our ability to issue letters of credit or the requirement that we post substantial amounts of cash collateral for derivative instruments.
- We depend on certain key crude oil and other feedstock suppliers for a significant portion of our supply of crude oil and other feedstocks.
- We depend on certain third-party pipelines for transportation of crude oil and refined fuel products, and if these pipelines become unavailable to us, our revenues and cash available for distributions to our unitholders and payment of our debt obligations could decline.
- The price volatility of fuel and utility services may result in decreases in our earnings, profitability and cash flows.
- Our refineries, blending and packaging sites, terminals and related facility operations face operating hazards, and the potential limits on insurance coverage could expose us to potentially significant liability costs.
- Downtime for maintenance at our refineries and facilities will reduce our revenues and cash available for distributions to our unitholders and payments of our debt obligations.
- An impairment of our long-lived assets or goodwill could reduce our earnings or negatively impact our financial condition and results of operations.
- We face substantial competition. New competitors could enter our markets.
- A decrease in the demand for our specialty products and fuel products in the markets we serve could adversely affect our ability to resume distributions to our unitholders and to make payments of our debt obligations.
- We depend on unionized labor for the operation of many of our facilities.
- Because of the volatility of crude oil and refined products prices, our method of valuing our inventory may result in decreases in net income.
- The operating results for our fuel products segment are seasonal.
- Due to our lack of asset and geographic diversification, adverse developments in our operating areas would impact our ability to make distributions to our unitholders and payments of our debt obligations.
- Our arrangement with Macquarie exposes us to Macquarie-related credit and performance risk as well as potential refinancing risks.
- We have a substantial amount of indebtedness.
- Our financing arrangements contain operating and financial provisions that restrict our business and financing activities.
- A change of control could result in us facing substantial repayment obligations under our revolving credit facility, our senior notes, our Collateral Trust Agreement and our Supply and Offtake Agreements.
- We must make substantial capital expenditures on our refineries and other facilities to maintain their reliability and efficiency.
- We may incur significant environmental costs and liabilities in the operation of our refineries, terminals and related facilities.
- We are subject to compliance with stringent environmental and occupational health and safety laws and regulations.
- Renewable transportation fuels mandates may reduce demand for the petroleum fuels we produce.
- Our and our customers' operations are subject to a number of risks arising out of the threat of climate change, including regulatory, political, litigation and financial risks, which could result in increased operating and capital costs for our customers and reduced demand for the products and services we provide.
- Our business involves the shipping by rail of crude oil, which involves risks of derailment, accidents and liabilities associated with cleanup and damages, as well as regulatory changes.
- We could incur substantial costs or disruptions in our business if we cannot obtain or maintain necessary permits and authorizations or otherwise comply with occupational, environmental and other laws and regulations.

Risks Related to Our Partnership Structure

- We may not have sufficient cash from operations, following the establishment of cash reserves and payment of fees and expenses, including cost reimbursements to our general partner, to enable us to resume paying distributions to our unitholders or restore them to previous levels.
- The amount of cash we have available for distribution to unitholders depends primarily on our cash flow and not solely on profitability.
- Our general partner and its affiliates have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests to other unitholders' detriment.
- The Heritage Group and certain of its affiliates may engage in limited competition with us.
- Our partnership agreement contains provisions that reduce the standards to which our general partner would otherwise be held by state fiduciary duty law.
- Unitholders have limited voting rights and are not entitled to elect our general partner or its directors.

Tax Risks to Common Unitholders

- Our tax treatment depends on our status as a partnership for federal income tax purposes, and not being subject to a material amount of entity-level taxation. Our cash available for distribution to unitholders may be substantially reduced if we become subject to entity-level taxation as a result of the Internal Revenue Service ("IRS") treating us a corporation or legislative, judicial or administrative changes, and may also be reduced by any audit adjustments if imposed directly on the partnership.
- Even if unitholders do not receive any cash distributions from us, unitholders will be required to pay taxes on their share of our taxable income. A unitholder's share of our taxable income may be increased as a result of the IRS successfully contesting any of the federal income tax positions we take.
- Tax-exempt entities and Non-U.S. unitholders face unique tax issues from owning our common units that may result in adverse tax consequences to them.

PART I

Items 1 and 2. *Business and Properties*

Overview

We are a leading independent producer of high-quality, specialty hydrocarbon products in North America. We are headquartered in Indianapolis, Indiana, and own specialty and fuel products facilities primarily located in northwest Louisiana, northern Montana, western Pennsylvania, Texas and eastern Missouri. We own and lease additional facilities, primarily related to production and distribution of our products throughout the United States ("U.S."). Our business is organized into three segments: our core specialty products segment, fuel products segment and corporate segment. In our specialty products segment, we process crude oil and other feedstocks into a wide variety of customized lubricating oils, solvents, waxes, synthetic lubricants, and other products. Our specialty products are sold to domestic and international customers who purchase them primarily as raw material components for various industrial and consumer-facing applications. We also blend, package, and market specialty products through our Royal Purple, Bel-Ray, and TruFuel brands. In our fuel products segment, we process crude oil into a variety of fuel and fuel-related products, including gasoline, diesel, jet fuel, asphalt and other products, and from time to time resell purchased crude oil to third-party customers. Our corporate segment primarily consists of general and administrative expenses not allocated to the specialty products or fuel products segments. Please read Note 20 - "Segments and Related Information" for further information under Part II, Item 8 "Financial Statements and Supplementary Data."

Our Primary Operating Assets

Our primary operating assets consist of:

Refinery/Facility	Location	Year Acquired	Current Feedstock Throughput Capacity in Barrels Per Day ("bpd")	Products
Shreveport	Louisiana	2001	60,000	Specialty lubricating oils and waxes, gasoline, diesel, jet fuel and asphalt
Great Falls	Montana	2012	30,000	Gasoline, diesel, jet fuel and asphalt
Cotton Valley	Louisiana	1995	13,600	Specialty solvents used principally in the manufacture of paints, cleaners, automotive products and drilling fluids
Princeton	Louisiana	1990	10,000	Specialty lubricating oils, including process oils, base oils, transformer oils and refrigeration oils, and asphalt
Karns City	Pennsylvania	2008	3,000	Specialty white mineral oils, solvents, petrolatums, gelled hydrocarbons, cable fillers and natural petroleum sulfonates
Dickinson	Texas	2008	1,300	Specialty white mineral oils, compressor lubricants, natural petroleum sulfonates and biodiesel
Calumet Packaging	Louisiana	2012	N/A	Specialty products including premium industrial and consumer synthetic lubricants, fuels and solvents
Royal Purple	Texas	2012	N/A	Specialty products including premium industrial and consumer synthetic lubricants
Missouri	Missouri	2012	N/A	Specialty products including polyolester-based synthetic lubricants

Storage, Distribution and Logistics Assets. We own and operate a product terminal in Burnham, Illinois ("Burnham") with aggregate storage capacities of approximately 150,000 barrels. The Burnham terminal, as well as additional owned and leased facilities throughout the U.S., facilitate the distribution of products in the Upper Midwest, West Coast and Mid-Continent regions of the U.S. and Canada.

We also use approximately 2,200 leased railcars to receive crude oil or distribute our products throughout the U.S. and Canada. In total, we have approximately 7.0 million barrels of aggregate storage capacity at our facilities and leased storage locations.

Business Strategies

Our management team is dedicated to improving our operations by executing the following strategies:

- *Enhance Profitability of Our Existing Assets.* We have increased our focus on identifying opportunities to improve our existing asset base and to increase our throughput, profitability and cash flows. Historical examples include projects designed to maximize the profitability of our acquired assets, such as the increase of production capacity at our Great Falls refinery from 10,000 bpd to 30,000 bpd, which was completed in 2016, the expansion of our TruFuel packaging line through the installation of a new filler line dedicated to filling gallon containers completed in 2017; and debottlenecking of our Shreveport refinery to increase economically available capacity by 7,000 bpd completed in 2019. We intend to continue increasing the profitability of our existing asset base through various low capital requirement measures which may include changing the product mix of our processing units, debottlenecking units as necessary to increase throughput, restarting idle assets and reducing costs by improving operations. We also are increasing our focus on optimizing current operations through self-help initiatives and organic growth projects including improving reliability, product quality enhancements, product yield improvements and energy savings initiatives.

- *Maintain Sufficient Levels of Liquidity.* We are actively focused on maintaining sufficient liquidity to fund our operations and business strategies. As part of a broader effort to maintain an adequate level of liquidity, the board of directors of our general partner unanimously voted to suspend cash distributions, effective beginning the quarter ended March 31, 2016.

- *Concentrate on Stable Cash Flows.* We intend to continue to focus on operating assets and businesses that generate stable cash flows. Approximately 157% of our continuing operations gross profit in 2020 was generated by our specialty products, a segment of our business which is characterized by stable customer relationships due to our customers' requirements for the specialized products we provide. In addition, we manage our exposure to crude oil price fluctuations in this segment by passing on incremental feedstock costs to our specialty products customers. In our fuel products segment, which accounted for approximately negative 57% of our continuing operations gross profit in 2020, we will sometimes hedge crude oil basis differentials and fuel product crack spreads with the intent of capturing spreads that are favorable to the Company, while reducing fuel product margin volatility. In the future, we intend to shift more of our focus to our specialty products business to further reduce our exposure to commodity price volatility.

- *Develop and Expand Our Customer Relationships.* Due to the specialized nature of, and the long lead-time associated with, the development and production of many of our specialty products, our customers are incentivized to continue their relationships with us. We believe that our larger competitors do not work with customers as we do from product design to delivery for smaller volume specialty products like ours. We intend to continue to assist our existing customers in their efforts to expand their product offerings, as well as marketing specialty product formulations and services to new customers. By striving to maintain our long-term relationships with our broad base of existing customers and by adding new customers, we seek to limit our dependence on any one portion of our customer base.

- *Disciplined Approach to Strategic and Complementary Acquisitions.* Our senior management team is focused on acquiring assets where we can enhance operations and improve profitability and product lines that will complement and expand our specialty product offerings. In the future, we intend to continue pursuing prudent, accretive acquisitions that will benefit our company over the long term. We intend to continue to reduce our leverage over time, maintain a capital structure that facilitates access to the capital markets and maintain sufficient liquidity to execute our acquisition strategy. We also may pursue strategic acquisitions of assets or agreements with third parties that offer the opportunity for operational efficiencies, the potential for increased utilization and expansion of facilities, or the expansion of product offerings principally in our specialty products segment.

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 offer a wide range of over 2,600 specialty products. We believe that our ability to provide our customers with a more diverse selection of products than most of our competitors gives us an advantage in competing for new business. We believe that we are the only specialty products manufacturer that produces all five of naphthenic lubricating oils, paraffinic lubricating oils, waxes, solvents, and specialty oils. Our ability to produce numerous specialty products allows us to ship products between our facilities for product upgrading in order to meet customer specifications.
- *We Have Strong Relationships with a Broad Customer Base.* We have long-term relationships with many of our customers and we believe that we will continue to benefit from these relationships. Many of these relationships involve lengthy approval processes or certifications that may make switching to a different supplier more difficult. In fiscal year 2020, we sold our fuel and specialty products to approximately 2,300 customers, and we are continually seeking new customers. No single customer accounted for more than 10% of our consolidated sales for either of the years ended December 31, 2020 and 2019.
- *Our Facilities Have Advanced Technology.* Our facilities are equipped with advanced, flexible technology that allows us to produce high-grade specialty products. For example, our integrated specialty chemical complex in Northwest Louisiana has a wide variety of specialized hydroprocessing and distillation capabilities suitable for flexibly producing our broad array of specialty products. Also, unlike larger refineries which lack some of the equipment necessary to achieve the narrow distillation ranges associated with the production of specialty products, our operations are capable of producing a wide range of products tailored to our customers' needs.
- *We Have an Experienced Management Team.* Our team's extensive experience and contacts within the refining and specialty chemical industries provide a strong foundation and focus for managing and enhancing our operations, accessing strategic asset portfolio opportunities and constructing and enhancing the profitability of new assets.

Potential Acquisition and Divestiture Activities

Consistent with our business growth strategy, we are continuously engaged in discussions with potential sellers regarding the possible purchase of assets and operations that are strategic and complementary to our existing operations. These acquisition efforts may involve participation by us in processes that have been made public and involve a number of potential buyers, commonly referred to as "auction" processes, as well as situations in which we believe we are the only potential buyer or one of a limited number of potential buyers in negotiations with the potential seller. These acquisition efforts often involve assets and operations which, if acquired, could have a material effect on our financial condition and results of operations and require special financing.

Our acquisition program targets properties that management believes will be financially accretive, and we intend to focus in particular on strategic acquisitions of specialty products assets that leverage existing core competencies and/or that have an identifiable competitive advantage we can exploit as the new owner.

As part of our portfolio strategy, we continuously evaluate our portfolio which allows an objective assessment of potential divestiture candidates that are non-core to our business and/or worth more to a buyer than to us. The combination of acquisition and divestment activity intends to maximize our return on invested capital by creating and maintaining a portfolio of core assets with significant potential to generate more stable and growing cash flows, optimize our assets, improve our operating efficiency and capture increased feedstock advantages.

As we continue to seek to optimize our asset portfolio, which may include the divestiture of certain non-core assets, we intend to redeploy capital into projects to develop assets that are better suited to our core specialty products business strategy.

There were no material acquisitions or divestitures completed during 2020. During 2019, we completed the following divestitures:

- In November 2019, we sold the San Antonio, Texas refinery ("San Antonio Refinery") and related assets, including associated hydrocarbon inventories and crude oil terminal and pipeline for total consideration of $59.1 million. Please read Note 5 "Divestitures" under Part II, Item 8 "Financial Statements and Supplementary Data" for additional information.
- In March 2019, we sold our interest in Biosynthetic Technologies, a startup company which developed an intellectual property portfolio for the manufacture of renewable-based and biodegradable esters. We received proceeds of $5.0 million for the sale.

Going forward, we intend to tailor our approach toward owning businesses with stable cash flows and growing end markets. As a result, we may pursue potential arrangements with third parties to divest certain assets to enable us to further reduce the amount of our required capital commitments and potential capital expenditures. For example, while we continue to evaluate our entire asset portfolio, we are evaluating strategic options for our remaining standalone fuels refinery in Great Falls, Montana. We expect that any potential divestitures of assets could provide us with cash to reinvest in our business and repay debt.

We typically do not announce a transaction until we have executed a definitive agreement. However, in certain cases in order to protect our business interests or for other reasons, we may defer public announcement of an acquisition or divestiture until closing or a later date. Past experience has demonstrated that discussions and negotiations regarding a potential acquisition or divestiture can advance or terminate in a short period of time. Moreover, the closing of any transaction for which we have entered into a definitive agreement will be subject to customary and other closing conditions, which may not ultimately be satisfied or waived. Accordingly, we can give no assurance that our current or future acquisition or divestiture efforts will be successful. Although we expect the acquisitions we make to be accretive in the long term, we can provide no assurance that our expectations will ultimately be realized.

Partnership Structure and Management

Calumet Specialty Products Partners, L.P. is a Delaware limited partnership formed on September 27, 2005. Our general partner is Calumet GP, LLC, a Delaware limited liability company. As of March 2, 2021, we have 78,640,380 common units and 1,604,904 general partner units outstanding. Our general partner owns 2% of Calumet Specialty Products, L.P. and all incentive distribution rights and has sole responsibility for conducting our business and managing our operations. For more information about our general partner's board of directors and executive officers, please read Part III, Item 10 "Directors, Executive Officers of Our General Partner and Corporate Governance."

Our Operating Assets and Contractual Arrangements

General

The following table sets forth information about our continuing operations. Facility production volume differs from sales volume due to changes in inventories and the sale of purchased fuel product blendstocks, such as ethanol and biodiesel, and the resale of crude oil in our fuel products segment. The historical results of operations of the San Antonio Refinery are included through the effective date of its disposition, November 10, 2019.

	Year Ended December 31,		
	2020	2019	% Change
	(In bpd)		
Total sales volume [1]	86,727	104,734	(17.2)%
Total feedstock runs [2]	84,829	103,603	(18.1)%
Facility production: [3]			
Specialty products:			
Lubricating oils	10,143	11,506	(11.8)%
Solvents	6,819	7,526	(9.4)%
Waxes	1,318	1,315	0.2 %
Packaged and synthetic specialty products [4]	1,381	1,540	(10.3)%
Other	1,697	1,764	(3.8)%
Total specialty products	21,358	23,651	(9.7)%
Fuel products:			
Gasoline	18,074	22,877	(21.0)%
Diesel	24,054	28,709	(16.2)%
Jet fuel	3,645	4,506	(19.1)%
Asphalt, heavy fuel oils and other	14,324	20,286	(29.4)%
Total fuel products	60,097	76,378	(21.3)%
Total facility production [3]	81,455	100,029	(18.6)%

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(1) Total sales volume includes sales from the production at our facilities and certain third-party facilities pursuant to supply and/or processing agreements, sales of inventories and the resale of crude oil to third-party customers. Total sales volume also includes the sale of purchased fuel product blendstocks, such as ethanol and biodiesel, as components of finished fuel products in our fuel products segment sales.

(2) Total feedstock runs represent the barrels per day of crude oil and other feedstocks processed at our facilities and at certain third-party facilities pursuant to supply and/or processing agreements.

(3) Total facility production represents the barrels per day of specialty products and fuel products yielded from processing feedstocks at our facilities and at certain third-party facilities pursuant to supply and/or processing agreements. The difference between total facility production and total feedstock runs is primarily a result of the time lag between the input of feedstocks and the production of finished products, intermediates transferred to internal sites for further processing, and volume loss.

(4) Represents production of finished lubricants and specialty chemicals products, including the products from our Royal Purple, Bel-Ray and Calumet Packaging facilities.

The following table sets forth information about our sales of principal products by segment:

	Year Ended December 31,			
	2020		2019	
	(In millions)	% of Sales	(In millions)	% of Sales
Sales of specialty products:				
Lubricating oils	$ 473.4	20.9 %	$ 593.1	17.2 %
Solvents	236.2	10.4 %	325.9	9.4 %
Waxes	129.1	5.7 %	119.3	3.4 %
Packaged and synthetic specialty products [1]	234.2	10.3 %	230.8	6.7 %
Other [2]	51.4	2.3 %	85.0	2.5 %
Total	1,124.3	49.6 %	1,354.1	39.2 %
Sales of fuel products:				
Gasoline	379.8	16.7 %	679.6	19.7 %
Diesel	475.8	21.0 %	859.1	24.9 %
Jet fuel	70.2	3.1 %	134.6	3.9 %
Asphalt, heavy fuel oils and other [3]	218.1	9.6 %	425.2	12.3 %
Total	1,143.9	50.4 %	2,098.5	60.8 %
Consolidated sales	$ 2,268.2	100.0 %	$ 3,452.6	100.0 %

(1) Represents packaged and synthetic specialty products at our Royal Purple, Bel-Ray and Calumet Packaging facilities.

(2) Represents (a) by-products, including fuels and asphalt, produced in connection with the production of specialty products at the Princeton and Cotton Valley refineries and Dickinson and Karns City facilities and (b) polyolester synthetic lubricants produced at the Missouri facility.

(3) Represents asphalt, heavy fuel oils and other products produced in connection with the production of fuels at the Shreveport, Great Falls and formerly owned San Antonio refineries and crude oil sales to third-party customers.

Please read Note 20 “Segments and Related Information” in Part II, Item 8 “Financial Statements and Supplementary Data” of this Annual Report for additional financial information about each of our segments and the geographic areas in which we conduct business.

Shreveport Refinery

The Shreveport refinery (“Shreveport”), located on a 240 acre site in Shreveport, Louisiana, currently has aggregate crude oil throughput capacity of 60,000 bpd and processes paraffinic crude oil and associated feedstocks into fuel products, paraffinic lubricating oils, waxes, asphalt and by-products.

The Shreveport refinery consists of seventeen major processing units including hydrotreating, catalytic reforming and dewaxing units and approximately 3.3 million barrels of storage capacity in 130 storage tanks and related loading and unloading facilities and utilities. Since our acquisition of the Shreveport refinery in 2001, we have expanded the refinery’s capabilities by adding additional processing and blending facilities, adding a second reactor to the high pressure hydrotreater, resuming production of gasoline, diesel and other fuel products and adding both 18,000 bpd of crude oil throughput capacity and the capability to run up to 25,000 bpd of sour crude oil with an expansion project completed in May 2008.

The following table sets forth historical information about production at our Shreveport refinery:

	Shreveport Refinery	
	Year Ended December 31,	
	2020	2019
	(In bpd)	
Crude oil throughput capacity	60,000	60,000
Total feedstock runs (1) (2)	40,028	41,216
Total refinery production (2) (3)	40,084	41,704

(1) Total feedstock runs represent the barrels per day of crude oil and other feedstocks processed at our Shreveport refinery. Total feedstock runs do not include certain interplant feedstocks supplied by our Cotton Valley and Princeton refineries.

(2) Total refinery production represents the barrels per day of specialty products and fuel products yielded from processing crude oil and other feedstocks. The difference between total refinery production and total feedstock runs is primarily a result of the time lag between the input of feedstocks and production of finished products and volume loss.

(3) Total refinery production includes certain interplant feedstock supplied to our Cotton Valley and Princeton refineries and our Karns City facility.

The Shreveport refinery has a flexible operational configuration and operating personnel that facilitate development of new product opportunities. Product mix may fluctuate from one period to the next to capture market opportunities. The refinery has an idle residual fluid catalytic cracking unit and a number of idle towers that can be utilized for future project needs.

The Shreveport refinery receives crude oil via tank truck, railcar and a common carrier pipeline system that is operated by a subsidiary of Plains All American Pipeline, L.P. ("Plains") and is connected to the Shreveport refinery's facilities. The Plains pipeline system delivers local supplies of crude oil and condensates from north Louisiana and east Texas. The Plains pipeline also connects to a Plains terminal in Longview, TX, which gives the refinery access to crude oil in west Texas and access to the Cushing, Oklahoma storage hub. Crude oil is also purchased from various suppliers, including local producers, who deliver crude oil to the Shreveport refinery via tank truck.

The Shreveport refinery also has direct pipeline access to the Enterprise Products Partners L.P. pipeline ("TEPPCO pipeline"), on which it can ship certain grades of gasoline, diesel and jet fuel. Further, the refinery has direct access to the Red River Terminal facility, which provides the refinery with barge access, via the Red River, to major feedstock and petroleum products logistics networks on the Mississippi River and Gulf Coast inland waterway system. The Shreveport refinery also ships its finished products throughout the U.S. through both truck and railcar service.

Great Falls Refinery

The Great Falls refinery ("Great Falls"), located on an 86 acre site in Great Falls, Montana, currently has aggregate crude oil throughput capacity of 30,000 bpd and processes light and heavy crude oil from Canada into fuel and asphalt products. In February 2016, we completed an expansion project which increased permitted capacity to 30,000 bpd of crude throughput.

The Great Falls refinery consists of fifteen major processing units including hydrotreating, catalytic reforming, hydrocracking, fluid catalytic cracking and alkylation units, approximately 1.1 million barrels of storage capacity in 75 tanks and related loading and unloading facilities and utilities.

The following table sets forth historical information about production at the Great Falls refinery:

	Great Falls Refinery	
	Year Ended December 31,	
	2020	2019
	(In bpd)	
Crude oil throughput capacity	30,000	30,000
Total feedstock runs [1] [2]	26,204	25,066
Total refinery production [2]	26,742	25,690

(1) Total feedstock runs represent the barrels per day of crude oil processed at our Great Falls refinery.

(2) Total refinery production represents the barrels per day of specialty products and fuel products yielded from processing crude oil and other feedstocks. The difference between total refinery production and total feedstock runs is primarily a result of the time lag between the input of feedstocks and the production of finished products and volume loss.

Currently, the Great Falls refinery produces naphtha, gasoline, diesel, jet fuel and asphalt. The Great Falls refinery ships finished fuel and asphalt by railcar and truck service. Finished fuel and asphalt sales are primarily made through spot agreements and short-term contracts.

The Great Falls refinery purchases crude oil from various suppliers and receives crude oil through the Interprovincial Bow River South and Rangeland pipeline systems, providing reliable access to high quality crude oil from western Canada.

In February 2016, we completed an expansion project that increased production capacity at our Great Falls refinery to 30,000 bpd. This project allows us to further capitalize on local access to cost-advantaged Canadian crude oil, while producing additional fuels and refined products for delivery into the regional market and meeting EPA requirements for gasoline and diesel product sulfur limits and reducing air emissions. The scope of this project included the installation of a new crude unit that can process up to 30,000 bpd of crude oil and other feedstocks, a hydrogen plant and a 18,000 bpd (fresh feed) mild hydrocracker.

Cotton Valley Refinery

The Cotton Valley refinery ("Cotton Valley"), located on a 77 acre site in Cotton Valley, Louisiana, currently has aggregate crude oil throughput capacity of 13,600 bpd, hydrotreating capacity of 6,500 bpd and processes crude oil into specialty solvents and residual fuel oil. The residual fuel oil is an important feedstock for the production of specialty products at our Shreveport refinery. We believe the Cotton Valley refinery produces the most complete, single-facility line of paraffinic solvents in the U.S.

The Cotton Valley refinery consists of three major processing units that include a crude unit, a hydrotreater and a fractionation train, approximately 625,000 barrels of storage capacity in 74 storage tanks and related loading and unloading facilities and utilities. Since our acquisition of the Cotton Valley refinery in 1995, we have expanded the refinery's capabilities by installing a hydrotreater that removes aromatics, increased the crude unit processing capability to 13,600 bpd and reconfigured the refinery's fractionation train to improve product quality, enhance flexibility and lower utility costs.

The following table sets forth historical information about production at our Cotton Valley refinery:

	Cotton Valley Refinery	
	Year Ended December 31,	
	2020	2019
	(In bpd)	
Crude oil throughput capacity	13,600	13,600
Total feedstock runs [(1) (2)]	8,737	9,284
Total refinery production [(2) (3)]	5,672	6,001

(1) Total feedstock runs do not include certain interplant solvent feedstocks supplied by our Shreveport refinery.

(2) Total refinery production represents the barrels per day of specialty products yielded from processing crude oil and other feedstocks. The difference between total refinery production and total feedstock runs is primarily a result of the time lag between the input of feedstocks and the production of finished products, intermediates transferred to internal sites for further processing, and volume loss.

(3) Total refinery production includes certain interplant feedstocks supplied to our Shreveport refinery.

The Cotton Valley refinery has a flexible operational configuration and operating personnel that facilitate development of new product opportunities. Product mix may fluctuate from one period to the next to capture market opportunities, which allows us to respond to market changes and customer demands by modifying the refinery's product mix. The reconfigured fractionation train also allows the refinery to satisfy demand fluctuations efficiently without large finished product inventory requirements.

The Cotton Valley refinery receives crude oil via tank truck. The Cotton Valley refinery's feedstock is primarily low sulfur and paraffinic crude oil originating from north Louisiana and is purchased from various marketers and gatherers. In addition, the Cotton Valley refinery receives interplant feedstocks for solvent production from the Shreveport refinery. The Cotton Valley refinery ships finished products by both truck and railcar service.

Princeton Refinery

The Princeton refinery ("Princeton"), located on a 208 acre site in Princeton, Louisiana, currently has aggregate crude oil throughput capacity of 10,000 bpd and processes naphthenic crude oil into lubricating oils and asphalt. In addition, feedstock is made for the Shreveport refinery for further processing into ultra-low sulfur diesel. The asphalt produced at Princeton may be further processed or blended for coating and roofing product applications at the Princeton refinery or transported to the Shreveport refinery for further processing into bright stock.

The Princeton refinery consists of seven major processing units, approximately 650,000 barrels of storage capacity in 200 storage tanks and related loading and unloading facilities and utilities. Since our acquisition of the Princeton refinery in 1990, we have debottlenecked the crude unit to increase production capacity to 10,000 bpd, increased the hydrotreater's capacity to 7,000 bpd and upgraded the refinery's fractionation unit, which has enabled us to produce higher value specialty products.

The following table sets forth historical information about production at our Princeton refinery:

	Princeton Refinery	
	Year Ended December 31,	
	2020	2019
	(In bpd)	
Crude oil throughput capacity	10,000	10,000
Total feedstock runs [(1)]	6,559	6,580
Total refinery production [(1) (2)]	4,295	4,259

(1) Total refinery production represents the barrels per day of specialty products yielded from processing crude oil and other feedstocks. The difference between total refinery production and total feedstock runs is primarily a result of the time lag between the input of feedstocks and the production of finished products, intermediates transferred to internal sites for further processing, and volume loss.

(2) Total refinery production includes certain interplant feedstocks supplied to our Shreveport refinery.

The Princeton refinery has a hydrotreater and significant fractionation capability enabling the refining of high quality naphthenic lubricating oils at numerous distillation ranges. The Princeton refinery's processing capabilities consist of atmospheric and vacuum distillation, hydrotreating, asphalt oxidation processing and clay/acid treating. In addition, we have the necessary tankage and technology to process our asphalt into higher value product applications such as coatings, road paving and specialty applications.

The Princeton refinery receives crude oil via tank truck, railcar and the Plains pipeline system. Its crude oil supply primarily originates from east Texas, south Texas and north Louisiana, purchased directly from third-party suppliers under month-to-month evergreen supply contracts and on the spot market. The Princeton refinery ships its finished products throughout the U.S. via truck, barge and railcar service.

Missouri Facility

The Missouri facility ("Missouri"), located on a 22 acre site in Louisiana, Missouri, develops and produces polyolester synthetic lubricants for use in refrigeration compressors, commercial aviation and polyolester base stocks. In December 2015, we completed a project to double the production capacity of the facility from 35 million pounds to 75 million pounds per year. The facility has approximately 35,000 barrels of storage capacity in 64 tanks and related loading and unloading facilities and utilities. The facility receives its fatty acids and alcohol feedstocks and additives by truck and railcar under supply agreements or spot agreements with various suppliers.

The Missouri facility utilizes the latest batch esterification processes designed to ensure blending accuracy while maintaining production flexibility to meet customer needs.

Calumet Packaging

The Calumet Packaging facility ("Calumet Packaging"), located on a 10 acre site in Shreveport, Louisiana, develops, blends and packages high performance synthetic lubricants, fuels and solvent products for use in industrial, commercial and automotive applications. The Calumet Packaging facility's processing capability includes state-of-the-art blending and packaging equipment. The facility has approximately 75,000 barrels of storage capacity and related loading and unloading facilities. The facility receives its base oil feedstocks and additives by truck and rail under supply agreements or spot agreements with various suppliers.

Royal Purple

The Royal Purple facility ("Royal Purple"), located on a 23 acre site in Porter, Texas, develops, blends and packages high performance synthetic lubricants and fluid additive products for use in industrial, commercial and automotive applications. The Royal Purple facility's processing capability includes 10 in-house packaging and production lines. Outsourced packaging services for specific products are also used. The facility has approximately 30,500 barrels of storage capacity in 91 tanks and related loading and unloading facilities. The facility receives its base oil feedstocks and additives by truck under supply agreements or spot agreements with various suppliers.

Karns City and Dickinson Facilities and Other Processing Agreements

The Karns City facility ("Karns City"), located on a 225 acre site in Karns City, Pennsylvania, has aggregate base oil throughput capacity of 3,000 bpd and processes white mineral oils, solvents, petrolatums, gelled hydrocarbons, cable fillers and natural petroleum sulfonates. The Karns City facility's processing capability includes hydrotreating, fractionation, acid treating, filtering, blending and packaging. In addition, the facility has approximately 817,000 barrels of storage capacity in 250 tanks and related loading and unloading facilities and utilities.

The Dickinson facility ("Dickinson"), located on a 28 acre site in Dickinson, Texas, has aggregate base oil throughput capacity of 1,300 bpd and processes white mineral oils, compressor lubricants and natural petroleum sulfonates. The Dickinson facility's processing capability includes acid treating, filtering and blending, approximately 183,000 barrels of storage capacity in 186 tanks and related loading and unloading facilities and utilities.

These facilities each receive their base oil feedstocks by railcar and truck under supply agreements or spot purchases with various suppliers, the most significant of which is a long-term supply agreement with Phillips 66. Please read "— Our Crude Oil and Feedstock Supply" below for further discussion of the long-term supply agreement with Phillips 66.

The following table sets forth the combined historical information about production at our Karns City, Dickinson and certain other facilities:

	Combined Karns City, Dickinson and Other Facilities	
	Year Ended December 31,	
	2020	2019
	(in bpd)	
Feedstock throughput capacity (1)	11,300	11,300
Total feedstock runs (2) (3)	3,230	5,392
Total production (3)	3,221	5,510

(1) Includes Karns City, Dickinson and certain other facilities.

(2) Includes feedstock runs at our Karns City and Dickinson facilities as well as throughput at certain third-party facilities pursuant to supply and/or processing agreements and includes certain interplant feedstocks supplied from our Shreveport refinery.

(3) Total production represents the barrels per day of specialty products yielded from processing feedstocks at our Karns City and Dickinson facilities and certain third-party facilities pursuant to supply and/or processing agreements. The difference between total production and total feedstock runs is primarily a result of the time lag between the input of feedstocks and the production of finished products.

Other Logistics Assets

Terminals are complementary to our refineries and play a key role in moving our products to end-user markets by providing services including distribution and blending to achieve specified products and storage and inventory management. In addition to the below terminal, we own and lease additional facilities, primarily related to distribution of finished products, throughout the U.S. We operate the following terminal:

Burnham Terminal: We own and operate a terminal located on an 11 acre site, in Burnham, Illinois. The Burnham terminal receives specialty products from certain of our refineries primarily by railcar and distributes them by truck and railcar to our customers in the Upper Midwest and East Coast regions of the U.S. and in Canada. The terminal includes a tank farm with 90 tanks having aggregate storage capacity of approximately 150,000 barrels, supplying lube base oils, food grade white oils and aliphatic solvents, as well as viscosity index additives and tackifiers.

We use approximately 2,200 railcars leased from various lessors. This fleet of railcars enables us to receive and ship crude oil and distribute various specialty products and fuel products throughout the U.S. and Canada to and from each of our facilities.

Our Crude Oil and Feedstock Supply

We purchase crude oil and other feedstocks from major oil companies as well as from various crude oil gatherers and marketers in Texas, north Louisiana and Canada. Crude oil supplies at our refineries are as follows:

Refinery	Crude Oil Slate	Mode of Transportation
Shreveport	West Texas Intermediate (“WTI”), local crude oils from East Texas, North Louisiana, Arkansas and Light Louisiana Sweet (“LLS”)	Tank truck, railcar and Plains Pipeline
Cotton Valley	Local paraffinic crude oil	Tank truck
Great Falls	Canadian Heavy (e.g. Bow River) and Canadian Light Sour	Front Range Pipeline
Princeton	Local naphthenic crude oil	Tank truck, railcar and Plains Pipeline

In 2020, subsidiaries of Plains supplied us with approximately 50.5% of our total crude oil supply under term contracts and month-to-month evergreen crude oil supply contracts. In 2020, BP Products North America Inc. (“BP”) supplied us with approximately 6.3% of our total crude oil supply under a crude oil supply agreement. Each of our refineries is dependent on one or more key suppliers and the loss of any of these suppliers would adversely affect our financial results to the extent we were unable to find another supplier of this substantial amount of crude oil.

We have short-term and long-term contracts with our crude oil suppliers. For example, a majority of our crude oil supply contracts with Plains are currently month-to-month and terminable upon 90 days' notice. Additionally, our crude oil supply agreement with BP was amended and restated in December 2016 for a term ending March 2020, and automatically renews for successive one-year terms unless terminated by either party upon 90 days' notice ("BP Purchase Agreement"). This agreement has not been terminated by either party. We also purchase foreign crude oil when its spot market price is attractive relative to the price of crude oil from domestic sources.

We have various long-term feedstock supply agreements with Phillips 66, with some agreements operating under the option to continue on a month-to-month basis thereafter, for feedstocks that are key to the operations of our Karns City and Dickinson facilities. In addition, certain products of our refineries can be used as feedstocks by these facilities.

We believe that adequate supplies of crude oil and feedstocks will continue to be available to us.

Our cost to acquire crude oil and feedstocks and the prices for which we ultimately can sell refined products depend on a number of factors beyond our control, including regional and global supply of and demand for crude oil, other feedstocks and specialty and fuel products. These, in turn, are dependent upon, among other things, the availability of imports, overall economic conditions, production levels of domestic and foreign suppliers, U.S. relationships with foreign governments, political affairs and the extent of governmental regulation. We have historically been able to pass on the costs associated with increased crude oil and feedstock prices to our specialty products customers, although the increase in selling prices for specialty products typically lags the rising cost of crude oil. From time to time, we use a hedging program to manage a portion of our commodity price risk.

Our Products, Markets and Customers

Products

We produce a full line of specialty products, including lubricating oils, solvents, waxes, packaged and synthetic specialty products and other products, as well as a variety of fuel and fuel related products, including asphalt and heavy fuel oils. Our customers purchase specialty products primarily as raw material components for basic industrial, consumer and automotive goods.

The following table depicts a representative sample of the diversity of end-use applications for the products we produce:

Representative Sample of End-Use Applications by Product (1)

Lubricating Oils	Solvents	Waxes	Packaged and Synthetic Specialty Products	Other	Fuels & Fuel Related Products
21%	10%	6%	10%	2%	51%
• Hydraulic oils • Passenger car motor oils • Railroad engine oils • Cutting oils • Compressor oils • Metalworking fluids • Transformer oils • Rubber process oils • Industrial lubricants • Gear oils • Grease • Automatic transmission fluid • Animal feed dedusting • Baby oils • Bakery pan oils • Catalyst carriers • Gelatin capsule lubricants • Sunscreen	• Waterless hand cleaners • Alkyd resin diluents • Automotive products • Calibration fluids • Charcoal lighter fluids • Chemical processing • Drilling fluids • Printing inks • Water treatment • Paint and coatings • Stains	• Paraffin waxes • FDA compliant products • Candles • Adhesives • Crayons • Floor care • PVC • Paint strippers • Skin & hair care • Timber treatment • Waterproofing • Pharmaceuticals • Cosmetics	• Refrigeration compressor oils • Positive displacement and roto-dynamic compressor oils • Commercial and military jet engine oil • Lubricating greases • Gear oils • Aviation hydraulic oils • High performance small engine fuels • Two cycle and four stroke engine oils • High performance automotive engine oils • High performance industrial lubricants • High temperature chain lubricants • Food contact grade lubricants • Charcoal lighter fluids and other solvents • Engine treatment additives	• Roofing • Paving • Refrigeration compressor oils • Positive displacement and roto-dynamic compressor oils	• Gasoline • Diesel • Jet fuel • Marine fuel • Biodiesel • Ethanol • Ethanol free fuels • Fluid catalytic cracking feedstock • Asphalt vacuum residuals • Mixed butanes • Roofing • Paving • Heavy fuel oils

(1) Based on the percentage of total sales for the year ended December 31, 2020. Except for the listed fuel products and certain packaged and synthetic specialty products, we do not produce any of these end-use products.

Marketing

Our salespeople regularly visit customers, and our marketing department works closely with both the laboratories at our production facilities and our technical services department to help create specialized blends that will work optimally for our customers.

Markets

Specialty Products. The specialty products market represents a small portion of the overall petroleum refining industry in the U.S. Of the over 130 refineries currently in operation in the U.S., only a small number of the refineries are considered specialty products producers and only a few compete with us in terms of the number of products produced.

Our specialty products are utilized in applications across a broad range of industries, including:

- industrial goods such as metalworking fluids, belts, hoses, sealing systems, batteries, hot melt adhesives, pressure sensitive tapes, electrical transformers, refrigeration compressors and drilling fluids; and
- consumer goods such as candles, petroleum jelly, creams, tonics, lotions, coating on paper cups, chewing gum base, automotive aftermarket car-care products (e.g., fuel injection cleaners, tire shines and polishes), paints and coatings, charcoal lighter fluids and various aerosol products.

We have the capability to ship our specialty products worldwide. In the U.S., we ship our specialty products via railcars, trucks and barges. We use our fleet of leased railcars to ship our specialty products and a majority of our specialty products sales are shipped in trucks owned and operated by several different third-party carriers. For international shipments, which accounted for less than 10% of our consolidated sales in 2020, we ship via railcars and trucks to several ports where the product is loaded onto vessels for shipment to customers abroad.

Fuel Products. The fuel products market represents a large portion of the overall petroleum refining industry in the U.S. Of the over 130 refineries currently in operation in the U.S., a large number of the refineries are fuel products producers; however, only a few compete with us in our local markets.

Gulf Coast Market (PADD 3)

Fuel products produced at our Shreveport refinery can be sold locally or to the Midwest region of the U.S. through the TEPPCO pipeline. Local sales are made from the TEPPCO terminal in Bossier City, Louisiana, located approximately 15 miles from the Shreveport refinery, as well as from our own Shreveport refinery terminal.

Gasoline, diesel and jet fuel from the Shreveport refinery are sold primarily into the Louisiana, Texas and Arkansas markets, and any excess volumes are sold to marketers further up the TEPPCO pipeline. Should the appropriate market conditions arise, we have the capability to redirect and sell additional volumes into the Louisiana, Texas and Arkansas markets rather than transport them to the Midwest region via the TEPPCO pipeline.

The Shreveport refinery has the capacity to produce about 9,000 bpd of commercial jet fuel that can be marketed to the U.S. Department of Defense, sold as Jet-A locally or sold via the TEPPCO pipeline, or occasionally transferred to the Cotton Valley refinery to be processed further as a feedstock to produce solvents.

Additionally, we produce a number of fuel-related products including fluid catalytic cracking (“FCC”) feedstock, vacuum residuals and mixed butanes. FCC feedstock is sold to other refiners as a feedstock for their FCC units to make fuel products. Vacuum residuals are blended or processed further to make asphalt products. Volumes of vacuum residuals which we cannot process are sold locally into the fuel oil market or sold via railcar to other refiners. Mixed butanes are primarily available in the summer months and are primarily sold to local marketers. If the mixed butanes are not sold, they are blended into our gasoline production.

Northwest Market (PADD 4)

Fuel products produced at our Great Falls refinery can be sold locally and in Missouri, Oklahoma, Texas, Arizona, North Dakota, South Dakota, Idaho, Oregon, Utah, Wyoming, Washington, Nevada, California and Canada. Seasonally, the Great Falls refinery transports fuel products to terminals in Washington and Utah.

Customers

Specialty Products. We have a diverse customer base for our specialty products. In fiscal year 2020, we sold our specialty products to approximately 2,300 customers. Many of our customers are long-term customers who use our products in specialty applications, after an approval process ranging from six months to two years. No single customer in our specialty products segment accounted for 10% or greater of consolidated sales in either of the years ended December 31, 2020 and 2019.

Fuel Products. We have a diverse customer base for our fuel products. In fiscal year 2020, we sold our fuel products to approximately 300 customers. Our diverse customer base includes wholesale distributors and retail chains. We are able to sell the majority of the fuel products we produce at the Shreveport refinery to the local markets of Louisiana, Texas and Arkansas. We also have the ability to ship additional fuel products from the Shreveport refinery to the Midwest region through the TEPPCO pipeline should the need arise. The majority of our fuel products produced at our Great Falls refinery are sold to local markets in Montana and Idaho as well as in Canada. No single customer in our fuel products segment represented 10% or greater of consolidated sales in either of the years ended December 31, 2020 and 2019.

Competition

Competition in our markets is from a combination of large, integrated petroleum companies, independent refiners and wax production companies. Many of our competitors are substantially larger than us and are engaged on a national or international basis in many segments of the petroleum products business, including exploration and production, refining, transportation and marketing. These competitors may have greater flexibility in responding to or absorbing market changes occurring in one or more of these business segments. We distinguish our competitors according to the products that they produce. Set forth below is a description of our significant competitors according to product category.

Naphthenic Lubricating Oils. Our primary competitors in producing naphthenic lubricating oils include Ergon Refining, Inc., Cross Oil Refining and Marketing, Inc., San Joaquin Refining Co., Inc. and Martin Midstream Partners L.P.

Paraffinic Lubricating Oils. Our primary competitors in producing paraffinic lubricating oils include Exxon Mobil Corporation, Motiva Enterprises, LLC, Phillips 66, HollyFrontier Corporation, and Chevron Corporation.

Paraffin Waxes. Our primary competitors in producing paraffin waxes include Exxon Mobil Corporation, HollyFrontier Corporation, The International Group Inc. and Sonneborn Refined Products.

Solvents. Our primary competitors in producing solvents include CITGO Petroleum Corporation, ExxonMobil Chemical Company, Phillips 66, and Total S.A.

Polyolester-Based Specialty Products. Our primary competitors in producing polyolester-based specialty products include LANXESS, ExxonMobil Corporation, BASF Corporation, Croda International plc, Nyco Products Corporation and Zschimmer & Schwartz, Inc.

Packaged and Synthetic Specialty Products. Our primary competitors in retail and commercial packaged and synthetic specialty products include Exxon Mobil Corporation (Mobil 1), Valvoline, Inc. and other independent lubricant manufacturers. Our primary competitors in industrial packaged and synthetic specialty products include Exxon Mobil Corporation, Royal Dutch Shell plc, Fuchs and other independent lubricant manufacturers.

Fuel Products and By-Products. Our primary competitors in producing fuel products in the local markets in which we operate include Delek US Holdings, Exxon Mobil Corporation, Phillips 66 and Cenex.

Our ability to compete effectively depends on our responsiveness to customer needs and our ability to maintain competitive prices and product and service offerings. We believe that our flexibility and customer responsiveness differentiates us from many of our larger competitors. However, it is possible that new or existing competitors could enter the markets in which we operate, which could negatively affect our financial performance.

Governmental Regulation

From time to time, we are a party to certain claims and litigation incidental to our business, including claims made by various taxation and regulatory authorities, such as the IRS, the EPA and the U.S. Occupational Safety and Health Administration ("OSHA"), as well as various state environmental regulatory bodies and state and local departments of revenue, as the result of audits or reviews of our business. In addition, we have property, business interruption, general liability and various other insurance policies that may result in certain losses or expenditures being reimbursed to us.

Environmental and Occupational Health and Safety Matters

Environmental

We conduct crude oil and specialty hydrocarbon refining, blending and terminal operations, which activities are subject to stringent federal, regional, state and local laws and regulations governing worker health and safety, the discharge of materials into the environment and environmental protection. These laws and regulations impose legal standards and obligations that are applicable to our operations, such as requiring the acquisition of permits to conduct regulated activities, restricting the manner in which we may release materials into the environment, requiring remedial activities to mitigate pollution from former or current operations that may include incurring capital expenditures to limit or prevent unauthorized releases from our equipment and facilities, requiring the application of specific health and safety criteria addressing worker protection and imposing substantial liabilities for pollution resulting from our operations. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties; the imposition of investigatory, remedial or corrective action obligations or the incurrence of capital expenditures; the occurrence of restrictions, delays or cancellations in the permitting, development or expansion of projects; and the issuance of injunctive relief limiting or prohibiting our activities in a particular area.

Moreover, certain of these laws impose joint and several strict liability for costs required to remediate and restore sites where petroleum hydrocarbons, wastes or other materials have been disposed of or released. In addition, new environmental and worker safety laws and regulations, amendment of existing laws and regulations, reinterpretation of legal requirements, increased governmental enforcement or other developments could significantly increase our operational or compliance expenditures, including as discussed below in more detail.

Remediation of subsurface contamination continues at certain of our refinery sites and is being overseen by the appropriate state agencies. Based on current investigative and remedial activities, we believe that the cost to control or remediate the soil and groundwater contamination at these refineries will not have a material adverse effect on our financial condition. However, such costs are often unpredictable and, therefore, there can be no assurance that the future costs of these remedial projects will not become material.

Great Falls Refinery

In connection with the acquisition of the Great Falls refinery from Connacher Oil and Gas Limited (“Connacher”), we became a party to an existing 2002 Refinery Initiative Consent Decree (the “Great Falls Consent Decree”) with the EPA and the Montana Department of Environmental Quality (the “MDEQ”). The material obligations imposed by the Great Falls Consent Decree have been completed. On September 27, 2012, Montana Refining Company, Inc., received a final Corrective Action Order on Consent, replacing the refinery’s previously held hazardous waste permit. This Corrective Action Order on Consent governs the investigation and remediation of contamination at the Great Falls refinery. We believe the majority of damages related to such contamination at the Great Falls refinery are covered by a contractual indemnity provided by a subsidiary of HollyFrontier Corporation (“the Seller”), the owner and operator of the Great Falls refinery prior to its acquisition by Connacher, under an asset purchase agreement between the Seller and Connacher, pursuant to which Connacher acquired the Great Falls refinery. Under this asset purchase agreement, the Seller agreed to indemnify Connacher and Montana Refining Company, Inc., subject to timely notification, certain conditions and certain monetary baskets and caps, for environmental conditions arising under the Seller’s ownership and operation of the Great Falls refinery and existing as of the date of sale to Connacher. During 2014, HollyFrontier Corporation (“Holly”) provided us a notice challenging our position that the Seller is obligated to indemnify our remediation expenses for environmental conditions to the extent arising under Holly’s ownership and operation of the refinery and existing as of the date of sale to Connacher. On September 22, 2015, we initiated a lawsuit against Holly and the Sellers. On November 24, 2015, Holly and the Sellers filed a motion to dismiss the case pending arbitration. On February 10, 2016, the court ordered that all of the claims be addressed in arbitration. The arbitration panel conducted the first phase of the arbitration in July 2018 and issued its ruling on September 13, 2018. In its ruling, the arbitration panel confirmed that the sellers of the Great Falls refinery retained the liability for all pre-closing contamination with respect to third-party claims indefinitely and with respect to first party claims for which the sellers received notice within five years after the sale of the refinery, which claims are subject to the requirements otherwise set forth in the asset purchase agreement. The second phase of the arbitration regarding damages began in April 2019. The arbitration panel issued its final ruling on August 25, 2019. Among other things, the panel denied the Company’s demands for reimbursement for costs already incurred by the Company but left open the Company’s ability to make future claims. The Company expects that it may incur costs to remediate other environmental conditions at the Great Falls refinery. The Company currently believes that these other costs it may incur will not be material to its financial position or results of operations.

Air Emissions

Our operations are subject to the federal Clean Air Act, as amended ("CAA"), and comparable state and local laws. Amendments made to the CAA in 1990 require most industrial operations in the U.S. to incur capital expenditures to meet the air emission control standards that are developed and implemented by the EPA and state environmental agencies. Under the CAA, facilities that emit regulated air pollutants are subject to stringent regulations, including requirements to install various levels of control technology on sources of pollutants. In addition, in recent years, the petroleum refining sector has become subject to stringent federal regulations that impose maximum achievable control technology ("MACT") on refinery equipment emitting certain listed hazardous air pollutants. Some of our facilities have been included within the categories of sources regulated by MACT rules. Our refining and terminal operations that emit regulated air pollutants are also subject to air emissions permitting requirements that incorporate stringent control technology requirements for which we may incur significant capital expenditures. Any renewal of those air emissions permits or a need to modify existing or obtain new air emissions permits has the potential to delay the development of our projects. We can provide no assurance that future compliance with existing or any new laws, regulations or permit requirements will not have a material adverse effect on our business, financial position or results of operations. For example, in 2015, the EPA issued a final rule under the CAA making the National Ambient Air Quality Standard ("NAAQS") for ground-level ozone more stringent. Since that time, the EPA has issued area designations with respect to ground-level ozone and final requirements that apply to state, local and tribal air agencies for implementing the 2015 NAAQS for ground-level ozone. States are expected to implement more stringent requirements as a result of this new final rule, which could apply to our operations. Also, in 2015, the EPA published a final rule that amended three refinery standards already in effect, imposing additional or, in some cases, new emission control requirements on subject refineries. The final rule requires, among other things, the monitoring of air concentrations of benzene around the refinery fence line perimeter and submittal of the fence line monitoring data to the EPA on a quarterly basis; upgraded emissions controls for storage tanks, including controls for smaller capacity storage vessels and storage vessels storing materials with lower vapor pressures than previously regulated; enhanced performance requirements for flares including the use of a minimum of three pollution prevention measures, continuous monitoring of flares and pressure release devices and analysis and remedy of flare release events; and compliance with emissions standards for delayed coking units. These final rules and any other future air emissions rulemakings could impact us by requiring installation of new emission controls on some of our equipment, resulting in longer permitting timelines, and significantly increasing our capital expenditures and operating costs, which could adversely impact our business.

From time to time the CAA authorizes the EPA to require modifications in the formulation of the refined transportation fuel products we manufacture in order to limit the emissions associated with the fuel product's final use. For example, in February 2000, the EPA published regulations limiting the sulfur content allowed in gasoline. These regulations, referred to as "Tier 2 Standards," required the phase-in of gasoline sulfur standards beginning in 2004, with special provisions for small refiners and for refiners serving those western U.S. states exhibiting lesser air quality problems. Similarly, the EPA published regulations that limit the sulfur content of highway diesel beginning in 2006 from its former level of 500 parts per million ("ppm") to 15 ppm (the "ultra-low sulfur standard"). Our Shreveport and Great Falls refineries have implemented the sulfur standard with respect to produced gasoline and produced diesel meeting the ultra-low sulfur standard. In 2014, the EPA published more stringent sulfur standards, referred to as "Tier 3 Standards," including requiring that motor gasoline will not contain more than 10 ppm of sulfur on an annual average basis by January 1, 2017, except in those instances where refineries received a "small refinery" exemption, in which event the deadline was extended to January 1, 2020. Our Shreveport and Great Falls refineries are fully compliant with the 10 ppm sulfur standard with respect to produced gasoline. In addition, we are required to meet the MSAT II Standards adopted by the EPA to reduce the benzene content of motor gasoline produced at our facilities and have completed capital projects at our Shreveport and Great Falls refineries to comply with those fuel quality requirements.

The EPA has issued RFS mandates, requiring refiners such as us to blend renewable fuels into the petroleum fuels they produce and sell in the United States. We, and other refiners subject to RFS, may meet the RFS requirements by blending the necessary volumes of renewable transportation fuels produced by us or purchased from third parties. To the extent that refiners will not or cannot blend renewable fuels into the products they produce in the quantities required to satisfy their obligations under the RFS program, those refiners may purchase renewable credits, referred to as RINs, to maintain compliance. To the extent that we exceed the minimum volumetric requirements for blending of renewable transportation fuels, we generate our own RINs for which we have the option of retaining the RINs for current or future RFS compliance or selling those RINs on the open market. It is possible we could find ourselves unable to blend sufficient quantities of ethanol and biodiesel to meet our requirements and would, therefore, have to purchase an increasing number of RINs. It is not possible at this time to predict with certainty what those volumes or costs may be. Existing laws and regulations could change, and the minimum volumes of renewable fuels that must be blended with refined petroleum fuels may increase. For more information on the RFS program, our participation in the program and risks associated with the program, see the following Risk Factor under Part I, Item 1A of this Form 10-K: *"Renewable transportation fuels mandates may reduce demand for the petroleum fuels we produce, which could have a material adverse effect on our results of operations and financial condition and our ability to make distributions to our unitholders and payments to our debt obligations."*

Climate Change

Climate change continues to attract considerable public, governmental and scientific attention in the U.S. and foreign countries. As a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of greenhouse gases ("GHG") or to control such future emissions. Consequently, it is possible that our operations as well as the operations of our customers may become subject to a series of regulatory, political, litigation and financial risks associated with the processing of fossil fuels and/or emissions of GHGs. The adoption of international, federal, regional or state legislation or regulations or other regulatory initiatives that impose more stringent standards for GHG emissions could require us to incur increased compliance costs or affect the price or availability of certain of our feedstocks or products.

At the federal level, no comprehensive climate change legislation has been implemented to date. However, the EPA has determined that GHG emissions present a danger to public health and the environment and has adopted regulations under existing provisions of the federal CAA that, among other things: establish that Prevention of Significant Deterioration ("PSD") construction permit programs and Title V operating permit programs will include reviews for GHG emissions from certain large stationary sources that are also potential major sources of criteria pollutant emissions; require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources; implement CAA emission new source performance standards ("NSPS") directing the reduction of methane from certain new, modified or reconstructed facilities in the oil and natural gas sector; and together with the U.S. Department of Transportation ("DOT"), implement GHG emissions limits on vehicles manufactured for operation in the United States. Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, there exists the United Nations-sponsored "Paris Agreement," which is a non-binding agreement for nations to limit their GHG emissions through individually determined reduction goals every five years after 2020. Although the United States had announced its withdrawal from such agreement, effective November 4, 2020, the United States announced that it has rejoined the Paris Agreement effective February 19, 2021.

There are also increasing financial risks for fossil fuel producers, as stockholders and bondholders currently invested in fossil-fuel energy companies may elect in the future to shift some or all of their investments into non-fossil fuel energy related sectors. Institutional lenders who provide financing to fossil-fuel energy companies are beginning to define sustainable lending practices and there is the possibility that financial institutions will adopt policies that limit funding for fossil fuel energy companies, as governmental and nongovernmental institutions focus on addressing climate-related risks in the financial sector.. Although we are not an oil or gas producer, it is possible that limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities which could affect the price or availability of certain of our feedstocks.

It should also be noted that some scientists have concluded that increasing concentrations of GHG in the earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events; if any such effects were to occur, they could have an adverse effect on our operations.

Hazardous Substances and Wastes

The Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), also known as the "Superfund" law, and comparable state laws impose liability without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. Such classes of persons include the current and past owners and operators of sites where a hazardous substance was released and companies that disposed or arranged for disposal of hazardous substances at offsite locations, such as landfills. Under CERCLA, these "responsible persons" may be subject to joint and several, strict liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources, and for the costs of certain health studies. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances into the environment. In the course of our operations, we generate wastes or handle substances that may be regulated as hazardous substances, and we could become subject to liability under CERCLA and comparable state laws.

We also may incur liability under the Resource Conservation and Recovery Act, as amended ("RCRA"), and comparable state laws, which impose requirements related to the handling, storage, treatment and disposal of hazardous and non-hazardous wastes. In the course of our operations, we generate petroleum product wastes and ordinary industrial wastes that may be regulated as hazardous wastes. In addition, our operations also generate non-hazardous solid wastes, which are regulated under RCRA and state laws. Historically, our environmental compliance costs under the existing requirements of RCRA and similar state and local laws have not had a material adverse effect on our results of operations, and the cost involved in complying with these requirements is not material.

We currently own or operate, and have in the past owned or operated, properties that for many years have been used for refining and terminal activities. These properties in the past may have been operated by third parties whose treatment and disposal or release of petroleum hydrocarbons and wastes were not under our control. Although we used operating and disposal practices that were standard in the industry at the time, petroleum hydrocarbons or wastes have been released on or under the properties owned or operated by us. These properties and the materials disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove or remediate previously disposed wastes or property contamination or to perform remedial activities to prevent future contamination.

In addition, new laws and regulations, amendment of existing laws and regulations, reinterpretation of legal requirements, increased governmental enforcement or other developments could significantly increase our operational or compliance expenditures.

Water Discharges

The Federal Water Pollution Control Act of 1972, as amended, also known as the federal Clean Water Act, and analogous state laws impose restrictions and stringent controls on the discharge of pollutants, including oil, into regulated waters. Such discharges are prohibited, except in accordance with the terms of a permit issued by the EPA or the appropriate state agencies. Any unpermitted release of pollutants, including crude oil or hydrocarbon specialty oils as well as refined products, could result in penalties, as well as significant remedial obligations. Spill prevention, control, and countermeasure requirements of federal laws require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture, or leak. In 2017, the EPA issued a questionnaire soliciting data from nine petroleum refining companies related to their wastewater characteristics. The request pertains to the types of processing units, wastewater treatment technologies, and related information. It is our understanding that the EPA is expected to use the data collected in this request to evaluate water use, wastewater generation, pollution prevention, and wastewater management, treatment, and disposal. Historically, our environmental compliance costs under the existing requirements of the federal Clean Water Act and similar state laws have not had a material adverse effect on our results of operations but these laws and their implementing regulations are subject to change and there can be no assurance that such future costs will not be material.

The primary federal law for oil spill liability is the Oil Pollution Act of 1990, as amended ("OPA"), which addresses three principal areas of oil pollution — prevention, containment and cleanup. The OPA applies to vessels, offshore facilities and onshore facilities, including refineries, terminals and associated facilities that may affect waters of the U.S. Under the OPA, responsible parties, including owners and operators of onshore facilities, may be subject to oil cleanup costs and natural resource damages as well as a variety of public and private damages from oil spills. Historically, our past environmental compliance costs under the existing requirements of the OPA have not had a material adverse effect on our results of operations but this law and its implementing regulations are subject to change and there can be no assurance that such future costs will not be material.

Occupational Health and Safety

We are subject to various laws and regulations relating to occupational health and safety, including the federal Occupational Safety and Health Act, as amended, and comparable state laws. These laws and regulations strictly govern the protection of the health and safety of employees. In addition, OSHA's hazard communication standard, the EPA's community right-to-know regulations under Title III of CERCLA and similar state statutes require that we maintain information about hazardous materials used or produced in our operations and provide this information to employees, contractors, state and local government authorities and customers. We maintain safety and training programs as part of our ongoing efforts to ensure compliance with applicable laws and regulations. We conduct periodic audits of Process Safety Management ("PSM") systems at each of our locations subject to the PSM standard. Our compliance with applicable health and safety laws and regulations has required, and continues to require, substantial expenditures. Changes in occupational safety and health laws and regulations or a finding of non-compliance with current laws and regulations could result in additional capital expenditures or operating expenses, as well as civil penalties and, in the event of a serious injury or fatality, criminal charges.

Other Environmental and Maintenance Items

We perform preventive and normal maintenance on most, if not all, of our refining and terminal assets and make repairs and replacements when necessary or appropriate. We also conduct inspections of these assets as required by law or regulation.

Insurance

Our operations are subject to certain hazards of operations, including fire, explosion and weather-related perils. We maintain insurance policies, including business interruption insurance for each of our facilities, with insurers in amounts and with coverage and deductibles that we, with the advice of our insurance advisors and brokers, believe are reasonable and prudent. We cannot, however, ensure that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that these levels of insurance will be available in the future at economical prices. We are not fully insured against certain risks because such risks are not fully insurable, coverage is unavailable, or premium costs, in our judgment, do not justify such expenditures.

Seasonality

The operating results for the fuel products segment, including the asphalt products we produce, generally follow seasonal demand trends. Asphalt demand is generally lower in the first and fourth quarters of the year, as compared to the second and third quarters, due to the seasonality of the road construction and roofing industries we supply. Demand for gasoline and diesel is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic. In addition, our natural gas costs can be higher during the winter months, as demand for natural gas as a heating fuel increases during the winter. As a result, our operating results for the first and fourth calendar quarters may be lower than those for the second and third calendar quarters of each year due to seasonality related to these and other products that we produce and sell.

Properties

We own and lease the principal properties which are listed below. The principal properties which we own, as well as others not listed below, are pledged as collateral under our Collateral Trust Agreement as discussed in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Master Derivative Contracts and Collateral Trust Agreement." We believe that all properties are suitable for their intended purpose, are being efficiently utilized and provide adequate capacity to meet demand for the next several years.

Property	Business Segment(s)	Acres	Owned / Leased	Location
Shreveport refinery	Fuels and Specialty	240	Owned	Shreveport, Louisiana
Great Falls refinery	Fuels	86	Owned	Great Falls, Montana
Princeton refinery	Specialty	208	Owned	Princeton, Louisiana
Cotton Valley refinery	Specialty	77	Owned	Cotton Valley, Louisiana
Burnham terminal	Specialty	11	Owned	Burnham, Illinois
Karns City facility	Specialty	225	Owned	Karns City, Pennsylvania
Dickinson facility	Specialty	28	Owned	Dickinson, Texas
Missouri facility	Specialty	22	Owned	Louisiana, Missouri
Calumet Packaging facility	Specialty	10	Leased	Shreveport, Louisiana
Royal Purple facility	Specialty	23	Owned	Porter, Texas

In addition to the items listed above, we lease or own a number of storage tanks, railcars, warehouses, equipment, land, crude oil loading facilities and precious metals.

Intellectual Property

Our patents relating to our refining operations are not material to us as a whole. Our products consist of composition patents which are integral to the formulas of our products. We own, have registered or applied for registration of a variety of tradenames, service marks and trademarks for us in our business. The trademarks, tradenames and design marks under which we conduct our branded business (including Royal Purple, Bel-Ray and TruFuel) and other trademarks employed in the marketing of our products are integral to our marketing operations. We also license intellectual property rights from third parties. We are not aware of any facts as of the date of this filing which would negatively impact our continuing use of our tradenames, service marks or trademarks.

Office Facilities

In addition to our principal properties discussed above, as of December 31, 2020, we were a party to a number of cancelable and noncancelable leases for certain properties, including our corporate headquarters in Indianapolis, Indiana. The corporate headquarters lease is for 58,501 square feet of office space. The lease term expires in August 2024. Please read Note 6 “Leases” in Part II, Item 8 “Financial Statements and Supplementary Data” of this Annual Report for additional information regarding our leases.

While we may require additional office space as our business expands, we believe that our existing facilities are adequate to meet our needs for the immediate future and that additional facilities will be available on commercially reasonable terms as needed.

Employees

As of March 3, 2021, our general partner employs approximately 1,400 people who provide direct support to our operations. Of these employees, approximately 500 are covered by collective bargaining agreements.

Employees at the following locations are covered by the following separate collective bargaining agreements:

Facility/ Refinery	Union	Expiration Date
Cotton Valley	International Union of Operating Engineers	January 15, 2023
Princeton	International Union of Operating Engineers	August 20, 2024
Dickinson	International Union of Operating Engineers	December 12, 2021
Shreveport	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union	April 30, 2022
Missouri	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union	April 30, 2022
Karns City	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied-Industrial and Service Workers International Union	January 31, 2023
Great Falls	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied-Industrial and Service Workers International Union	July 31, 2022

None of the employees at the Calumet Packaging facility, the Royal Purple facility or at the Burnham terminal are covered by collective bargaining agreements. Our general partner considers its employee relations to generally be good, with no history of work stoppages.

Address, Internet Website and Availability of Public Filings

Our principal executive offices are located at 2780 Waterfront Parkway East Drive, Suite 200, Indianapolis, Indiana, 46214 and our telephone number is (317) 328-5660. Our website is located at http://www.calumetspecialty.com.

Our Securities and Exchange Commission ("SEC") filings are available on our website as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC. We make available, free of charge on our website, our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These documents are located on our website at http://www.calumetspecialty.com by selecting the "Investor Relations" link, and then selecting the Financial Reporting" link and then selecting the "SEC Filings" link. We also make available, free of charge on our website, our Charters for the Audit & Finance, Compensation and Conflicts Committees, Related Party Transactions Policy and Code of Business Conduct and Ethics. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of either of the Code of Business Conduct and Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer and other persons performing similar functions by posting such information on our website. These documents are located on our website at http://www.calumetspecialty.com by selecting the "Investor Relations" link and then selecting the "Management" link, and then selecting the "Corporate Governance" link. All reports and documents filed with the SEC are also available via the SEC website, http://www.sec.gov.

The above information is available to anyone who requests it and is free of charge either in print from our website or upon request by contacting Investor Relations using the contact information listed above. Information on our website is not incorporated into this Annual Report or our other securities filings and is not a part of them.

Item 1A. *Risk Factors*

Risks Related to our Business

Results of Operations and Financial Condition

Our business depends on hydrocarbon supply and demand fundamentals, which can be adversely affected by numerous macroeconomic factors outside of our control and which may in turn impact our operational and financial performance, including our ability to execute our business strategies in the expected time frame.

Such macroeconomic factors include:

- Reduction in the demand for, and the marketability of, our specialty hydrocarbon products, fuel and other refined products due to governmental regulations, including travel bans and restrictions, quarantines, shelter in place orders, and shutdowns;
- increased volatility in product margins;
- the health of our workforce and their access to our facilities due to a pandemic, epidemic or widespread outbreak of an infectious disease, which could result in a full or partial shutdown of our facilities if a significant portion of the workforce at a facility is impacted;
- the ability or willingness of our suppliers to provide crude oil or other raw materials, equipment, services or supplies for our operations or otherwise fulfill their contractual obligations, which could reduce our production levels or otherwise impact our ability to deliver refined or finished lubricant products timely or at all;
- the ability or willingness of our customers to fulfill their contractual obligations or any material reduction in, or loss of, orders or revenue from our customers;
- occurrence of operational hazards, including terrorism, cyberattacks or domestic vandalism, as well as information system failures or communication network disruptions;
- increased cost and reduced availability of capital for growth or maintenance expenditures;
- availability and operability of terminals, tankage and pipelines that store and transport crude oil and refined and specialty hydrocarbon products;
- the amount of our borrowing base under our revolving credit facility and our ability to issue letters of credit or the requirement that we post substantial amounts of credit support;
- the impairment of our equity method investments, our long-lived assets or goodwill, which could reduce our earnings;
- increased costs of operation in relation to the COVID-19 outbreak, which costs may not be recoverable or adequately covered by insurance; and
- the impact of any economic downturn, recession or other disruption of the U.S. and global economies and financial and commodity markets.

While it is not possible to predict their extent or duration, the effects of the COVID-19 pandemic and the extended period of low commodity prices and impact on the demand for specialty hydrocarbon products, as the industry is currently experiencing, could have a negative impact on our business, financial condition, and results of operations.

Refining margins are volatile, and a reduction in our refining margins will adversely affect the amount of cash we will have available to operate our business and for payments of our debt obligations.

The costs to acquire our feedstocks and the prices at which we can ultimately sell our products depend upon numerous factors beyond our control. When the margin between product sales prices and feedstock costs tightens, our earnings, profitability and cash flows are negatively impacted.

A widely used benchmark to track margins in the fuel products industry is the Gulf Coast 2/1/1 crack spread (“Gulf Coast crack spread”), which represents the gross margin assuming that two barrels of a benchmark crude oil are converted, or cracked, into one barrel of gasoline and one barrel of diesel. The Gulf Coast 2/1/1 crack spread ranged from a high of $16.79 per barrel excluding April 2020 negative crude price to a low of $3.91 per barrel during 2020 and averaged $9.40 per barrel during 2020 compared to an average of $18.06 in 2019.

Our actual fuels product margins may vary from the Gulf Coast crack spread due to the actual crude oil used and products produced, transportation costs, regional differences, and the timing of the purchase of the feedstock and sale of the refined products, but we use the Gulf Coast crack spread as an indicator of the volatility and general levels of fuels refining margins.

Our specialty product margins are influenced by the commodity price of crude oil. If crude oil prices increase, our specialty products segment margins will fall unless we are able to pass through these price increases to our customers. Increases in selling prices for specialty products typically lag behind the rising cost of crude oil and may be difficult to implement quickly enough when crude oil costs increase dramatically over a short period of time. It is possible we may not be able to pass through all or any portion of increased crude oil costs to our customers. In addition, although we hedge a portion of our commodity price risk, it is not our intent to completely eliminate our commodity risk through our hedging activities.

We have identified a material weakness in our internal control over financial reporting which, if not remediated, could result in material misstatements in our financial statements.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements may not be prevented or detected on a timely basis. As of December 31, 2020, we have identified a material weakness in internal control over financial reporting that pertains to the untimely and insufficient operation of controls in the financial statement close process, including lack of timely account reconciliation, analysis and review related to all financial statement accounts.

Although we have developed and implemented a plan to remediate the material weakness and believe, based on our evaluation to date, that the material weakness will be remediated in a timely fashion, we cannot assure you that this will occur within a specific timeframe. The material weakness will not be remediated until all necessary internal controls have been designed, implemented, tested and determined to be operating effectively. In addition, we may need to take additional measures to address the material weakness or modify the planned remediation steps, and we cannot be certain that the measures we have taken, and expect to take, to improve our internal controls will be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weakness will not result in a material misstatement of our consolidated financial statements. Moreover, we cannot assure you that we will not identify additional material weaknesses in our internal control over financial reporting in the future.

Until we remediate the material weakness, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and forms of the SEC, could be adversely affected. This failure could negatively affect the market price and trading liquidity of our common units, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties and generally materially and adversely impact our business and financial condition.

Our hedging activities may not be effective in reducing the volatility of our cash flows or may reduce our earnings, profitability and cash flows.

From time to time, we utilize derivative financial instruments related to the future price of crude oil, natural gas, fuel products (or their relationship with each other) with the intent of reducing volatility in our cash flows due to fluctuations in commodity prices and spreads. We have also occasionally utilized derivative instruments related to interest rates for future periods with the intent of reducing volatility in our cash flows due to fluctuations in interest rates. We are not able to enter into derivative financial instruments to reduce the volatility of the prices of the specialty products we sell as there is no established derivative market for such products.

We limit our derivative transactions to only a portion of the volume of our expected purchase and sales requirements and, as a result, we will continue to have direct commodity price exposure to the unhedged portion of our expected purchase and sales requirements. Thus, we could be exposed to significant crude oil cost increases on a portion of our purchases.

Our actual future purchase and sales requirements may be significantly higher or lower than we estimate at the time we enter into derivative transactions for such period. If the actual amount is higher than we estimate, we will have greater commodity price exposure than we intended. If the actual amount is lower than the amount that is subject to our derivative financial instruments, we might be forced to satisfy all or a portion of our derivative transactions without the benefit of the cash flow from our sale or purchase of the underlying physical commodity, which may result in a substantial diminution of our liquidity. As a result, our hedging activities may not be as effective as we intend in reducing the volatility of our cash flows. In addition, our hedging activities are subject to the risks that a counterparty may not perform its obligations under the applicable derivative instrument, the terms of the derivative instruments are imperfect, and our hedging policies and procedures are not properly followed. It is possible that the steps we take to monitor our derivative financial instruments may not detect and prevent violations of our risk management policies and procedures, particularly if deception or other intentional misconduct is involved.

Decreases in the price of crude oil may lead to a reduction in the borrowing base under our revolving credit facility and our ability to issue letters of credit or the requirement that we post substantial amounts of cash collateral for derivative instruments, which could adversely affect our liquidity, financial condition and our ability to distribute cash to our unitholders.

We rely on borrowings and letters of credit under our revolving credit facility to purchase crude oil or other feedstocks for our facilities, lease certain precious metals for use in our refinery operations and enter into derivative instruments of crude oil and natural gas purchases and fuel products sales. From time to time, we also rely on our ability to issue letters of credit to enter into certain hedging arrangements in an effort to reduce our exposure to adverse fluctuations in the prices of crude oil, natural gas and crack spreads. The borrowing base under our revolving credit facility is determined weekly or monthly depending upon availability levels or the existence of a default or event of default. Reductions in the value of our inventories as a result of lower crude oil prices could result in a reduction in our borrowing base, which would reduce the amount of financial resources available to meet our operating requirements. If, under certain circumstances, our available capacity under our revolving credit facility falls below certain threshold amounts, or a default or event of default exists, then our cash balances in a dominion account established with the administrative agent will be applied on a daily basis to our outstanding obligations under our revolving credit facility. In addition, decreases in the price of crude oil or increases in crack spreads may require us to post substantial amounts of cash collateral to our hedging counterparties in order to maintain our derivative instruments. If, due to our financial condition or other reasons, the borrowing base under our revolving credit facility decreases, we are limited in our ability to issue letters of credit or we are required to post substantial amounts of cash collateral to our hedging counterparties, our liquidity, financial condition and our ability to resume distributions of cash to our unitholders could be materially and adversely affected. Please read Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt and Credit Facilities” for additional information.

We depend on certain third-party pipelines for transportation of crude oil and refined fuel products, and if these pipelines become unavailable to us, our revenues and cash available for distributions to our unitholders and payment of our debt obligations could decline.

Our Shreveport refinery is interconnected to a pipeline that supplies a portion of its crude oil and a pipeline that ships a portion of its refined fuel products to customers, such as pipelines operated by subsidiaries of Enterprise Products Partners L.P. and Plains. Our Great Falls refinery receives crude oil through the Front Range pipeline system via the Bow River Pipeline in Canada. Since we do not own or operate any of these pipelines, their continuing operation is not within our control. The unavailability of any of these third-party pipelines for the transportation of crude oil or our refined fuel products, because of acts of God, accidents, earthquakes or hurricanes, government regulation, terrorism or other third-party events, could lead to disputes or litigation with certain of our suppliers or a decline in our sales, net income and cash available for distributions to our unitholders and payments of our debt obligations.

The price volatility of utility services may result in decreases in our earnings, profitability and cash flows.

The volatility in costs of natural gas and other utility services, principally electricity, used by our refinery and other operations affect our net income and cash flows. Natural gas and utility prices are affected by factors outside of our control, such as supply and demand in both local and regional markets. Natural gas prices have historically been volatile.

For example, daily prices for natural gas as reported on the NYMEX ranged between $3.35 and $1.48 per million British thermal unit (“MMBtu”) in 2020, and between $3.59 and $2.07 per MMBtu in 2019. Typically, electricity prices fluctuate with natural gas prices. Future increases in natural gas and utility prices may have a material adverse effect on our results of operations. Natural gas and utility costs constituted approximately 10.1% and 12.1% of our total operating expenses included in cost of sales for the years ended December 31, 2020 and 2019, respectively. If our natural gas costs rise, they will adversely affect the amount of cash available for distribution to our unitholders and payments of our debt obligations.

Our refineries, blending and packaging sites, terminals and related facility operations face operating hazards, and the potential limits on insurance coverage could expose us to potentially significant liability costs.

Our refineries, blending and packaging sites, terminals and related facility operations are subject to certain operating hazards, and our cash flow from those operations could decline if any of our facilities experience a major accident, pipeline rupture or spill, explosion or fire, is damaged by severe weather or other natural disaster, or otherwise is forced to curtail its operations or shut down. These operating hazards could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental damage. One or more of these developments may result in significant curtailment or suspension of our related operations.

Although we maintain insurance policies, including personal and property damage and business interruption insurance for each of our facilities, we cannot ensure that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or significant interruption of operations. Our business interruption insurance will not apply unless a business interruption exceeds 60 days. Furthermore, we may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. In addition, we are not fully insured against all risks incident to our business because certain risks are not fully insurable, coverage is unavailable, or premium costs, in our judgment, do not justify such expenditures. For example, we are not insured for all environmental liabilities, including, but not limited to, product spills and other releases at all of our facilities. If we were to incur a significant liability for which we are not insured or fully insured, it could affect our financial condition and diminish our ability to make distributions to our unitholders and payments of our debt obligations.

Downtime for maintenance at our refineries and facilities will reduce our revenues and cash available for distributions to our unitholders and payments of our debt obligations.

Our refineries and facilities consist of many processing units, a number of which have been in operation for a long time. One or more of the units may require additional unscheduled downtime for unanticipated maintenance or repairs that are more frequent than our scheduled turnaround for each unit every one to five years. Scheduled and unscheduled maintenance reduce our revenues and increase our operating expenses during the period of time that our processing units are not operating and could limit our ability to resume making distributions to our unitholders and make payments of our debt obligations.

An impairment of our long-lived assets or goodwill could reduce our earnings or negatively impact our financial condition and results of operations.

We continually monitor our business, the business environment and the performance of our operations to determine if an event has occurred that indicates that an equity method investment, a long-lived asset or goodwill may be impaired. If an event occurs, which is a determination that involves judgment, we may be required to utilize cash flow projections to assess our ability to recover the carrying value based on the ability to generate future cash flows. Our long-lived assets and goodwill impairment analyses are sensitive to changes in key assumptions used in our analysis, such as expected future cash flows, the degree of volatility in equity and debt markets and our unit price. If the assumptions used in our analysis are not realized, it is possible a material impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any impairment of long-lived assets or goodwill. Further, as we continue to develop our strategy regarding certain of our non-core assets, we will need to continue to evaluate the carrying value of those assets. Any additional impairment charges that we may take in the future could be material to our results of operations and financial condition.

We face substantial competition from other refining companies.

The refining industry is highly competitive. Our competitors include large, integrated, major or independent oil companies that, because of their more diverse operations, larger refineries or stronger capitalization, may be better positioned than we are to withstand volatile industry conditions, including shortages or excesses of crude oil or refined products or intense price competition at the wholesale level. If we are unable to compete effectively, we may lose existing customers or fail to acquire new customers. For example, if a competitor attempts to increase market share by reducing prices, our operating results and cash available for distribution to our unitholders and payments of our debt obligations could be reduced.

A decrease in the demand for our specialty products could adversely affect our ability to resume distributions to our unitholders and to make payments of our debt obligations.

Changes in our customers' products or processes may enable our customers to reduce consumption of the specialty products that we produce or make our specialty products unnecessary. Should a customer decide to use a different product due to price, performance or other considerations, we may not be able to supply a product that meets the customer's new requirements. In addition, the demand for our customers' end products could decrease, which could reduce their demand for our specialty products. Our specialty products customers are primarily in the industrial goods, consumer goods and automotive goods industries and we are therefore susceptible to overall economic conditions, which may change demand patterns and products in those industries. Consequently, it is important that we develop and manufacture new products to replace the sales of products that mature and decline in use. If we are unable to manage successfully the maturation of our existing specialty products and the introduction of new specialty products, our revenues, net income and cash available for distribution to our unitholders and payments of our debt obligations could be reduced.

A decrease in demand for fuel products in the markets we serve could adversely affect our ability to resume distributions to our unitholders and to make payments of our debt obligations.

Any sustained decrease in demand for fuel products in the markets we serve could result in a significant reduction in our cash flows, reducing our ability to make distributions to unitholders and payments of our debt obligations. Factors that could lead to a decrease in market demand include, among others:

- a recession, global or national health crisis or other adverse economic condition that results in lower spending by consumers on gasoline, diesel and travel;
- higher fuel taxes or other governmental or regulatory actions that increase, directly or indirectly, the cost of fuel products;
- an increase in fuel economy or the increased use or competitiveness of alternative fuel sources such as wind, solar, geothermal or tidal;
- an increase in the market price of crude oil that leads to higher refined product prices, which may reduce demand for fuel products;
- competitor actions; and
- availability of raw materials.

We depend on unionized labor for the operation of many of our facilities. Any work stoppages or labor disturbances at these facilities could disrupt our business.

Substantially all of our operating personnel at our Shreveport, Great Falls, Princeton, Cotton Valley, Karns City, Dickinson, Calumet Packaging and Missouri facilities are employed under collective bargaining agreements. If we are unable to renegotiate these agreements as they expire, any work stoppages or other labor disturbances at these facilities could have an adverse effect on our business and impact our ability to make distributions to our unitholders and payments of our debt obligations. In addition, employees who are not currently represented by labor unions may seek union representation in the future, and any renegotiation of current collective bargaining agreements may result in terms that are less favorable to us.

Because of the volatility of crude oil and refined products prices, our method of valuing our inventory may result in decreases in net income.

The nature of our business requires us to maintain substantial quantities of crude oil and refined product inventories. Because crude oil and refined products are essentially commodities, we have no control over the changing market value of these inventories. Because our inventory is valued at the lower of cost or market (“LCM”) value, if the market value of our inventory were to decline to an amount less than our cost, we would record a write-down of inventory and a non-cash charge to cost of sales. In a period of decreasing crude oil or refined product prices, our inventory valuation methodology may result in decreases in net income. For example, due to the decrease in crude oil prices in the fourth quarter of 2019, we recorded an unfavorable LCM inventory adjustment of $35.6 million.

The operating results for our fuel products segment, including the asphalt we produce and sell, are seasonal and generally lower in the first and fourth quarters of the year.

The operating results for our fuel products segment, including the selling prices of asphalt products we produce, can be seasonal. Asphalt demand is generally lower in the first and fourth quarters of the year as compared to the second and third quarters due to the seasonality of road construction. Demand for gasoline is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic. In addition, our natural gas costs can be higher during the winter months. Our operating results for the first and fourth calendar quarters may be lower than those for the second and third calendar quarters of each year as a result of this seasonality.

We depend on key personnel for the success of our business and the loss of those persons could adversely affect our business and our ability to make distributions to our unitholders and payments of our debt obligations.

The loss of the services of any member of senior management or key employee could have an adverse effect on our business and reduce our ability to resume making distributions to our unitholders and payments of our debt obligations. We may not be able to locate or employ on acceptable terms qualified replacements for senior management or other key employees if their services were no longer available. We do not maintain any key-man life insurance.

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

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. We depend on information technology systems. In addition, our use of the internet, cloud services and other public networks exposes our business and that of other third parties with whom we do business to cyber-attacks that attempt to gain unauthorized access to data and systems, intentional or inadvertent releases of confidential information, corruption of data and disruption of critical systems and operations. Despite the security measures we have in place and any additional measures we may implement in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, acts of vandalism or other events. Any disruption of our systems or security breach or event resulting in the misappropriation, loss or other unauthorized disclosure of confidential information, whether by us directly or our third-party service providers, could damage our reputation, expose us to the risks of litigation and liability, disrupt our business or otherwise affect our results of operations. In addition, as cyber-attacks continue to evolve in magnitude and sophistication, and our reliance on digital technologies continues to grow, we may be required to expend additional resources in order to continue to enhance our cybersecurity measures and to investigate and remediate any digital systems, related infrastructure, technologies and network security vulnerabilities.

We are exposed to trade credit risk in the ordinary course of our business activities.

We are exposed to risks of loss in the event of nonperformance by our customers and by counterparties of our derivative instruments. Some of our customers and counterparties may be highly leveraged and subject to their own operating and regulatory risks. Even if our credit review and analysis mechanisms work properly, we may experience financial losses in our dealings with other parties. Any increase in the nonpayment or nonperformance by our customers and/or counterparties could reduce our ability to make distributions to our unitholders and payments of our debt obligations.

Our common units have a low trading volume compared to other units representing limited partner interests.

Our common units are traded publicly on the NASDAQ Global Select Market under the symbol “CLMT.” However, our common units have a low average daily trading volume compared to many other units representing limited partner interests quoted on the NASDAQ Global Select Market.

The market price of our common units may continue to be volatile and may also be influenced by many factors, some of which are beyond our control, including:

- our quarterly distributions or failure to provide such distributions;
- our quarterly or annual earnings or those of other companies in our industry;
- changes in commodity prices or refining margins;
- loss of a large customer;
- announcements by us or our competitors of significant contracts or acquisitions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic conditions;
- the failure of securities analysts to cover our common units or changes in financial estimates by analysts;
- future sales of our common units; and
- the other factors described in Item 1A “Risk Factors” of this Annual Report.

Customers and Suppliers

Our arrangement with Macquarie exposes us to Macquarie-related credit and performance risk as well as potential refinancing risks.

In March 2017, we entered into several agreements with Macquarie Energy North America Trading Inc. (“Macquarie”) to support the operations of the Great Falls refinery (the “Great Falls Supply and Offtake Agreements”). In June 2017, we entered into similar agreements with Macquarie to support the operations of the Shreveport refinery (the “Shreveport Supply and Offtake Agreements”, and together with the Great Falls Supply and Offtake Agreements, the “Supply and Offtake Agreements”). Pursuant to the Supply and Offtake Agreement, Macquarie has agreed to intermediate crude oil supplies and refined product inventories at our Great Falls and Shreveport refineries. Macquarie will own all of the crude oil in our tanks and substantially all of our refined product inventories prior to our sale of the inventories.

When we executed the Supply and Offtake Agreements, the inventories associated with such agreements were taken out of our revolving credit facility borrowing base. As such, these inventories are not part of our revolving credit facility. Should Macquarie choose to exercise its option to terminate the Supply and Offtake Agreements by giving nine months' notice any time prior to June 2023 of such termination, we would need to seek alternative sources of financing, including putting the inventory back into our revolving credit facility, to meet our obligation to repurchase the inventory at then current market prices. In addition, the cost of repurchasing the inventory may be at higher prices than we sold the inventory. If the price of crude oil is well above the price at which we sold the inventory, we would have to pay more for the inventory than the price we sold the inventory for. If this is the case at the time of termination and we are unable to include the inventory in our borrowing base, we could suffer significant reductions in liquidity when Macquarie terminates the Supply and Offtake Agreements and we have to repurchase the inventories.

We could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of our products to meet certain quality specifications.

Our specialty products provide precise performance attributes for our customers' products. If a product fails to perform in a manner consistent with the detailed quality specifications required by the customer, the customer could seek replacement of the product or damages for costs incurred as a result of the product failing to perform as guaranteed. A successful claim or series of claims against us could result in a loss of one or more customers and impact our ability to make distributions to unitholders and payments of our debt obligations.

Indebtedness; Financing

We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business.

We had approximately $1.3 billion of outstanding indebtedness as of December 31, 2020, and availability for borrowings of approximately $154.4 million under our senior secured revolving credit facility. We have the ability to incur additional debt, including the ability to borrow up to an aggregate principal amount of $600.0 million at any time, subject to borrowing base limitations, under our revolving credit facility. A tranche of the revolving credit facility includes a $25.0 million senior secured first loaned in and last to be repaid out ("FILO") revolving credit facility. Our substantial indebtedness could adversely affect our results of operations, business and financial condition, and our ability to meet our debt obligations and resume payment of distributions to our unitholders. In addition, our level of indebtedness could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired, or such financing may not be available on favorable terms;
- covenants contained in our existing and future credit and debt arrangements will require us to meet financial tests that may affect our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities;
- we will need a substantial portion of our cash flow to make principal and interest payments on our indebtedness, reducing the funds that would otherwise be available for operations, future business opportunities and payments of our debt obligations;
- our ability to execute our acquisition and divestiture strategy; and
- our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy in general.

Any of these factors could result in a material adverse effect on our business, financial conditions, results of operations, business prospects and ability to satisfy our obligations under our senior notes and revolving credit facility.

Our ability to service our indebtedness will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as continuing the suspension of distributions to our unitholders, reducing or delaying our business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all. Please read Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt and Credit Facilities" for additional information regarding our indebtedness.

Our financing arrangements contain operating and financial provisions that restrict our business and financing activities.

The operating and financial restrictions and covenants in our financing arrangements, including our revolving credit facility, indentures governing each series of our outstanding senior notes and master derivative contracts, do currently restrict, and any future financing agreements could restrict, our ability to finance future operations or capital needs or to engage, expand or pursue our business activities, including restrictions on our ability to, among other things:

- sell assets, including equity interests in our subsidiaries;
- pay distributions on or redeem or repurchase our units or redeem or repurchase any subordinated debt and, in the case of the 2024 Secured Notes, our unsecured notes;
- incur or guarantee additional indebtedness or issue preferred units;
- create or incur certain liens;
- make certain acquisitions and investments;
- redeem or repay other debt or make other restricted payments;
- enter into transactions with affiliates;
- enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;
- create unrestricted subsidiaries;
- enter into sale and leaseback transactions;
- enter into a merger, consolidation or transfer or sale of assets, including equity interests in our subsidiaries; and
- engage in certain business activities.

Our revolving credit facility also contains a springing financial covenant which provides that, if availability under the revolving credit facility falls below the sum of the amount of FILO loans outstanding plus the greater of (i) 10.0% of the Borrowing Base (as defined in the Credit Agreement) then in effect, or 15% while the Great Falls, MT refinery is included in the borrowing base, and (ii) $35.0 million (which amount is subject to increase in proportion to revolving commitment increases), then the Company will be required to maintain as of the end of each fiscal quarter a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of at least 1.0 to 1.0.

Our existing indebtedness imposes, and any future indebtedness may impose, a number of covenants on us regarding collateral maintenance and insurance maintenance. As a result of these covenants and restrictions, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

Our ability to comply with the covenants and restrictions contained in our financing arrangements may be affected by events beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants and restrictions may be impaired. A failure to comply with the covenants, ratios or tests in our financing arrangements or any future indebtedness could result in an event of default under these financing arrangements, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. Among other things, in the event of any default on our indebtedness, our debt holders and lenders:

- will not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable;
- could elect to require that all obligations accrue interest at the default rate, if such rate has not already been imposed;
- may have the ability to require us to apply all of our available cash to repay these borrowings;
- may prevent us from making debt service payments under our other agreements, any of which could result in an event of default under our other financing arrangements; or
- in the case of our revolving credit facility or the 2024 Secured Notes, foreclose on the collateral pledged pursuant to the terms of the revolving credit facility or indenture and security documents governing the 2024 Secured Notes, respectively.

If our existing indebtedness were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. Even if new financing were available, it may be on terms that are less attractive to us than our then existing indebtedness or it may not be on terms that are acceptable to us. In addition, our obligations under our revolving credit facility are secured by a first-priority lien on our accounts receivable, inventory and substantially all of our cash; our 2024 Secured Notes are secured by a first-priority lien on all of the fixed assets that secure our obligations under our secured hedge agreements; and our obligations under our master derivative contracts are secured by a first-priority lien on our and our subsidiaries' real property, plant and equipment, fixtures, intellectual property, certain financial assets, certain investment property, commercial tort claims, chattel paper, documents, instruments and proceeds of the forgoing (including proceeds of hedge agreements), and if we are unable to repay our indebtedness under the revolving credit facility or master derivative contracts, the lenders under our revolving credit facility and the counterparties to our master derivative contracts could seek to foreclose on these assets. Please read Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt and Credit Facilities," "— Short-Term Liquidity," "— Long-Term Financing" and "— Master Derivative Contracts and Collateral Trust Agreement" for additional information regarding our long-term debt.

We may not be able to obtain funding on acceptable terms or at all because of volatility and uncertainty in the credit and capital markets. This may hinder or prevent us from meeting our future capital needs.

The domestic and global financial markets and economic conditions are disrupted and volatile from time to time due to a variety of factors, including low consumer confidence, high unemployment, geoeconomic and geopolitical issues, weak economic conditions and uncertainty in the financial services sector. In addition, the fixed-income markets have experienced periods of extreme volatility, which negatively impacted market liquidity conditions. In recent years, the equity and debt markets for many energy industry companies have been adversely affected by low oil prices. As a result, the cost of raising money in the debt and equity capital markets has increased substantially at times while the availability of funds from these markets diminished significantly. In particular, as a result of concerns about the stability of financial markets generally and the solvency of lending counterparties specifically, the cost of obtaining money from the credit markets may increase as many lenders and institutional investors increase interest rates, enact tighter lending standards, refuse to refinance existing debt on similar terms or at all and reduce, or in some cases cease to provide, funding to borrowers. In addition, lending counterparties under any existing revolving credit facility and other debt instruments may be unwilling or unable to meet their funding obligations, or we may experience a decrease in our capacity to issue debt or obtain commercial credit or a deterioration in our credit profile, including a rating agency lowering or withdrawing of our credit ratings if, in its judgment, the circumstances warrant. Due to these factors, we cannot be certain that new debt or equity financing will be available on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be required to sell assets. Moreover, without adequate funding, we may be unable to execute our growth strategy, complete future acquisitions or construction projects, take advantage of other business opportunities or respond to competitive pressures, comply with regulatory requirements, or meet our short-term or long-term working capital requirements, any of which could have a material adverse effect on our revenues and results of operations. Failure to comply with regulatory requirements in a timely manner or meet our short-term or long-term working capital requirements could subject us to regulatory action.

An increase in interest rates will cause our debt service obligations to increase.

Borrowings under our revolving credit facility bear interest at a rate equal to prime plus a basis points margin or the London Interbank Offered Rate ("LIBOR") plus a basis points margin, at our option. As of December 31, 2020, we had $108.0 million of outstanding borrowings under our revolving credit facility and $23.7 million in standby letters of credit were issued under our revolving credit facility. The interest rate is subject to adjustment based on fluctuations in LIBOR or the prime rate, as applicable. An increase in the interest rates associated with our floating-rate debt would increase our debt service costs and affect our results of operations and cash flow available for distribution to our unitholders. In addition, an increase in interest rates could adversely affect our future ability to obtain financing or materially increase the cost of any additional financing.

On July 27, 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or requiring banks to submit rates for the calculation of LIBOR after 2021. This announcement, in conjunction with financial benchmark reforms more generally and changes in the interbank lending markets, have resulted in uncertainty about the future of LIBOR and certain other rates or indices which have historically been used as interest rate "benchmarks" in our borrowings as well as our derivatives. Accordingly, the use of an alternative rate on these debt obligations could result in increased interest expense, in addition to costs to amend the agreements and other applicable arrangements to a new reference rate. At this time, no consensus exists as to what rate or rates may become acceptable alternatives to LIBOR and we are unable to predict the effect of any such alternatives on our business, results of operations or financial condition.

A change of control could result in us facing substantial repayment obligations under our revolving credit facility, our senior notes, our Collateral Trust Agreement and our Supply and Offtake Agreements.

There is no restriction in our partnership agreement on the ability of our general partner to enter into a transaction which would trigger the change of control provisions of our revolving credit facility agreement, the indentures governing our senior notes, our Collateral Trust Agreement or our Supply and Offtake Agreements. Certain events relating to a change of control of our general partner, our partnership and our operating subsidiaries would constitute an event of default under our revolving credit facility, the indentures governing our senior notes, our Collateral Trust Agreement and our Supply and Offtake Agreements. In addition, an event of default under our revolving credit facility would likely constitute an event of default under our master derivatives contracts and the BP Purchase Agreement. As a result, upon a change of control event, we may be required immediately to repay the outstanding principal, any accrued interest on and any other amounts owed by us under our revolving credit facility, the senior notes and Supply and Offtake Agreements and the outstanding payment obligations under our master derivatives contracts and the BP Purchase Agreement. The source of funds for these repayments would be our available cash or cash generated from other sources and there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness and other payment obligations in full.

In addition, our obligations under our revolving credit facility are secured by a first-priority lien on our accounts receivable, inventory and substantially all of our cash; our 2024 Secured Notes are secured by a first-priority lien on all of the fixed assets that secure our obligations under our secured hedge agreements; and our obligations under our master derivatives contracts and the BP Purchase Agreement are secured by a first-priority lien on our and our subsidiaries' real property, plant and equipment, fixtures, intellectual property, certain financial assets, certain investment property, commercial tort claims, chattel paper, documents, instruments and proceeds of the forgoing (including proceeds of hedge agreements). If we are unable to repay our indebtedness under the revolving credit facility or the 2024 Secured Notes, satisfy the payment obligations under our master derivative contracts or the payment obligations under the BP Purchase Agreement or obtain waivers of such defaults, then the lenders under our revolving credit facility, the holders of our 2024 Secured Notes, the derivative counterparties under our master derivative contracts and BP, respectively, would have the right to foreclose on those assets, which would have a material adverse effect on us.

Capital Projects and Future Growth

We make capital expenditures in our refineries and other facilities to maintain their reliability and efficiency. If we are unable to complete capital projects at their expected costs and/or in a timely manner, or if the market conditions assumed in our project economics deteriorate, or if we are unable to make capital available then our financial condition, results of operations or cash flows, and our ability to make distributions to unitholders and payments on our debt obligations, could be adversely affected.

Delays or cost increases related to the engineering, procurement and construction of new facilities, or improvements and repairs to our existing facilities and equipment, could have a material adverse effect on our business, financial condition, results of operations or our ability to make distributions to our unitholders and payments on our debt obligations. Such delays or cost increases may arise as a result of unpredictable factors in the marketplace, many of which are beyond our control, including:

- denial or delay in obtaining regulatory approvals and/or permits;
- unplanned increases in the cost of equipment, materials or labor;
- disruptions in transportation of equipment and materials;
- severe adverse weather conditions, natural disasters or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of our vendors and suppliers;
- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;
- market-related increases in a project's debt or equity financing costs; and/or
- nonperformance or declarations of force majeure by, or disputes with, our vendors, suppliers, contractors or sub-contractors.

Our refineries have been in operation for many years. Equipment, even if properly maintained, may require significant capital expenditures and expenses to keep it operating at optimum efficiency.

Any one or more of these occurrences noted above could have a significant impact on our business. If we were unable to make up the delays or to recover the related costs, or if market conditions change, it could materially and adversely affect our financial position, results of operations or cash flows and, as a result, our ability to make distributions to our unitholders and payments of our debt obligations.

From time to time, we may seek to divest portions of our business, which could materially affect our results of operations and result in disruption to other parts of the business.

We may dispose of portions of our current business or assets, based on a variety of factors and strategic considerations, consistent with our strategy of preserving liquidity and streamlining our business to better focus on the advancement of our core business. These dispositions, together with any other future dispositions we make, may involve risks and uncertainties, including disruption to other parts of our business, potential loss of employees, customers or revenue, exposure to unanticipated liabilities or result in ongoing obligations and liabilities to us following any such divestiture. Any of the foregoing could adversely affect our financial condition and results of operations.

Our capital projects for asset reconfiguration and enhancement may not result in revenue or cash flow increases, may be subject to significant 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.

Historically we have grown our business in part through capital projects to reconfigure and enhance our existing refinery assets. For example, in April 2016 we completed an expansion project that increased production capacity at our Great Falls refinery to 30,000 bpd. Such expansion projects and the construction of other additions or modifications to our existing refineries involve numerous regulatory, environmental, political, legal, labor and economic uncertainties beyond our control, which could cause delays in construction or increases in the estimated amounts of capital. Our forecasted internal rates of return on such projects are based on our projections of future market fundamentals, which are not within our control, including changes in general economic conditions, available alternative supply and customer demand. There can be no assurance that investment objectives will be met.

Environmental and Regulatory Matters

We may incur significant environmental remediation costs and liabilities in the operation of our refineries, terminals and related facilities.

The operation of our refineries, blending and packaging sites, terminals, and related facilities subject us to the risk of incurring significant environmental remediation costs and liabilities due to our handling of petroleum hydrocarbons and wastes, because of air emissions and water discharges related to our operations and activities, and as a result of historical operations and waste disposal practices at our facilities or in connection with our activities, some of which may have been conducted by prior owners or operators. We could incur significant remedial costs in the cleanup of any petroleum hydrocarbons or wastes that may have been released on, under or from the properties owned or operated by us. We believe we have adequately reserved for these possibilities.

Some environmental laws may impose joint and several, strict liability for releases of petroleum hydrocarbons and wastes, which means in some situations, we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Private parties, including the owners of properties adjacent to our operations and facilities where our petroleum hydrocarbons or wastes are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. We may not be able to recover some or any of these costs from insurance or other sources of indemnity. To the extent that the costs associated with meeting any or all of these requirements are significant and not adequately secured or indemnified for, there could be a material adverse effect on our business, financial condition, and results of operations.

We are subject to operational compliance with stringent environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities.

Our refining, blending and packaging site, terminal and related facility operations are subject to stringent federal, regional, state and local laws and regulations governing worker health and safety, the discharge of materials into the environment and environmental protection. These laws and regulations impose legal requirements that are applicable to our operations, including the obligation to obtain permits to conduct regulated activities, the incurrence of significant capital expenditures for air pollution control equipment to limit or prevent releases of pollutants from our facilities, the expenditure of significant monies in the application of specific health and safety criteria addressing worker protection, the requirement to maintain information about hazardous materials used or produced in our operations and to provide this information to required parties, and the incurrence of significant costs and liabilities for pollution resulting from our operations or from those of prior owners or operators of our facilities. Numerous governmental authorities, such as the EPA, OSHA and LDEQ, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly actions. Failure to comply with these laws and regulations as well as any issued permits and orders may result in the assessment of administrative, civil, and criminal sanctions, including monetary penalties, the imposition of remedial or corrective action obligations or the incurrence of capital expenditures, the occurrence of delays or cancellations in the permitting, development or expansion of projects, and the issuance of injunctions limiting or preventing some or all of our operations.

On occasion, we receive notices of violation, other enforcement proceedings and regulatory inquiries from governmental agencies alleging non-compliance with applicable environmental and occupational health and safety laws and regulations.

New worker safety and environmental laws and regulations, revised interpretations of such existing laws and regulations, increased governmental enforcement or other developments could require us to make additional, unforeseen expenditures. The adoption of more stringent environmental laws or regulations could impact us by requiring installation of new emission controls on some of our equipment, resulting in longer permitting timelines, and significantly increasing our capital expenditures and operating costs, which could adversely impact our business, cash flows and results of operation. Please read Items 1 and 2 “Business and Properties — Environmental and Occupational Health and Safety Matters” for additional information.

Renewable transportation fuels mandates may reduce demand for the petroleum fuels we produce, which could have a material adverse effect on our results of operations and financial condition and our ability to make distributions to our unitholders and payments to our debt obligations.

The EPA has issued RFS mandates, requiring refiners to blend renewable fuels into the petroleum fuels they produce and sell in the United States. We, and other refiners subject to RFS requirements, may meet the RFS requirements by blending the necessary volumes of renewable transportation fuels into our production. To the extent that refiners will not or cannot blend renewable fuels into the products they produce in the quantities required to satisfy their obligations under the RFS program, those refiners may purchase renewable credits, referred to as RINs, to maintain compliance.

Under RFS, the volume of renewable fuels that obligated parties are required to blend into their finished petroleum fuels increases annually over time until 2022. Each year the EPA sets volume mandates for the percentage of cellulosic biofuel, biomass-based diesel, advanced biofuel, and total renewable fuel volume to be blended into all gasoline and diesel produced or imported during the applicable year. Most recently, the EPA has established final volume mandates for RFS program year 2020 under final rules published in February 2020.

Our Shreveport and Great Falls refineries are normally subject to compliance with the RFS mandates. However, the EPA granted certain of our refineries the “small refinery exemption” under the RFS in past years including, most recently, in the 2018 calendar year. Exempted refineries were not subject to the requirements of RFS as an “obligated party” for fuels produced at these “small” refineries for those calendar years. The EPA has not yet issued small refinery exemptions for calendar years 2019 and 2020. While we received a small refinery exemption for certain of our refineries in past years, there is no assurance that such an exemption will be obtained for any of our refineries in future years, which would result in the need for more RINs for the applicable calendar year. Our annual RINs Obligation, which includes RINs that are required to be secured through either our own blending or through the purchase of RINs in the open market, is approximately 80 million RINs spread across four compliance categories (D3, D4, D5 and D6).

The EPA’s implementation of the RFS program has been subject to numerous court challenges in recent years, including with respect to selection of the final volume mandates, movement of the point of compliance, and the granting of small refinery exemptions. In January 2020, the Federal Court of Appeals for the 10th Circuit vacated EPA orders granting the small refinery exemption to three refineries that petitioned for the exemption in 2016, finding that those three refineries had failed to receive exemptions in prior years, and remanded the matter to the EPA for further proceedings. The appellate court denied a rehearing in April 2020 and the appellants filed a petition for a writ of certiorari which was accepted by the U.S. Supreme Court, with a ruling expected during 2021.

We cannot predict the outcome of these matters or whether they may result in increased RFS program compliance costs. Moreover, the price of RINs remains subject to extreme volatility, with the potential for significant increases in price. There also continues to be a shortage of advanced biofuel production resulting in increased difficulties meeting RFS program mandates. It is possible we could find ourselves unable to blend sufficient quantities of ethanol and biodiesel to meet our requirements and would, therefore, have to purchase an increasing number of RINs. It is not possible at this time to predict with certainty what those volumes or costs may be, but given the potential increase in volumes and the volatile price of RINs, increases in renewable volume requirements could have an adverse impact on our results of operations.

The inability to receive an exemption under the RFS program for one or more of our refineries, any increase in the final minimum volumes of renewable fuels that must be blended with refined petroleum fuels, and/or any increase in the cost to acquire RINs may, individually or in the aggregate, have the potential to result in significant costs in connection with RIN compliance, which costs could be material.

Our and our customers' operations are subject to a number of risks arising out of the threat of climate change, including regulatory, political, litigation and financial risks, which could result in increased operating and capital costs for our customers and reduced demand for the products and services we provide.

The threat of climate change continues to attract considerable attention in the United States and foreign countries. As a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of GHGs as well as to eliminate such future emissions. As a result, our operations as well as the operations of our fossil-fuel producing customers are subject to a series of regulatory, political, litigation and financial risks associated with the production and processing of fossil fuels and emissions of GHGs. Please see Items 1 and 2 "Business and Properties — Environmental and Occupational Health and Safety Matters" for more discussion on the threat of climate change and restriction of GHG emissions.

The adoption and implementation of any international, federal, regional or state executive actions, legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased compliance costs or costs of consuming fossil fuels, as well as reduced demand for some of our services and products. Additionally, political, financial and litigation risks may result in fossil fuel energy customers restricting, delaying or canceling production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing the ability to continue to operate in an economic manner, which also could reduce demand for our products and services. The occurrence of one or more of these developments could have a material adverse effect on our business, financial condition, results of operations and cash flows. Moreover, the increased competitiveness of alternative energy sources (such as wind, solar, geothermal and tidal) could reduce demand for hydrocarbons and therefore for our products, which would lead to a reduction in our revenues.

We could incur substantial costs or disruptions in our business if we cannot obtain or maintain necessary permits and authorizations or otherwise comply with occupational, environmental and other laws and regulations.

Our operations require numerous permits and authorizations under various occupational, environmental and other laws and regulations. These authorizations and permits are subject to revocation, renewal or modification and can require operational changes to limit impacts or potential impacts on the environment and/or the health or safety of workers. New policy objectives or regulatory initiatives could be pursued under the Biden Administration that could impose more stringent conditions with respect to the acquisition of these authorizations and permits. Additionally, a violation of authorization or permit conditions or other legal or regulatory requirements could result in substantial fines, criminal sanctions, permit revocations, injunctions and/or facility shutdowns. Any or all of these matters could have a negative effect on our business, results of operations and cash flow available for distribution to our unitholders.

Subsidiaries

We have a holding company structure in which our subsidiaries conduct our operations and own our operating assets and our ability to distribute cash to our unitholders and make payments of our debt obligations depends on the performance of our subsidiaries and their ability to distribute funds to us.

We are a holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to distribute cash to our unitholders and make payments of debt obligations depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us is restricted by our revolving credit facility and the indentures governing our senior notes and may be restricted by, among other things, applicable state laws and other laws and regulations. If we are unable to obtain the funds necessary to distribute cash to our unitholders or make payments of debt obligations, we may be required to adopt one or more alternatives, such as a refinancing our indebtedness or incurring borrowings under our revolving credit facility. We cannot assure unitholders that we would be able to refinance our indebtedness or that the terms on which we could refinance our indebtedness would be favorable.

Risks Related to Our Partnership Structure

Cash Distributions to Unitholders

We may not have sufficient cash from operations, following the establishment of cash reserves and payment of fees and expenses, including cost reimbursements to our general partner, to enable us to resume paying distributions to our unitholders or restore them to previous levels.

In April 2016, we announced suspension of our quarterly cash distribution to unitholders and have not paid any quarterly distributions since. We may not have sufficient available cash from operations in the future to enable us to resume payment of a distribution to unitholders. The amount of cash we can distribute on our common units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- overall demand for specialty hydrocarbon products, fuel and other refined products;
- the level of foreign and domestic production of crude oil and refined products;
- our ability to produce fuel products and specialty products that meet our customers' unique and precise specifications;
- the marketing of alternative and competing products;
- the extent of government regulation;
- results of our hedging activities;
- global or national health concerns; and
- overall economic and local market conditions.

In addition, the actual amount of cash we have available for distribution will depend on other factors, some of which are beyond our control, including:

- the level of capital expenditures we make, including those for acquisitions, if any;
- our debt service requirements;
- fluctuations in our working capital needs;
- our ability to borrow funds and access capital markets;
- restrictions on distributions and on our ability to make working capital borrowings for distributions contained in our debt instruments; and
- the amount of cash reserves established by our general partner for the proper conduct of our business.

If we generate insufficient cash from our operations for a sustained period of time and/or forecasts demonstrate expectations of continued future insufficiencies, the board of directors of our general partner may determine not to reinstate our distribution to unitholders. Any such continued suspension or elimination of distributions may cause the trading price of our units to decline.

The amount of cash we have available for distribution to unitholders depends primarily on our cash flow and not solely on profitability.

Unitholders should be aware that the amount of cash we have available for distribution depends primarily upon our cash flow from operating activities, cash on hand and working capital borrowings, and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record net losses and may not make cash distributions during periods when we record net income.

General Partner, The Heritage Group and Partnership Agreement

At March 2, 2021, the family of our chairman, The Heritage Group and certain of their affiliates own an approximate 20.8% limited partner interest in us and own and control our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner and its affiliates have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests to other unitholders' detriment.

At March 2, 2021, the family of our chairman, The Heritage Group and certain of their affiliates own an approximate 20.8% limited partner interest in us. In addition, The Heritage Group and the family of our chairman control our general partner. In May 2018, The Heritage Group disclosed in a Schedule 13D filing that it is considering various alternatives with respect to its investment in us, including potential consolidation, acquisitions or sales of our assets or common units, as well as potential changes to our capital structure. The Heritage Group also disclosed that it may make formal proposals to us, holders of our common units or other third parties regarding such strategic alternatives.

Conflicts of interest may arise between our general partner and its affiliates, on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, the general partner may favor its own interests and the interests of its affiliates over the interests of our unitholders. These conflicts include, among others, the following situations:

- our general partner is allowed to take into account the interests of parties other than us, such as its affiliates, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to our unitholders;
- our general partner has limited its liability and reduced its fiduciary duties under our partnership agreement and has also restricted the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty. As a result of purchasing common units, unitholders consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under Delaware law;

- our general partner determines the amount and timing of asset purchases and sales, borrowings, issuance of additional partnership securities, and reserves, each of which can affect the amount of cash that is distributed to unitholders;
- our general partner determines which costs incurred by it and its affiliates are reimbursable by us;
- our general partner determines the amount and timing of any capital expenditures and whether a capital expenditure is a maintenance capital expenditure, which reduces operating surplus, or a capital expenditure for acquisitions or capital improvements, which does not. This determination can affect the amount of cash that is available for distribution to our unitholders;
- our general partner has the flexibility to cause us to enter into a broad variety of derivative transactions covering different time periods, the net cash receipts or payments from which will increase or decrease operating surplus and adjusted operating surplus, with the result that our general partner may be able to shift the recognition of operating surplus and adjusted operating surplus between periods to increase the distributions it and its affiliates receive on their incentive distribution rights; and
- in some instances, our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions.

The Heritage Group and certain of its affiliates may engage in limited competition with us.

Pursuant to the omnibus agreement we entered into in connection with our initial public offering, The Heritage Group and its controlled affiliates have agreed not to engage in, whether by acquisition or otherwise, the business of refining or marketing specialty lubricating oils, solvents and wax products as well as gasoline, diesel and jet fuel products in the continental U.S. for so long as it controls us. This restriction does not apply to certain assets and businesses which are more fully described under Part III, Item 13 “Certain Relationships and Related Transactions and Director Independence — Omnibus Agreement.”

The owners of our general partner, other than The Heritage Group, are not prohibited from competing with us, except to the extent described above. Currently, The Heritage Group is an active marketer of asphalt products and has been engaged in this business for much longer than us. In certain geographical areas, there can be overlap where both The Heritage Group and we market asphalt.

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

Our partnership agreement contains provisions that reduce the standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner. Examples include the exercise of its limited call right, its voting rights with respect to the units it owns, its registration rights and its determination whether or not to consent to any merger or consolidation of our partnership or amendment of our partnership agreement;
- provides that our general partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as it acted in good faith, meaning it believed the decision was in the best interests of our partnership;
- generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of the board of directors of our general partner and not involving a vote of unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be “fair and reasonable” to us. In determining whether a transaction or resolution is “fair and reasonable,” our general partner may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and
- provides that our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that the general partner or those other persons acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that such person’s conduct was criminal.

By purchasing a common unit, a unitholder agrees to be bound by the provisions in the partnership agreement, including the provisions discussed above.

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

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders do not elect our general partner or its board of directors, and have no right to elect our general partner or its board of directors on an annual or other continuing basis. The board of directors of our general partner is chosen by the members of our general partner. Furthermore, if the unitholders are dissatisfied with the performance of our general partner, the vote of the holders of at least 66 2/3% of all outstanding units voting together as a single class is required to remove the general partner. At March 2, 2021, the owners of our general partner and certain of their affiliates own approximately 20.8% of our common units. As a result of these limitations, the price at which the common units trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

Our partnership agreement restricts the voting rights of those unitholders owning 20% or more of our common units.

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

Our general partner interest or control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, our partnership agreement does not restrict the ability of the members of our general partner from transferring their respective membership interests in our general partner to a third party. The new members of our general partner would then be in a position to replace the board of directors and officers of our general partner with their own choices and thereby control the decisions taken by the board of directors.

We do not have our own officers and employees and rely solely on the officers and employees of our general partner and its affiliates to manage our business and affairs.

We do not have our own officers and employees and rely solely on the officers and employees of our general partner and its affiliates to manage our business and affairs. We can provide no assurance that our general partner will continue to provide us the officers and employees that are necessary for the conduct of our business nor that such provision will be on terms that are acceptable to us. If our general partner fails to provide us with adequate personnel, our operations could be adversely impacted and our cash available for distribution to unitholders and payments of our debt obligations could be reduced.

We may issue additional common units without unitholder approval, which would dilute our current unitholders' existing ownership interests.

We may issue an unlimited number of limited partner interests of any type without the approval of our unitholders. Our partnership agreement does not give our unitholders the right to approve our issuance of common units or equity securities ranking junior to the common units at any time. In addition, our partnership agreement does not prohibit the issuance by our subsidiaries of equity securities, which may effectively rank senior to the common units. The issuance of additional common units or other equity securities of equal or senior rank to the common units will have the following effects:

- our unitholders' proportionate ownership interest in us may decrease;
- the amount of cash available for distribution on each unit may decrease;
- the relative voting strength of each previously outstanding unit may be diminished;
- the market price of the common units may decline; and
- the ratio of taxable income to distributions, if any may increase.

Our general partner's determination of the level of cash reserves may reduce the amount of available cash for distribution to unitholders.

Our partnership agreement requires our general partner to deduct from operating surplus cash reserves that it establishes are necessary to fund our future operating expenditures. In addition, our partnership agreement also permits our general partner to reduce available cash by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party, or to provide funds for future distributions to partners. These reserves will affect the amount of cash available for distribution to unitholders.

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

Prior to making any distribution on the common units, we will reimburse our general partner and its affiliates for all expenses they incur on our behalf. Any such reimbursement will be determined by our general partner and will reduce the cash available for distribution to unitholders and payments of our debt obligations. These expenses will include all costs incurred by our general partner and its affiliates in managing and operating us. Please read Part III, Item 13 "Certain Relationships and Related Transactions and Director Independence."

Our general partner has a limited call right that may require unitholders to sell their units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% of the issued and outstanding common units, our general partner will have the right, but not the obligation, which right it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, unitholders may be required to sell their common units to our general partner, its affiliates or us at an undesirable time or price and may not receive any return on their investment. Unitholders may also incur a tax liability upon a sale of their common units. At March 2, 2021, our general partner and its affiliates own approximately 20.8% of our common units.

Unitholder liability may not be limited if a court finds that unitholder action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. Unitholders could be liable for any and all of our obligations as if they were a general partner if:

- a court or government agency determined that we were conducting business in a state but had not complied with that particular state's partnership statute; or
- unitholders' right to act with other unitholders to remove or replace the general partner, to approve some amendments to our partnership agreement or to take other actions under our partnership agreement constitute "control" of our business.

Unitholders may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, which we call the Delaware Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Purchasers of units who become limited partners are liable for the obligations of the transferring limited partner to make contributions to the partnership that are known to the purchaser of the units at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

Tax Risks to Common Unitholders

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

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes.

Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for federal income tax purposes unless we satisfy a “qualifying income” requirement. We have requested and obtained a favorable private letter ruling from the IRS to the effect that, based on facts presented in the private letter ruling request, our income from refining, blending, processing, packaging, marketing and distribution of lubricants will constitute “qualifying income” within the meaning of Section 7704 of the Code. Based upon our current operations and private letter rulings we have received with respect to certain aspects of our business, we believe we satisfy the qualifying income requirement. However, no ruling has been or will be requested regarding our treatment as a partnership for U.S. Federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders could be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to a material amount of entity-level taxation for federal, state or local income tax purposes, the anticipated quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law or interpretation on us. At the state level, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise, or other forms of taxation. Imposition of a similar tax on us in the jurisdictions in which we operate or in other jurisdictions to which we may expand could substantially reduce our cash available for distribution to our unitholders.

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

The present U.S. federal income tax treatment of publicly-traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of Congress have proposed and considered substantive changes to the existing U.S. federal income tax laws that affect publicly-traded partnerships, including the repeal of the qualifying income exception within Section 7704(d)(1)(E) of the Code upon which we rely for our treatment as a partnership for U.S. federal income tax purposes. Moreover, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly-traded partnerships.

In addition, on January 24, 2017, final regulations regarding which activities give rise to qualifying income within the meaning of Section 7704 of the Code (the “Final Regulations”) were published in the Federal Register. The Final Regulations reflect a number of changes from the proposed regulations that are responsive to our requests for clarifications to the proposed regulations. Although we anticipate that the vast majority of our income will qualify under new standards adopted by the Final Regulations, because of our private letter rulings portions of our income that may not qualify under the Final Regulations can be treated as qualifying throughout a ten-year transition period. However, there can be no assurance that there will not be further changes to the IRS’s interpretation of the qualifying income rules that could impact our ability to qualify as a partnership in the future.

Any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly-traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any similar or future legislative changes could negatively impact the value of an investment in our common units. Unitholders are encouraged to consult with their tax advisor with respect to the status of legislative, regulatory and administrative developments and proposals and any potential effect on an investment in our common units.

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

The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest by the IRS may materially and adversely impact the market for our common units and the price at which they trade. Our costs of any contest by the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our cash available for distribution.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders' behalf.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from us. To the extent possible under the new rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each unitholder and former unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our unitholders and former unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders' behalf. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

Unitholders will be required to pay taxes on their share of our taxable income even if they do not receive any cash distributions from us, including their share of income from the cancellation of debt.

Unitholders will be required to pay federal income taxes and, in some cases, state and local income taxes on their share of our taxable income, whether or not they receive any cash distributions from us. During periods in which the partnership suspends or suppresses cash distributions or reinvests cash in its business, the ratio of the partnership's allocable taxable income to cash distributions will increase. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability which results from that income.

Additionally, in response to current market conditions, we may engage in transactions to de-lever and manage our liquidity, which may result in income and gain to our unitholders without a corresponding cash distribution. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, you may be allocated taxable income and gain resulting from the sale without receiving a cash distribution. Further, taking advantage of opportunities to reduce our existing debt, such as debt exchanges, debt repurchases or modifications of our existing debt, could result in "cancellation of indebtedness income" (also referred to as "COD income") being allocated to our unitholders as taxable income. Unitholders may be allocated COD income, and income tax liabilities arising therefrom may exceed cash distributions. The ultimate effect of any such allocations will depend on the unitholder's individual tax position with respect to its units. Unitholders are encouraged to consult their tax advisors with respect to the consequences to them of COD income.

The Heritage Group and certain of its affiliates are considering and may, from time to time, formulate plans for various alternatives with respect to their investment in us, including changes to our capital structure that would affect the tax treatment of our unitholders.

The Heritage Group, which along with the family of our chairman and certain of their affiliates owns an approximate 20.8% limited partnership interest in us and control our general partner, has stated publicly that it is considering, and may, from time to time, formulate plans or proposals for various alternatives with respect to their investment in us, including, without limitation, potential consolidation, acquisitions or sales of assets or common units or changes to our capital structure, and hold discussions with or make formal proposals to us, other holders of common units or other third parties regarding such matters. If we were to convert to a corporation, we would pay federal income tax on our taxable income at the corporate tax rate. Distributions would generally be taxed again to our shareholders as dividends to the extent of our current and accumulated earnings and profits, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution could be substantially reduced. Please read "Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the IRS were to treat us as a corporation for federal income tax purposes, or if we become subject to material additional amounts of entity-level taxation for state tax purposes, then our cash available for distribution to our unitholders would be substantially reduced." In addition, a conversion transaction could in some circumstances itself be a taxable event for our unitholders.

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

If our unitholders sell their common units, they will recognize a gain or loss equal to the difference between the amount realized and their tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income result in a decrease in such unitholder's tax basis in their common units, the amount, if any, of such prior excess distributions with respect to the units they sell will, in effect, become taxable income to our unitholders if they sell such units at a price greater than their tax basis in those units, even if the price they receive is less than their original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if unitholders sell their units, they may incur a tax liability in excess of the amount of cash they receive from the sale.

Furthermore, a substantial portion of the amount realized from the sale of common units, whether or not representing gain, may be taxed as ordinary income due to potential recapture of depreciation and deductions and certain other items. Thus, our unitholders may recognize both ordinary income and capital loss from the sale of their units if the amount realized on a sale of such units is less than their adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to $3,000 of ordinary income per year. In the taxable period in which our unitholders sell their units, they may recognize ordinary income from our allocations of income and gain to them prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

In general, our unitholders are entitled to a deduction for the interest we have paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, subject to the exceptions in the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act," discussed below), under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion to the extent such depreciation, amortization, or depletion is not capitalized into cost of goods sold with respect to inventory. If our "business interest" is subject to limitation under these rules, our unitholders will be limited in their ability to deduct their share of any interest expense that has been allocated to them. As a result, unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

For our 2020 taxable year, the CARES Act increases the 30% adjusted taxable income limitation to 50%, unless we elect not to apply such increase. For purposes of determining our 50% adjusted taxable income limitation, we may elect to substitute our 2020 adjusted taxable income with our 2019 taxable income, which may result in a greater business interest expense deduction. In addition, unitholders may treat 50% of any excess business interest allocated to them in 2019 as deductible in the 2020 taxable year without regard to the 2020 business interest expense limitations. The remaining 50% of such unitholder's excess business interest is carried forward and subject to the same limitations as other taxable years.

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

Investment in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs) raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Further, with respect to taxable years beginning after December 31, 2017, subject to the proposed aggregation rules issued by the Treasury Department for certain similarly situated businesses or activities, a tax-exempt entity with more than one unrelated trade or business (including by attribution from investment in a partnership such as ours that is engaged in one or more unrelated trade or business) is required to compute the unrelated business taxable income of such tax-exempt entity separately with respect to each such trade or business (including for purposes of determining any net operating loss deduction). As a result, for years beginning after December 31, 2017, it may not be possible for tax-exempt entities to utilize losses from an investment in our partnership to offset unrelated business taxable income from another unrelated trade or business and vice versa. Tax-exempt entities should consult a tax advisor before investing in our common units.

Non-U.S. Unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our units.

Non-U.S. unitholders are generally taxed and subject to income tax filing requirements by the United States on income effectively connected with a U.S. trade or business ("effectively connected income"). Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be "effectively connected" with a U.S. trade or business. As a result, distributions to a Non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a Non-U.S. unitholder who sells or otherwise disposes of a unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit.

Moreover, the transferee of an interest in a partnership that is engaged in a U.S. trade or business is generally required to withhold 10% of the "amount realized" by the transferor unless the transferor certifies that it is not a foreign person. While the determination of a partner's "amount realized" generally includes any decrease of a partner's share of the partnership's liabilities, recently issued Treasury regulations provide that the "amount realized" on a transfer of an interest in a publicly traded partnership, such as our common units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and thus will be determined without regard to any decrease in that partner's share of a publicly traded partnership's liabilities. The Treasury regulation further provide that withholding on a transfer of an interest in a publicly traded partnership will not be imposed on a transfer that occurs prior to January 1, 2022, and after that date, if effected through a broker, the obligation to withhold is imposed on the transferor's broker. Prospective foreign unitholders should consult a tax advisor before investing in our common units.

We have subsidiaries that are treated as corporations for federal income tax purposes and subject to corporate-level income taxes.

Even though we (as a partnership for U.S. federal income tax purposes) are not subject to U.S. federal income tax, some of our operations are currently conducted through subsidiaries that are organized as corporations for U.S. federal income tax purposes. The taxable income, if any, of such subsidiaries are subject to corporate-level U.S. federal income taxes, which may reduce the cash available for distribution to us and, in turn, to our unitholders. If the IRS or other state or local jurisdictions were to successfully assert that these corporations have more tax liability than we anticipate or legislation was enacted that increased the corporate tax rate, the cash available for distribution could be further reduced. The income tax return filing positions taken by these corporate subsidiaries require significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the timing and amounts of deductible and taxable items. Despite our belief that the income tax return positions taken by these subsidiaries is fully supportable, certain positions may be successfully challenged by the IRS, state or local jurisdictions.

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

Because we cannot match transferors and transferees of common units and because of other reasons, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from unitholders' sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to their tax returns.

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

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular common unit is transferred. Similarly, we generally allocate gain or loss realized on a sale or other disposition of our assets or, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction on the Allocation Date. Nonetheless, we allocate certain deductions for depreciation of capital additions based upon the date the underlying property is placed in service. The U.S. Department of the Treasury adopted final Treasury Regulations allowing a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to successfully challenge our proration method or new Treasury Regulations were issued, we may be required to change the allocation of items of income, gain, loss, and deduction among our unitholders.

We have adopted certain valuation methodologies in determining unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methods or the resulting allocations, and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our respective assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our respective assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the amount, character, and timing of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

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

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

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

In addition to U.S. federal income taxes, our unitholders will likely be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if they do not live in any of those jurisdictions. We own assets and conduct business in most states. Our unitholders may be required to file foreign, state and local income tax returns and pay state and local income taxes in any state in which we now or may conduct business in the future. Further, they may be subject to penalties for failure to comply with those requirements. As we make acquisitions or expand our business, we may own assets or conduct business in additional states or foreign jurisdictions that impose a personal income tax. It is the responsibility of our unitholders to file all U.S. federal, foreign, state and local tax returns and pay any taxes due in these jurisdictions. Unitholders should consult with their own tax advisors regarding the filing of such tax returns, the payment of such taxes and the deductibility of any taxes paid.

Item 1B. *Unresolved Staff Comments*

None.

Item 3. *Legal Proceedings*

We are not a party to, and our property is not the subject of, any pending legal proceedings other than ordinary routine litigation incidental to our business. Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. Please read Items 1 and 2 "Business and Properties — Environmental and Occupational Health and Safety Matters" for a description of our current regulatory matters related to the environment, health and safety. Additionally, the information provided under Note 8 - "Commitments and Contingencies" in Part II, Item 8 "Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements" is incorporated herein by reference.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities*

Market Information

Our common units are quoted and traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "CLMT." As of March 2, 2021, there were approximately 32 unitholders of record of our common units. As of March 2, 2021, there were 78,640,380 common units outstanding. The last reported sale price of our common units by NASDAQ on March 2, 2021, was $4.35.

Cash Distribution Policy

General. Within 45 days after the end of each quarter, we distribute our available cash (as defined in our partnership agreement), if any, to unitholders of record on the applicable record date.

Available Cash. Available cash generally means, for any quarter, all cash on hand at the end of the quarter:

- less the amount of cash reserves established by our general partner to:
    - provide for the proper conduct of our business;
    - comply with applicable law, any of our debt instruments or other agreements; and
    - provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters.
- plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter for which the determination is being made. Working capital borrowings are generally borrowings that will be made under our revolving credit facility and in all cases are used solely for working capital purposes or to pay distributions to partners.

Cash Distribution Policy. We distribute to the holders of common units on a quarterly basis at least the minimum quarterly distribution of $0.45 per unit, or $1.80 in aggregate per year, to the extent we have sufficient cash from our operations after establishment of cash reserves and payment of fees and expenses, including payments to our general partner. However, since April 2016, we have not paid, and there is no guarantee that we will pay the minimum quarterly distribution on the units in any quarter. Please read "— Distribution Suspension." Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our general partner, taking into consideration the terms of our partnership agreement. We will be prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default exists, under our debt instruments, including our Credit Agreement and the indentures governing our 2022 Notes, 2023 Notes, 2024 Notes and 2025 Notes. Please read Note 10 - "Long-term Debt" in Part II, Item 8 "Financial Statements and Supplementary Data" for a discussion of the restrictions in our debt instruments that restrict our ability to make distributions.

General Partner Interest and Incentive Distribution Rights. Our general partner is entitled to 2% of all quarterly distributions since inception that we make prior to our liquidation. This general partner interest is represented by 1,604,904 general partner units. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its current general partner interest. The general partner's 2% interest in these distributions may be reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its 2% general partner interest. Our general partner also currently holds incentive distribution rights that entitle it to receive increasing percentages, up to a maximum of 50%, of the cash we distribute from operating surplus (as defined in our partnership agreement) in excess of $0.495 per unit. The maximum distribution of 50% includes distributions paid to our general partner on its 2% general partner interest, and assumes that our general partner maintains its general partner interest at 2%. The maximum distribution of 50% does not include any distributions that our general partner may receive on units that it owns. Our general partner earned no incentive distribution rights for the years ended December 31, 2020 and 2019.

Our general partner is entitled to incentive distributions if the amount we distribute to unitholders with respect to any quarter exceeds specified target levels shown below:

	Total Quarterly Distribution Target Amount Per Common Unit	Marginal Percentage Interest in Distributions	
		Unitholders	General Partner
Minimum Quarterly Distribution	$0.45	98 %	2 %
First Target Distribution	up to $0.495	98 %	2 %
Second Target Distribution	above $0.495 up to $0.563	85 %	15 %
Third Target Distribution	above $0.563 up to $0.675	75 %	25 %
Thereafter	above $0.675	50 %	50 %

Distribution Suspension

In April 2016 and effective beginning the first quarter 2016, the board of directors of our general partner suspended payment of our quarterly cash distribution. The board of directors of our general partner will continue to evaluate our ability to reinstate the distribution.

Equity Compensation Plans

The equity compensation plan information required by Item 201(d) of Regulation S-K in response to this Item 5 is incorporated by reference from Part III, Item 12 “Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters” of this Annual Report.

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 6. *Selected Financial Data*

We are a smaller reporting company as defined in Rule 12b-2 under the Exchange Act. As a result, pursuant to Item 301(c) of Regulation S-K, we are not required to provide the information required by this item.

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

The historical consolidated financial statements included in this Annual Report reflect all of the assets, liabilities and results of operations of Calumet Specialty Products Partners, L.P. and its consolidated subsidiaries ("Calumet," the "Company," "we," "our," or "us"). The following discussion analyzes the financial condition and results of operations of the Company for the years ended December 31, 2020 and 2019. In addition, as discussed in Note 5 to the Consolidated Financial Statements, we closed the San Antonio Transaction on November 10, 2019. The historical results of operations of the San Antonio Refinery are contained in our financial position and results through November 10, 2019. Unitholders should read the following discussion and analysis of the financial condition and results of operations of the Company in conjunction with the historical consolidated financial statements and notes of the Company included elsewhere in this Annual Report.

Overview

We are a leading independent producer of high-quality, specialty hydrocarbon products in North America. We are headquartered in Indianapolis, Indiana, and own specialty and fuel products facilities primarily located in northwest Louisiana, northern Montana, western Pennsylvania, Texas and eastern Missouri. We own and lease additional facilities, primarily related to production and distribution of our products throughout the United States ("U.S."). Our business is organized into three segments: our core specialty products segment, fuel products segment and corporate segment. In our specialty products segment, we process crude oil and other feedstocks into a wide variety of customized lubricating oils, solvents, waxes, synthetic lubricants, and other products. Our specialty products are sold to domestic and international customers who purchase them primarily as raw material components for various industrial and consumer-facing applications. We also blend, package, and market specialty products through our Royal Purple, Bel-Ray, and TruFuel brands. In our fuel products segment, we process crude oil into a variety of fuel and fuel-related products, including gasoline, diesel, jet fuel, asphalt and other products, and from time to time resell purchased crude oil to third-party customers. Our corporate segment primarily consists of general and administrative expenses not allocated to the specialty products or fuel products segments. Please read Note 20 - "Segments and Related Information" under Part II, Item 8 "Financial Statements and Supplementary Data" for further information. On February 16, 2021, the Company announced plans to re-segment its financial reporting starting in 2021. Please read Note 21 - "Subsequent Events" in Part II, Item 8 "Financial Statements and Supplementary Data" for additional information.

2020 Update

Outlook and Trends

The COVID-19 pandemic negatively impacted the global economy, creating significant volatility and disruption of markets that directly impacted Calumet. At Calumet, safety comes first and we have developed and successfully executed a plan to manage health and safety risks and business continuity to protect our workforce and business during the COVID-19 pandemic. In addition to the impacts from COVID-19, dramatic fluctuations in international oil production contributed to a sharp drop in prices for crude oil and refined products in the first half of 2020. As local state governments began to lift COVID-19 related restrictions in the second half of 2020, economic conditions began to recover. Below are factors that impacted our results of operations during 2020:

- Reduction in demand for our fuels products as the domestic and global economies are adversely affected by the global pandemic and the significant governmental measures being implemented to control the spread of the virus.
- Reduction in demand for certain specialty products as a variety of customers and industries are adversely affected by the COVID-19 pandemic. Our broad range of applications and diversification of end-use markets has allowed our specialty products business to maintain margin despite the pandemic.
- Availability and pricing of crude oil and other feedstocks as producers and sellers of those products are adversely affected by the global pandemic and the global oversupply of crude oil.
- The average price per barrel of New York Mercantile Exchange West Texas Intermediate ("NYMEX WTI") crude oil decreased approximately 31% in 2020 as compared to 2019.
- In 2020, Canadian sour crude traded at a tighter spread to NYMEX WTI as compared to 2019. Processing crude oils based on Western Canadian Select ("WCS") and other cost-advantaged crude continues to be an advantage.
- Our average feedstock runs were 84,829 barrels per day ("bpd") in 2020, compared to 103,603 bpd in 2019. The decrease is primarily attributed to the divestment of the San Antonio refinery with a capacity of 21,000 bpd, termination of third-party naphthenic lubricating oils production in the fourth quarter of 2019, and general economic optimization given narrow fuels margins. We intend to improve utilization rates by minimizing unplanned downtime at our facilities, while optimizing economics.

- Our specialty product margins have remained relatively stable but certain of our end markets are susceptible to changes in Gross Domestic Product. Over the long term, we continue to consider our specialty products segment our core business and subject to economic conditions and available liquidity, we plan to seek appropriate ways to further invest in our specialty products segment.
- It is not possible to predict what future Renewable Identification Numbers ("RINs") costs may be given the volatile price of RINs but we continue to anticipate that RINs have the potential to remain a significant expense for our fuel products segment (exclusive of the favorable impact of exemptions received). The average 2020 RINs market price increased more than 200% relative to the average 2019 RINs price, negatively impacting our financial results. Please read Item 7 "Management's Discussion and Analysis - Renewable Fuels Standard Update" below for additional information.
- We continue to evaluate opportunities to divest non-core businesses and assets in line with our strategy of deleveraging and focusing more directly on specialty products. In addition, we may also consider the disposition of certain core assets or businesses, to the extent such a transaction would improve our capital structure or otherwise be accretive to the Company. There can be no assurance as to the timing or success of any such potential transaction, or any other transaction, or that we will be able to sell such assets or businesses on satisfactory terms, if at all. In addition, as economic conditions improve, we may seek acquisitions of assets that management believes will be financially accretive and consistent with our strategic goals.

To meet the economic challenges of 2020, we reduced our fixed and variable costs associated with cost of sales, restructured our organization to match activity where necessary, and reduced our planned capital investment program by more than 30%, keeping our focus on prudent replacement, maintenance and turnaround projects.

Contingencies

For a summary of litigation and other contingencies, please read Note 8 — "Commitments and Contingencies" under Part II, Item 8 "Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements." Based on information available to us at the present time, we do not believe that any liabilities beyond the amounts already accrued, which may result from these contingencies, will have a material adverse effect on our liquidity, financial condition or results of operations.

Financial Results

We reported a net loss of $149.0 million in 2020, versus a net loss of $43.6 million in 2019. We reported Adjusted EBITDA (as defined in Item 7 "Management's Discussion and Analysis — Non-GAAP Financial Measures") of $141.5 million in 2020, versus $262.8 million in 2019. We generated cash from operating activities of $62.8 million in 2020, versus $191.9 million in 2019.

Please read Item 7 "Management's Discussion and Analysis — Non-GAAP Financial Measures" for a reconciliation of EBITDA and Adjusted EBITDA to Net Loss, our most directly comparable financial performance measure calculated and presented in accordance with GAAP.

Specialty products segment Adjusted EBITDA was $238.0 million in 2020 compared to $207.9 million in the prior year, representing growth in the most challenging of conditions. Specialty products segment Adjusted EBITDA Margin grew to 21.2% in 2020 from 15.4% in 2019. Segment results were impacted by softer demand due to the COVID-19 pandemic in 2020, but the impact was largely offset from stronger margins in both the specialty oils and waxes business and the finished lubricants and chemicals business. Continued focus on cost improvements in fixed operating, transportation and SG&A contributed to the segment's performance. Results were also impacted by a $7.8 million unfavorable LCM inventory adjustment in 2020 compared to a $9.5 million favorable LCM inventory adjustment in 2019, as well as $3.9 million of losses related to the liquidation of LIFO inventory layers in 2020 compared to $2.8 million of gains in 2019. Specialty products represented approximately 26% of total production in 2020, compared to 24% in 2019.

Fuel products segment Adjusted EBITDA was negative $30.3 million in 2020 compared to positive $152.5 million in 2019. Fuel products segment results for fiscal year 2020 were impacted by decreased sales volumes, weaker U.S. Gulf Coast crack spreads, a tightening in the average pricing discount between WCS and NYMEX WTI of $3 per barrel when compared to the prior year, and increasing RINs prices. Results were also impacted by a $16.2 million unfavorable LCM inventory adjustment in 2020 compared to a $26.3 million favorable LCM inventory adjustment in 2019, as well as $0.6 million of losses related to the liquidation of LIFO inventory layers in 2020 compared to $3.2 million of gains in 2019. Fuel products represented approximately 74% of total production during the year, compared to 76% in 2019.

Corporate segment Adjusted EBITDA was negative $66.2 million in 2020 versus negative $97.6 million in 2019, due primarily to cost reductions in outside services and corporate staffing.

Acquisitions

On March 2, 2020, we acquired a 100% ownership interest in Paralogics, LLC, a producer of candle and industrial wax blends, using cash on hand. This investment expanded Calumet's presence in the specialty wax blending and packaging market while adding new capabilities into Calumet's existing wax business value chain, adding approximately 20 million pounds of annual blending and formulating capabilities.

Business Divestitures

In March 2019, we sold our interest in Biosyn Holdings, LLC ("Biosyn") to The Heritage Group, a related party, for total proceeds of $5.0 million which was recorded in the "other" component of other income (expense) in the consolidated statements of operations.

In November 2019, we completed the sale of all of the issued and outstanding membership interests in Calumet San Antonio Refining, LLC, which owned the San Antonio Refinery. The sale included the refinery and related assets, including associated hydrocarbon inventories, a crude oil terminal and pipeline to Starlight Relativity Acquisition Company LLC ("Starlight"), a Delaware limited liability company (the "San Antonio Transaction"). Total consideration received was $59.1 million, which consisted of a base sales price of $63.0 million minus an adjustment of $3.9 million for net working capital, inventories and reimbursement of certain transaction costs. The San Antonio refinery was included in the Company's fuel products segment. The Company recognized a net loss of $8.7 million in gain (loss) on sale of business in the consolidated statements of operations for the year ended December 31, 2019, related to the San Antonio Transaction. In February 2020, the Company and Starlight agreed to the final purchase price adjustment payment related to net working capital and inventory to Starlight of $6.9 million, which is reflected in the net loss recognized by the Company for the year ended December 31, 2019.

In connection with the San Antonio Transaction, the Partnership, Calumet San Antonio, TexStar Midstream Logistics, L.P. ("TexStar"), TexStar Midstream Logistics Pipeline, LP and Tailwater Capital, LLC entered into a Settlement and Release Agreement (the "Settlement Agreement"), pursuant to which the Partnership agreed to pay TexStar and its affiliates a cash payment of $1.0 million and the parties mutually agreed to dismiss the litigation and release each other with respect to the legal dispute relating to the termination of the Throughput and Deficiency Agreement (the "Pipeline Agreement"). As a result of the Settlement Agreement, we derecognized the $38.1 million liability related to the Pipeline Agreement, which was included in the Gain (loss) on sale of business calculation for the San Antonio Transaction.

Liquidity Update

As of December 31, 2020, we had total liquidity of $263.8 million comprised of $109.4 million of cash and $154.4 million of availability under our revolving credit facility. As of December 31, 2020, our revolving credit facility had a $286.1 million borrowing base, $23.7 million in outstanding standby letters of credit and $108.0 million outstanding borrowings. We believe we will continue to have sufficient liquidity from cash on hand, cash flow from operations, borrowing capacity and other means by which to meet our financial commitments, debt service obligations, anticipated capital expenditures and contingencies. Please read Item 7 "Management's Discussion and Analysis - Liquidity and Capital Resources" and Part I, Item 1A. "Risk Factors" for additional information.

In 2020, we consummated a transaction whereby we exchanged approximately $200.0 million aggregate principal amount of our outstanding 2022 Notes for $200.0 million aggregate principal amount of newly issued 2024 Secured Notes (the "Exchange Transaction").

In 2019, we redeemed $900 million in aggregate principal amount of our 6.50% Notes due April 2021 ("2021 Notes") with the net proceeds from the issuance of $550.0 million of 11.00% senior notes due 2025 ("2025 Notes"), together with borrowings under our revolving credit facility and cash on hand. In conjunction with the redemption, we incurred net, debt extinguishment costs of $2.2 million.

Renewable Fuel Standard Update

Along with the broader refining industry, we remain subject to compliance costs under the Renewable Fuel Standard ("RFS"). Under the regulation of the EPA, the RFS provides annual requirements for the total volume of renewable transportation fuels which are mandated to be blended into finished petroleum fuels. If a refiner does not meet its required annual Renewable Volume Obligation, the refiner can purchase blending credits in the open market, referred to as RINs.

For the year ended December 31, 2020, our non-cash RINs expense was $100.9 million, as compared to a RINs gain for the year ended December 31, 2019 of $6.0 million. Our annual gross RINs Obligation, which includes RINs that are required to be secured through either our own blending or through the purchase of RINs in the open market, is approximately 80 million RINs spread across four compliance categories (D3, D4, D5 and D6). The gross RINs obligations exclude our own renewables blending as well as the potential for any subsequent hardship waivers.

In August 2019, the EPA granted our fuel product refineries a "small refinery exemption" under the RFS for the compliance year 2018, as provided for under the Clean Air Act ("CAA"), as amended. In granting those exemptions, the EPA, in consultation with the Department of Energy, determined that for the compliance year 2018, compliance with the RFS would represent a "disproportionate economic hardship" for these small refineries. The RINs exemption resulted in a decrease in the RINs Obligation and was recorded as a reduction to cost of sales in the consolidated statements of operations for the year ended December 31, 2019.

We continue to anticipate that expenses related to RFS compliance have the potential to remain a significant expense for our fuel products segment. If legal or regulatory changes occur that have the effect of increasing our RINs Obligation or eliminating or narrowing the availability of the "small refinery exemption" under the RFS program, we could be required to purchase additional RINs in the open market, which may materially increase our costs related to RFS compliance and could have a material adverse effect on our results of operations and liquidity.

Key Performance Measures

Our sales and net loss are principally affected by demand for specialty products and fuel products, price of raw materials, prevailing crack spreads for fuel products, the price of natural gas used as fuel in our operations and our results from derivative instrument activities.

Our primary raw materials are crude oil and other specialty feedstocks, and our primary outputs are specialty petroleum products and fuel products. The prices of crude oil, specialty products and fuel products are subject to fluctuations in response to changes in supply, demand, market uncertainties and a variety of factors beyond our control. We monitor these risks and from time-to-time enter into derivative instruments designed to help mitigate the impact of commodity price fluctuations on our business. The primary purpose of our commodity risk management activities is to economically hedge our cash flow exposure to commodity price changes so that we can meet our debt service and capital expenditure requirements despite fluctuations in crude oil and fuel products prices. We also may hedge when market conditions exist that we believe to be out of the ordinary and particularly supportive of our financial goals. We enter into derivative contracts for future periods for quantities that do not exceed our projected purchases of crude oil and sales of fuel products. Please read Note 11 — "Derivatives" under Part II, Item 8 "Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements."

Our management uses several financial and operational measurements to analyze our performance. These measurements include the following:

- sales volumes;
- segment gross profit;
- segment Adjusted EBITDA; and
- selling, general and administrative expenses.

Sales volumes. We view the volumes of specialty products and fuel products sold as an important measure of our ability to effectively utilize our operating assets. Our ability to meet the demands of our customers is driven by the volumes of crude oil and feedstocks that we run through our facilities. Higher volumes improve profitability both through the spreading of fixed costs over greater volumes and the additional gross profit achieved on the incremental volumes.

Segment gross profit. Specialty products and fuel products gross profit are important measures of our ability to maximize the profitability of our specialty products and fuel products segments. We define gross profit as sales less the cost of crude oil and other feedstocks and other production-related expenses, the most significant portion of which includes labor, plant fuel, utilities, contract services, maintenance, depreciation and processing materials. We use gross profit as an indicator of our ability to manage our business during periods of crude oil and natural gas price fluctuations, as the prices of our specialty products and fuel products generally do not change immediately with changes in the price of crude oil and natural gas. The increase or decrease in selling prices typically lags behind the rising or falling costs, respectively, of crude oil feedstocks for specialty products. Other than plant fuel, production-related expenses generally remain stable across broad ranges of specialty products and fuel products throughput volumes but can fluctuate depending on maintenance activities performed during a specific period.

Our fuel products segment gross profit per barrel may differ from standard U.S. Gulf Coast, PADD 4 Billings, Montana or 3/2/1 and 2/1/1 market crack spreads due to many factors, including our fuel products mix as shown in our production table being different than the ratios used to calculate such market crack spreads, LCM and LIFO inventory adjustments reflected in gross profit, operating costs including fixed costs, actual crude oil costs differing from market indices and our local market pricing differentials for fuel products in the Shreveport, Louisiana and Great Falls, Montana vicinities as compared to U.S. Gulf Coast and PADD 4 Billings, Montana postings.

Segment Adjusted EBITDA. We believe that specialty products and fuel products segment Adjusted EBITDA measures are useful as they exclude transactions not related to our core cash operating activities and provide metrics to analyze our ability to pay distributions to our unitholders and pay interest to our noteholders as Adjusted EBITDA is a component in the calculation of Distributable Cash Flow and allows us to meaningfully analyze the trends and performance of our core cash operations as well as to make decisions regarding the allocation of resources to segments. The corporate segment Adjusted EBITDA primarily reflects general and administrative costs not related to our core cash operating activities.

Results of Operations

The following table sets forth information about our continuing operations. Facility production volume differs from sales volume due to changes in inventories and the sale of purchased fuel product blendstocks, such as ethanol and biodiesel, and the resale of crude oil in our fuel products segment. The historical results of operations of the San Antonio Refinery are included through the effective date of its disposition, November 10, 2019.

	Year Ended December 31,	
	2020	**2019**
	(In bpd)	
Total sales volume [1]	86,727	104,734
Total feedstock runs [2]	84,829	103,603
Total facility production: [3]		
Specialty products:		
Lubricating oils	10,143	11,506
Solvents	6,819	7,526
Waxes	1,318	1,315
Packaged and synthetic specialty products [4]	1,381	1,540
Other	1,697	1,764
Total specialty products	21,358	23,651
Fuel products:		
Gasoline	18,074	22,877
Diesel	24,054	28,709
Jet fuel	3,645	4,506
Asphalt, heavy fuel oils and other	14,324	20,286
Total fuel products	60,097	76,378
Total facility production [3]	81,455	100,029

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(1) Total sales volume includes sales from the production at our facilities and certain third-party facilities pursuant to supply and/or processing agreements, sales of inventories and the resale of crude oil to third-party customers. Total sales volume also includes the sale of purchased fuel product blendstocks, such as ethanol and biodiesel, as components of finished fuel products in our fuel products segment sales.

The decrease in total sales volume in 2020 compared to 2019, is due primarily to the sale of the San Antonio refinery, the terminated third-party naphthenic lubricating oil production arrangement, intentional Stock-Keeping Unit (“SKU”) rationalization and elimination of low margin toll processing, and softened demand due to the COVID-19 pandemic.

(2) Total feedstock runs represent the barrels per day of crude oil and other feedstocks processed at our facilities and at certain third-party facilities pursuant to supply and/or processing agreements.

The decrease in total feedstock runs in 2020 compared to 2019 is due primarily to the sale of the San Antonio refinery, the terminated third-party naphthenic lubricating oil production arrangement, terminated low margin tolling of packaged and synthetic products, and softened demand due to the COVID-19 pandemic.

(3) Total facility production represents the barrels per day of specialty products and fuel products yielded from processing feedstocks at our facilities and at certain third-party facilities pursuant to supply and/or processing agreements. The difference between total facility production and total feedstock runs is primarily a result of the time lag between the input of feedstocks and the production of finished products, intermediates transferred to internal sites for further processing, and volume loss.

The changes in total facility production in 2020 over 2019 are due primarily to the sale of the San Antonio refinery and the operational items discussed above.

(4) Represents production of finished lubricants and specialty chemicals products, including the products from our Royal Purple, Bel-Ray and Calumet Packaging facilities.

The following table reflects our consolidated results of operations and includes the non-GAAP financial measures EBITDA, Adjusted EBITDA and Distributable Cash Flow. For a reconciliation of EBITDA, Adjusted EBITDA and Distributable Cash Flow to Net loss and Net cash provided by operating activities, our most directly comparable financial performance and liquidity measures calculated and presented in accordance with GAAP, please read “Non-GAAP Financial Measures.”

	Year Ended December 31,	
	2020	2019
	(In millions)	
Sales	$ 2,268.2	$ 3,452.6
Cost of sales	2,058.1	3,000.9
Gross profit	210.1	451.7
Operating costs and expenses:		
Selling	47.8	53.1
General and administrative	91.1	136.7
Transportation	111.0	122.9
Taxes other than income taxes	9.8	20.5
Loss on impairment and disposal of assets	6.8	37.0
(Gain) loss on sale of business, net	(1.0)	8.7
Other operating (income) expense	16.5	(3.5)
Operating income (loss)	(71.9)	76.3
Other income (expense):		
Interest expense	(125.9)	(134.6)
Debt extinguishment costs	—	(2.2)
Gain on derivative instruments	52.4	9.0
Gain from unconsolidated affiliates	—	3.8
Gain on sale of unconsolidated affiliates	—	1.2
Other income (expense)	(2.5)	3.4
Total other expense	(76.0)	(119.4)
Net loss before income taxes	(147.9)	(43.1)
Income tax expense	1.1	0.5
Net loss	$ (149.0)	$ (43.6)
EBITDA	$ 83.1	$ 201.6
Adjusted EBITDA	$ 141.5	$ 262.8
Distributable Cash Flow	$ (34.7)	$ 62.2

Non-GAAP Financial Measures

We include in this Annual Report the non-GAAP financial measures EBITDA, Adjusted EBITDA and Distributable Cash Flow. We provide reconciliations of EBITDA, Adjusted EBITDA and Distributable Cash Flow to Net loss, our most directly comparable financial performance measure. We also provide a reconciliation of Distributable Cash Flow, Adjusted EBITDA and EBITDA to Net cash provided by operating activities, our most directly comparable liquidity measure. Both Net loss and Net cash provided by operating activities are calculated and presented in accordance with GAAP.

EBITDA, Adjusted EBITDA and Distributable Cash Flow are used as supplemental financial measures by our management and by external users of our financial statements, such as investors, commercial banks, research analysts and others, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness;
- our operating performance and return on capital as compared to those of other companies in our industry, without regard to financing or capital structure; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

Management believes that these non-GAAP measures are useful to analysts and investors as they exclude transactions not related to our core cash operating activities and provide metrics to analyze our ability to pay interest costs and distributions. However, the indentures governing our senior notes contain covenants that, among other things, restrict our ability to pay distributions. We believe that excluding these transactions allows investors to meaningfully analyze trends and performance of our core cash operations.

We define EBITDA for any period as net loss plus interest expense (including amortization of debt issuance costs), income taxes and depreciation and amortization.

During the first quarter of 2020, the CODM changed the definition and calculation of Adjusted EBITDA, which we use for evaluating performance, allocating resources and managing the business. The revised definition and calculation of Adjusted EBITDA now includes LCM inventory adjustments and LIFO adjustments, see items (g) and (h) below, which were previously excluded. This revised definition and calculation better reflects the performance of our Company's business segments including cash flows. Adjusted EBITDA has been revised for all periods presented to consistently reflect this change.

We define Adjusted EBITDA for any period as EBITDA adjusted for (a) impairment; (b) unrealized gains and losses from mark-to-market accounting for hedging activities; (c) realized gains and losses under derivative instruments excluded from the determination of net income (loss); (d) non-cash equity-based compensation expense and other non-cash items (excluding items such as accruals of cash expenses in a future period or amortization of a prepaid cash expense) that were deducted in computing net income (loss); (e) debt refinancing fees, premiums and penalties; (f) any net gain or loss realized in connection with an asset sale that was deducted in computing net income (loss), (g) LCM inventory adjustments; (h) the impact of liquidation of inventory layers calculated using the LIFO method; and (i) all extraordinary, unusual or non-recurring items of gain or loss, or revenue or expense.

We define Distributable Cash Flow for any period as Adjusted EBITDA less replacement and environmental capital expenditures, turnaround costs, cash interest expense (consolidated interest expense less non-cash interest expense), gain (loss) from unconsolidated affiliates, net of cash distributions and income tax expense (benefit).

We define Adjusted EBITDA Margin as Adjusted EBITDA divided by sales.

The definition of Adjusted EBITDA presented in this Annual Report is consistent with the calculation of "Consolidated Cash Flow" contained in the indentures governing our 2022, 2023, 2024 and 2025 Notes (as defined in this Annual Report). We are required to report Consolidated Cash Flow to the holders of our 2022, 2023, 2024 and 2025 Notes and Adjusted EBITDA to the lenders under our revolving credit facility, and these measures are used by them to determine our compliance with certain covenants governing those debt instruments. Please read "Liquidity and Capital Resources — Debt and Credit Facilities" for additional details regarding the covenants governing our debt instruments.

EBITDA, Adjusted EBITDA and Distributable Cash Flow should not be considered alternatives to Net loss, Operating income (loss), Net cash provided by operating activities or any other measure of financial performance presented in accordance with GAAP. In evaluating our performance as measured by EBITDA, Adjusted EBITDA and Distributable Cash Flow, management recognizes and considers the limitations of these measurements. EBITDA and Adjusted EBITDA do not reflect our liabilities for the payment of income taxes, interest expense or other obligations such as capital expenditures. Accordingly, EBITDA, Adjusted EBITDA and Distributable Cash Flow are only three of several measurements that management utilizes. Moreover, our EBITDA, Adjusted EBITDA and Distributable Cash Flow may not be comparable to similarly titled measures of another company because all companies may not calculate EBITDA, Adjusted EBITDA and Distributable Cash Flow in the same manner.

The following tables present a reconciliation of Net loss to EBITDA, Adjusted EBITDA and Distributable Cash Flow; Distributable Cash Flow, Adjusted EBITDA and EBITDA to Net cash provided by operating activities and Segment Adjusted EBITDA to EBITDA and Net loss, and our most directly comparable GAAP financial performance and liquidity measures, for each of the periods indicated.

	Year Ended December 31, 2020	Year Ended December 31, 2019
	(In millions)	
Reconciliation of Net loss to EBITDA, Adjusted EBITDA and Distributable Cash Flow:		
Net loss	$ (149.0)	$ (43.6)
Add:		
Interest expense	125.9	134.6
Depreciation and amortization	105.1	110.1
Income tax expense	1.1	0.5
EBITDA	$ 83.1	$ 201.6
Add:		
LCM / LIFO (gain) loss	$ 28.5	$ (41.8)
Unrealized (gain) loss on derivative instruments	(2.8)	26.1
Debt extinguishment costs	—	2.2
Amortization of turnaround costs	14.6	19.3
Loss on impairment and disposal of assets [3]	6.8	37.0
Gain on sale of unconsolidated affiliate	—	(1.2)
(Gain) loss on sale of business, net	(1.0)	8.7
Other non-recurring expenses	2.4	3.5
Equity based compensation and other items	9.9	7.4
Adjusted EBITDA [4]	$ 141.5	$ 262.8
Less:		
Replacement and environmental capital expenditures [1]	$ 31.8	$ 50.0
Cash interest expense [2]	119.9	128.5
Turnaround costs	23.4	17.8
Gain from unconsolidated affiliates	—	3.8
Income tax expense	1.1	0.5
Distributable Cash Flow	$ (34.7)	$ 62.2

	Year Ended December 31,	
	2020	2019
	(In millions)	
Reconciliation of Distributable Cash Flow, Adjusted EBITDA and EBITDA to Net cash provided by operating activities:		
Distributable Cash Flow	$ (34.7)	$ 62.2
Add:		
Replacement and environmental capital expenditures [1]	31.8	50.0
Cash interest expense [2]	119.9	128.5
Turnaround costs	23.4	17.8
Gain from unconsolidated affiliates	—	3.8
Income tax expense	1.1	0.5
Adjusted EBITDA [4]	$ 141.5	$ 262.8
Less:		
LCM / LIFO (gain) loss	$ 28.5	$ (41.8)
Unrealized (gain) loss on derivative instruments	(2.8)	26.1
Debt extinguishment costs	—	2.2
Amortization of turnaround costs	14.6	19.3
Loss on impairment and disposal of assets [3]	6.8	37.0
Gain on sale of unconsolidated affiliate	—	(1.2)
(Gain) loss on sale of business, net	(1.0)	8.7
Other non-recurring expenses	2.4	3.5
Equity based compensation and other items	9.9	7.4
EBITDA	$ 83.1	$ 201.6
Add:		
Unrealized (gain) loss on derivative instruments	$ (2.8)	$ 26.1
Cash interest expense [2]	(119.9)	(128.5)
(Gain) loss on sale of business, net	(1.0)	8.7
Other non-recurring expenses	2.4	3.5
Loss on impairment and disposal of assets [3]	6.8	37.0
Lower of cost or market inventory adjustment	24.0	(35.6)
Equity-based compensation	5.5	5.9
Gain from unconsolidated affiliates	—	(3.8)
Gain on sale of unconsolidated affiliate	—	(1.2)
Amortization of turnaround costs	14.6	19.3
Income tax expense	(1.1)	(0.5)
Debt extinguishment costs	—	2.2
Changes in assets and liabilities:		
Accounts receivable	25.5	(37.0)
Inventories	14.0	16.3
Other current assets	0.6	4.5
Turnaround costs	(23.4)	(17.8)
Derivative activity	—	(0.3)
Other assets	—	(0.1)
Accounts payable	(38.1)	71.3
Accrued interest payable	(1.0)	1.5
Other liabilities	77.1	22.6
Other	(3.5)	(3.8)
Net cash provided by operating activities	$ 62.8	$ 191.9

	Year Ended December 31,	
	2020	2019
	(In millions)	
Reconciliation of Segment Adjusted EBITDA to EBITDA and Net loss:		
Segment Adjusted EBITDA:		
Corporate Adjusted EBITDA	$ (66.2)	$ (97.6)
Specialty products Adjusted EBITDA	238.0	207.9
Fuel products Adjusted EBITDA	(30.3)	152.5
Total segment Adjusted EBITDA[4]	$ 141.5	$ 262.8
Less:		
LCM / LIFO (gain) loss	$ 28.5	$ (41.8)
Unrealized (gain) loss on derivative instruments	(2.8)	26.1
Debt extinguishment costs	—	2.2
Amortization of turnaround costs	14.6	19.3
Loss on impairment and disposal of assets [3]	6.8	37.0
Gain on sale of unconsolidated affiliate	—	(1.2)
(Gain) loss on sale of business, net	(1.0)	8.7
Other non-recurring expenses	2.4	3.5
Equity based compensation and other items	9.9	7.4
EBITDA	$ 83.1	$ 201.6
Less:		
Interest expense	$ 125.9	$ 134.6
Depreciation and amortization	105.1	110.1
Income tax expense	1.1	0.5
Net loss	$ (149.0)	$ (43.6)

(1) Replacement capital expenditures are defined as those capital expenditures which do not increase operating capacity or reduce operating costs and exclude turnaround costs. Environmental capital expenditures include asset additions to meet or exceed environmental and operating regulations.

(2) Represents consolidated interest expense less non-cash interest expense.

(3) Impairment charges for 2019 primarily relate to $25.4 million of impairment charges related to an cost method investment.

(4) Total segment Adjusted EBITDA includes the non-cash impact of the following LCM inventory adjustments and gains (losses) related to the liquidation of LIFO inventory layers.

	2020	2019
	(In millions)	
LCM gain (loss) impact	$ (24.0)	$ 35.8
Liquidation of LIFO layers gain (loss) impact	$ (4.5)	$ 6.0

Year Ended December 31, 2020, Compared to Year Ended December 31, 2019

Sales. Sales decreased $1,184.4 million, or 34.3%, to $2,268.2 million in 2020 from $3,452.6 million in 2019. Sales for each of our principal product categories in these periods were as follows:

	Year Ended December 31,		
	2020	**2019**	**% Change**
	(In millions, except barrel and per barrel data)		
Sales by segment:			
Specialty products:			
Lubricating oils	$ 473.4	$ 593.1	(20.2)%
Solvents	236.2	325.9	(27.5)%
Waxes	129.1	119.3	8.2 %
Packaged and synthetic specialty products (1)	234.2	230.8	1.5 %
Other (2)	51.4	85.0	(39.5)%
Total specialty products	$ 1,124.3	$ 1,354.1	(17.0)%
Total specialty products sales volume (in barrels)	8,183,000	9,087,000	(9.9)%
Average specialty products sales price per barrel	$ 137.39	$ 149.02	(7.8)%
Fuel products:			
Gasoline	$ 379.8	$ 679.6	(44.1)%
Diesel	475.8	859.1	(44.6)%
Jet fuel	70.2	134.6	(47.8)%
Asphalt, heavy fuel oils and other (3)	218.1	425.2	(48.7)%
Total fuel products	$ 1,143.9	$ 2,098.5	(45.5)%
Total fuel products sales volume (in barrels)	23,559,000	29,141,000	(19.2)%
Average fuel products sales price per barrel	$ 48.55	$ 72.01	(32.6)%
Total sales	$ 2,268.2	$ 3,452.6	(34.3)%
Total specialty and fuel products sales volume (in barrels)	31,742,000	38,228,000	(17.0)%

(1) Represents packaged and synthetic specialty products at our Royal Purple, Bel-Ray and Calumet Packaging facilities.

(2) Represents (a) by-products, including fuels and asphalt, produced in connection with the production of specialty products at the Princeton and Cotton Valley refineries and Dickinson and Karns City facilities and (b) polyolester synthetic lubricants produced at the Missouri facility.

(3) Represents asphalt, heavy fuel oils and other products produced in connection with the production of fuels at the Shreveport, Great Falls and formerly owned San Antonio refineries and crude oil sales to third-party customers.

The components of the $229.8 million specialty products segment sales decrease in 2020 were as follows:

	Dollar Change
	(In millions)
Sales price	$ (95.2)
Volume	(134.6)
Total Specialty Products segment sales decrease	$ (229.8)

Specialty products segment sales for 2020 decreased $229.8 million, or 17.0%, primarily due to a decrease in the average selling price per barrel as well as lower sales volumes. The decrease in volume was a result of softened demand due to the COVID-19 pandemic, planned turnaround activity at our Princeton refinery, unplanned downtime at multiple third party facilities in the third quarter of 2020 due to Hurricane Laura, and the intentional reduction of low margin SKUs, including the termination of a third-party naphthenic lubricating oil production agreement. The average selling price per barrel decreased by $11.63 per barrel primarily due to the 31% reduction in average crude oil prices year over year.

The components of the $954.6 million fuel products segment sales decrease in 2020 were as follows:

	Dollar Change
	(In millions)
Sales price	$ (553.1)
Divestiture impact	(389.9)
Volume	(11.6)
Total Fuel Products segment sales decrease	$ (954.6)

Fuel products segment sales for 2020 decreased $954.6 million, or 45.5%, due to the divestiture of the San Antonio refinery in the fourth quarter of 2019, a decrease in the average selling price per barrel, and a decrease in sales volumes. The decrease in the average selling price per barrel was primarily due to the 31% reduction in average crude oil prices year over year resulting from the COVID-19 pandemic.

Gross Profit. Gross profit decreased $241.6 million, or 53.5%, to $210.1 million in 2020 from $451.7 million in 2019. Gross profit for our specialty and fuel products segments was as follows:

	Year Ended December 31,		
	2020	2019	% Change
	(Dollars in millions, except per barrel data)		
Gross profit by segment:			
Specialty products:			
Gross profit	$ 329.2	$ 324.8	1.4 %
Percentage of sales	29.3 %	24.0 %	5.3 %
Specialty products gross profit per barrel	$ 40.23	$ 35.74	12.6 %
Fuel products:			
Gross profit (loss)	$ (119.1)	$ 126.9	(193.9)%
Percentage of sales	(10.4)%	6.0 %	(16.4)%
Fuel products gross profit (loss) per barrel	$ (5.06)	$ 4.35	(216.3)%
Total gross profit	$ 210.1	$ 451.7	(53.5)%
Percentage of sales	9.3 %	13.1 %	(3.8)%

The components of the $4.4 million increase in the specialty products segment gross profit for 2020, as compared to 2019, were as follows:

	Dollar Change
	(In millions)
2019 reported gross profit	$ 324.8
Sales price	(95.2)
Operating costs	15.4
LCM / LIFO inventory adjustments	(24.0)
Volume	(52.8)
Cost of materials	161.0
2020 reported gross profit	$ 329.2

The increase in specialty products segment gross profit of $4.4 million year over year was primarily due to a $65.8 million favorable net impact of increased product margins and lower operating costs of $15.4 million. The increase in gross profit was partially offset by a $52.8 million negative impact from decreased volumes as a result of the softened demand and the termination of third-party naphthenic lubricating oils production, as well as a $24.0 million unfavorable impact of non-cash LCM and LIFO inventory adjustments for the year ended 2020 in comparison to 2019.

The components of the $246.0 million decrease in the fuel products segment gross profit (loss) for 2020, as compared to 2019, were as follows:

		Dollar Change
		(In millions)
2019 reported gross profit	$	126.9
Sales price		(553.1)
RINs		(104.0)
Operating costs		12.4
Divestiture impact		(12.0)
Volume		(2.4)
LCM / LIFO inventory adjustments		(45.0)
Cost of materials		458.1
2020 reported gross profit (loss)	$	(119.1)

The decrease in fuel products segment gross profit (loss) of $246.0 million year over year was primarily due to an increase in RINs expense of $104.0 million, a $95.0 million unfavorable net impact of lower margins, the absence of the gross profit generated by the San Antonio refinery in the prior year, which was divested in fourth quarter of 2019, and a $45.0 million unfavorable impact of non-cash LCM and LIFO inventory adjustments. The unfavorable change in gross profit (loss) was partially offset by a $12.4 million decrease in operating costs in 2020 in comparison to 2019.

General and administrative. General and administrative expenses decreased $45.6 million, or 33.4%, to $91.1 million in 2020 from $136.7 million in 2019. The decrease was due primarily to a $35.9 million decrease in professional services fees, a $12.0 million decrease labor and benefits, and a $2.1 million decrease in travel and entertainment expenses, partially offset by a $0.6 million increase in insurance expense. The overall decrease in general and administrative expenses was driven by the cost reduction plan implemented at the beginning of 2020, which was designed to right-size general and administrative spending consistent with Phase II of our previously announced self-help program.

Transportation. Transportation decreased $11.9 million, or 9.7%, to $111.0 million in 2020 from $122.9 million in 2019. The decrease was primarily due to outbound freight expense decreasing in line with the overall decrease in sales volumes.

Taxes other than income taxes. Taxes other than income taxes decreased $10.7 million, or 52.2%, to $9.8 million in 2020 from $20.5 million in 2019. The decrease is primarily due to lower property taxes resulting from refunds on our Great Falls refinery for years 2017, 2018 and 2019 and a lower assessment for 2020.

Loss on impairment and disposal of assets. Loss on impairment and disposal of assets decreased $30.2 million, to $6.8 million in 2020. Loss on impairment and disposal of assets in the current year primarily consisted of a $5.1 million write-off of an other receivable for the remaining payment related to the sale of Anchor Drilling Fluids USA, LLC in 2017. Loss on impairment and disposal of assets in the prior year primarily consisted of $10.7 million for the Company’s cease of use of the assets associated with the TexStar Midstream Logistics, L.P. Throughput and Deficiency Agreement and $25.4 million in impairment charges for the Company’s investment in FHC.

(Gain) loss on sale of business, net. (Gain) loss on sale of business, net increased $9.7 million, or 111.5%, to a gain of $1.0 million in 2020, compared to a loss of $8.7 million in 2019. The gain in the current year is the result of certain post-closing adjustments related to the sale of the San Antonio refinery. The loss in 2019 is the result of our divestment of the refinery in San Antonio, Texas.

Other operating (income) expense. Other operating (income) expense decreased $20.0 million to expense of $16.5 million in 2020 compared to income of $3.5 million in 2019. The change was primarily due to $10.4 million of RINs expense associated with the San Antonio refinery for the 2019 compliance period as well as increased environmental expenses of $1.2 million.

Interest expense. Interest expense decreased $8.7 million, or 6.5%, to $125.9 million in 2020 from $134.6 million in 2019. The decrease is due primarily to lower financing costs related to our Supply and Offtake Agreements, partially offset by higher interest related to our 2025 Notes.

Gain on derivative instruments. There was a $52.4 million gain on derivative instruments in 2020, compared to a $9.0 million gain in the same period in 2019. The increase in the gain on derivative instruments was largely driven by WCS crude oil basis swaps (both realized and unrealized) that locked in WCS/WTI differentials greater than the average market differential during 2020 in comparison to 2019.

Liquidity and Capital Resources

Our principal sources of cash have historically included cash flow from operations, proceeds from public equity offerings, proceeds from notes offerings and bank borrowings. Principal uses of cash have included capital expenditures, acquisitions, distributions to our limited partners and general partner and debt service. We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, tender offers or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. In addition, in May 2018 The Heritage Group disclosed in a Schedule 13D filing that it is considering various alternatives with respect to its investment in us, including potential consolidation, acquisitions or sales of our assets or common units, as well as potential changes to our capital structure. The Heritage Group also disclosed that it may make formal proposals to us, holders of our common units or other third parties regarding such strategic alternatives.

In general, we expect that our short-term liquidity needs, including debt service, working capital, replacement and environmental capital expenditures and capital expenditures related to internal growth projects, will be met primarily through projected cash flow from operations, borrowings under our revolving credit facility and asset sales.

In 2020, we consummated a transaction whereby we exchanged approximately $200.0 million aggregate principal amount of our outstanding 2022 Notes for $200.0 million aggregate principal amount of newly issued 2024 Secured Notes (the “Exchange Transaction”).

In 2019, we redeemed all of the 2021 Notes with the net proceeds from the issuance of the 2025 Notes, together with borrowings under the Company’s revolving credit facility and cash on hand. In conjunction with the redemption, the Company incurred debt extinguishment costs of $2.2 million, net. Also in 2019, we sold our interest in Biosyn to The Heritage Group, a related party, for total proceeds of $5.0 million. Lastly, in 2019, we received $59.1 million in cash for the San Antonio Transaction.

We expect to fund planned capital expenditures in 2021 of approximately $60 million to $70 million primarily with cash on hand and cash flows from operations. Future internal growth projects or acquisitions may require expenditures in excess of our then-current cash flow from operations and borrowing availability under our revolving credit facility and may require us to issue debt or equity securities in public or private offerings or incur additional borrowings under bank credit facilities to meet those costs.

The borrowing base on our revolving credit facility decreased from approximately $401.9 million as of December 31, 2019, to approximately $286.1 million at December 31, 2020, resulting in a corresponding decrease in our borrowing availability from approximately $359.4 million at December 31, 2019, to approximately $154.4 million at December 31, 2020. Total liquidity, consisting of unrestricted cash and available funds under our revolving credit facility, decreased from $378.5 million at December 31, 2019 to $263.8 million at December 31, 2020.

Cash Flows from Operating, Investing and Financing Activities

We believe that we have sufficient liquid assets, cash flow from operations, borrowing capacity and adequate access to capital markets to meet our financial commitments, debt service obligations and anticipated capital expenditures. We continue to seek to lower our operating costs, selling expenses and general and administrative expenses as a means to further improve our cash flow from operations with the objective of having our cash flow from operations support all of our capital expenditures and interest payments. However, we are subject to business and operational risks that could materially adversely affect our cash flows. A material decrease in our cash flow from operations including a significant, sudden decrease in crude oil prices would likely produce a corollary effect on our borrowing capacity under our revolving credit facility and potentially our ability to comply with the covenants under our revolving credit facility. A significant, sudden increase in crude oil prices, if sustained, would likely result in increased working capital requirements which would be funded by borrowings under our revolving credit facility. In addition, our cash flow from operations may be impacted by the timing of settlement of our derivative activities. Gains and losses from derivative instruments that do not qualify as cash flow hedges are recorded in unrealized gain (loss) on derivative instruments until settlement and will impact operating cash flow in the period settled.

The following table summarizes our primary sources and uses of cash in each of the most recent two years:

	Year Ended December 31,	
	2020	2019
	(In millions)	
Net Cash provided by operating activities	$ 62.8	$ 191.9
Net Cash provided by (used in) investing activities	(46.3)	14.5
Net Cash provided by (used in) financing activities	73.8	(343.0)
Net increase (decrease) in cash and cash equivalents	$ 90.3	$ (136.6)

Operating Activities. Operating activities provided cash of $62.8 million during 2020 compared to providing cash of $191.9 million during 2019. The change was impacted by decreased net income of $105.4 million and an increase in working capital requirements of $6.4 million from the comparative period.

Investing Activities. Cash provided by (used) in investing activities decreased to cash used in investing activities of $46.3 million in 2020 compared to cash provided by investing activities of $14.5 million in 2019. The decrease is primarily due to absence of the $55.1 million proceeds we received for the sale of the San Antonio refinery in 2019, as well as decreased proceeds from the sale of property, plant and equipment of $3.6 million in 2020 vs. 2019.

Financing Activities. Financing activities provided cash of $73.8 million during 2020 compared to using cash of $343.0 million during 2019. The increase is primarily due to an increase in net proceeds from borrowing under our revolving credit facility of $108.0 million, as well as a decrease in repayments for borrowings on our senior note of $898.5 million, partially offset by a $49.1 million change in our net position for proceeds made and payments received in the current year in comparison to the prior year as it relates to our Supply and Offtake Agreements.

Capital Expenditures

Our property, plant and equipment capital expenditure requirements consist of capital improvement expenditures, replacement capital expenditures, environmental capital expenditures and turnaround capital expenditures. Capital improvement expenditures include expenditures to acquire assets to grow our business, to expand existing facilities, such as projects that increase operating capacity, or to reduce operating costs. Replacement capital expenditures replace worn out or obsolete equipment or parts. Environmental capital expenditures include asset additions to meet or exceed environmental and operating regulations. Turnaround capital expenditures represent capitalized costs associated with our periodic major maintenance and repairs.

The following table sets forth our capital improvement expenditures, replacement capital expenditures, environmental capital expenditures and turnaround capital expenditures in each of the periods shown (including capitalized interest):

	Year Ended December 31,	
	2020	2019
	(In millions)	
Capital improvement expenditures	$ 10.8	$ 15.1
Replacement capital expenditures	19.9	34.9
Environmental capital expenditures	6.1	15.1
Turnaround capital expenditures	17.1	24.1
Total	$ 53.9	$ 89.2

2021 Capital Spending Forecast

We are forecasting total capital expenditures of approximately $60 million to $70 million in 2021. We anticipate that capital expenditure requirements will be provided primarily through cash flow from operations, cash on hand, available borrowings under our revolving credit facility and by accessing capital markets as necessary. If future capital expenditures require expenditures in excess of our then-current cash flow from operations and borrowing availability under our revolving credit facility, we may be required to issue debt or equity securities in public or private offerings or incur additional borrowings under bank credit facilities to meet those costs.

Debt and Credit Facilities

As of December 31, 2020, our primary debt and credit instruments consisted of:

- $600.0 million senior secured revolving credit facility maturing in February 2023, subject to borrowing base limitations, with a maximum letter of credit sub-limit equal to $300.0 million, which amount may be increased to 90% of revolver commitments in effect with the consent of the Agent (as defined in the Credit Agreement) ("revolving credit facility");
- $150.0 million of 7.625% Senior Notes due 2022 ("2022 Notes");
- $325.0 million of 7.75% Senior Notes due 2023 ("2023 Notes");
- $200.0 million of 9.25% Senior Secured First Lien Notes due 2024 ("2024 Secured Notes"); and
- $550.0 million of 11.00% Senior Notes due 2025 ("2025 Notes").

We were in compliance with all covenants under our debt instruments in place as of December 31, 2020, and believe we have adequate liquidity to conduct our business.

Inventory Financing

Please refer to Note 9 - "Inventory Financing Agreements" in Part II, Item 8 "Financial Statements and Supplementary Data" for additional information regarding our Supply and Offtake Agreements.

Short-Term Liquidity

As of December 31, 2020, our principal sources of short-term liquidity were (i) approximately $154.4 million of availability under our revolving credit facility, (ii) inventory financing agreements related to our Great Falls and Shreveport refineries and (iii) $109.4 million of cash on hand. Borrowings under our revolving credit facility can be used for, among other things, working capital, capital expenditures, and other lawful partnership purposes including acquisitions. For additional information regarding our revolving credit facility, please read Note 10 "Long-Term Debt" in Part II, Item 8 "Financial Statements and Supplementary Data."

Long-Term Financing

In addition to our principal sources of short-term liquidity listed above, subject to market conditions, we may meet our cash requirements (other than distributions of Available Cash (as defined in our partnership agreement) to our common unitholders) through the issuance of long-term notes or additional common units.

From time to time, we issue long-term debt securities referred to as our senior notes. All of our outstanding senior notes, other than the 2024 Secured Notes, are unsecured obligations that rank equally with all of our other senior debt obligations to the extent they are unsecured. As of December 31, 2020, we had $150.0 million in 2022 Notes, $325.0 million in 2023 Notes, $200.0 million in 2024 Secured Notes, and $550.0 million in 2025 Notes outstanding. On December 31, 2019, we had $350.0 million in 2022 Notes, $325.0 million in 2023 Notes, and $550.0 million in 2025 Notes outstanding.

To date, our debt balances have not adversely affected our operations, our ability to repay or refinance our indebtedness. Based on our historical record, we believe that our capital structure will continue to allow us to achieve our business objectives.

For more information regarding our senior notes, please read Note 10 — "Long-Term Debt" under Part II, Item 8 "Financial Statements and Supplementary Data" in this Annual Report.

On February 12, 2021, we entered into a sale and leaseback transaction with Stonebriar Commercial Finance LLC ("Stonebriar"), whereby we sold and leased back certain of our fuels terminal assets at the Shreveport refinery. Please read Note 21 - "Subsequent Events" in Part II, Item 8 "Financial Statements and Supplementary Data" for additional information.

Master Derivative Contracts and Collateral Trust Agreement

Under our credit support arrangements, our payment obligations under all of our master derivatives contracts for commodity hedging generally are secured by a first priority lien on our and our subsidiaries' real property, plant and equipment, fixtures, intellectual property, certain financial assets, certain investment property, commercial tort claims, chattel paper, documents, instruments and proceeds of the foregoing (including proceeds of hedge arrangements). We had no additional letters of credit or cash margin posted with any hedging counterparty as of December 31, 2020. Our master derivatives contracts and Collateral Trust Agreement (as defined below) continue to impose a number of covenant limitations on our operating and financing activities, including limitations on liens on collateral, limitations on dispositions of collateral and collateral maintenance and insurance requirements. For financial reporting purposes, we do not offset the collateral provided to a counterparty against the fair value of our obligation to that counterparty. Any outstanding collateral is released to us upon settlement of the related derivative instrument liability.

Our various hedging agreements contain language allowing our hedge counterparties to request additional collateral if a specified credit support threshold is exceeded. However, these credit support thresholds are set at levels that would require a substantial increase in hedge exposure to require us to post additional collateral. As a result, we do not expect further increases in fuel products crack spreads or interest rates to significantly impact our liquidity due to requirements to post additional collateral.

Additionally, we have a collateral trust agreement (the "Collateral Trust Agreement") which governs how secured hedging counterparties and holders of the 2024 Notes share collateral pledged as security for the payment obligations owed by us to the secured hedging counterparties under their respective master derivatives contracts and the holders of the 2024 Notes. The Collateral Trust Agreement limits to $150.0 million the extent to which forward purchase contracts for physical commodities are covered by, and secured under, the Collateral Trust Agreement and the Parity Lien Security Documents (as defined in the Collateral Trust Agreement). There is no such limit on financially settled derivative instruments used for commodity hedging. Subject to certain conditions set forth in the Collateral Trust Agreement, we have the ability to add secured hedging counterparties from time to time.

Credit Ratings

The ratings on our senior unsecured notes by S&P of B- remained unchanged from the prior year. In July 2019, Moody's upgraded our Company rating from Caa1 to B3, and our senior unsecured bond rating from Caa2 to Caa1, with a stable outlook. The ratings on our senior unsecured notes by Fitch of B- remained unchanged from the prior year. Our 2024 Secured Notes issued in 2020 are rated B1 by Moody's, B+ by S&P, and BB- by Fitch.

Equity Transactions

In April 2016, the board of directors of our general partner suspended payment of our quarterly cash distribution. The board of directors of our general partner will continue to evaluate our ability to reinstate the distribution.

Seasonality Impacts on Liquidity

The operating results for the fuel products segment, including the asphalt products we produce, generally follow seasonal demand trends. Asphalt demand is generally lower in the first and fourth quarters of the year, as compared to the second and third quarters, due to the seasonality of the road construction and roofing industries we supply. Demand for gasoline and diesel is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic. In addition, our natural gas costs can be higher during the winter months, as demand for natural gas as a heating fuel increases during the winter. As a result, our operating results for the first and fourth calendar quarters may be lower than those for the second and third calendar quarters of each year due to seasonality related to these and other products that we produce and sell.

Off-Balance Sheet Arrangements

We did not enter into any material off-balance sheet transactions during fiscal year 2020.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to use estimates and make judgements and assumptions about future events that affect the reported amounts of assets, liabilities, revenue, expenses, and the related disclosures. Considerable judgement is often involved in making these determinations. Critical estimates are those that require the most difficult, subjective or complex judgements in the preparation of the financial statements and the accompanying notes. We evaluate these estimates and judgements on a regular basis. We believe our assumptions and estimates are reasonable and appropriate. However, the use of different assumptions could result in significantly different results and actual results could differ from those estimates. The following discussion of accounting estimates is intended to supplement the Summary of Significant Accounting Policies presented in Note 2 to our consolidated financial statements in Part II, Item 8.

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements for the years ended December 31, 2020 and 2019. These consolidated financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions given the level of complexity and subjectivity involved in forming these estimates.

We consider an accounting estimate to be critical if:

- The accounting estimate requires us to make assumptions about matters that are highly uncertain at the time the accounting estimate is made; and
- We reasonably could have used different estimates in the current period, or changes in these estimates are reasonably likely to occur from period to period as new information becomes available, and a change in these estimates would have a material impact on our financial condition or results from operations.

Valuation of Goodwill

We assess goodwill for impairment annually and whenever events or changes in circumstances indicate its carrying value may not be recoverable. The Company tests goodwill either quantitatively or qualitatively for impairment.

In assessing the qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we assess relevant events and circumstances that may impact the fair value and the carrying amount of the reporting unit. The identification of relevant events and circumstances and how these may impact a reporting unit's fair value or carrying amount involve significant judgment and assumptions. The judgment and assumptions include the identification of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and Company specific events and the assessment on whether each relevant factor will impact the impairment test positively or negatively and the magnitude of any such impact.

In the first step of the quantitative assessment, our assets and liabilities, including existing goodwill and other intangible assets, are assigned to the identified reporting units to determine the carrying value of the reporting units. If the carrying value of a reporting unit is in excess of its fair value, an impairment may exist, and we must perform an impairment analysis, in which the implied fair value of the goodwill is compared to its carrying value to determine the impairment charge, if any.

When performing the quantitative assessment, as required in the impairment test, the fair value of the reporting unit is determined using the income approach. The income approach focuses on the income-producing capability of an asset, measuring the current value of the asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, corporate tax structure and product offerings. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the reporting unit. If the carrying value of a reporting unit is in excess of its fair value, an impairment would be recognized in an amount equal to the excess that the carrying value exceeded the estimated fair value, limited to the carrying value of goodwill.

Inputs used to estimate the fair value of the Company’s reporting units are considered Level 3 inputs of the fair value hierarchy and include the following:

- The Company’s financial projections for its reporting units are based on its analysis of various supply and demand factors which include, among other things, industry-wide capacity, planned utilization rates, end-user demand, crack spreads, capital expenditures and economic conditions. Such estimates are consistent with those used in the Company’s planning and capital investment reviews and include recent historical prices and published forward prices.

- The discount rate used to measure the present value of the projected future cash flows is based on a variety of factors, including market and economic conditions, operational risk, regulatory risk and political risk. This discount rate is also compared to recent observable market transactions, if possible.

For Level 3 measurements, significant increases or decreases in long-term growth rates or discount rates in isolation or in combination could result in a significantly lower or higher fair value measurement.

Fair values calculated for the purpose of testing our goodwill for impairment are estimated using the expected present value of future cash flows method and comparative market prices when appropriate. Significant judgment is involved in performing these fair value estimates since the results are based on forecasted assumptions.

The most likely factors that would significantly impact our financial projections are changes in customer demand levels and loss of significant portions of our business. We believe that the assumptions and estimates used in the assessment of our goodwill as of October 1, 2020 were reasonable.

Valuation of Definite Long-Lived Assets

Property, plant and equipment and intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated undiscounted future cash flows related to the asset are less than the carrying value, we recognize a loss equal to the difference between the carrying value and the estimated fair value, usually determined by the estimated discounted future cash flows of the asset. When a decision has been made to dispose of property, plant and equipment prior to the end of the previously estimated useful life, depreciation estimates are revised to reflect the use of the asset over the shortened estimated useful life.

Estimated undiscounted future cash flows are used for the purpose of testing our definite long-lived assets for impairment. Fair values calculated for the purpose of measuring impairments on definite long-lived assets are estimated using the expected present value of future cash flows method and comparative market prices when appropriate. Significant judgment is involved in estimating undiscounted future cash flows and performing these fair value estimates since the results are based on forecasted assumptions.

We base our estimated undiscounted future cash flows and fair value estimates on projected financial information which we believe to be reasonable. However, actual results may differ from these projections.

Recent Accounting Pronouncements

For a summary of recently issued and adopted accounting standards applicable to us, please read Note 2 “Summary of Significant Accounting Policies” in Part II, Item 8 “Financial Statements and Supplementary Data.”

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

We are a smaller reporting company as defined in Rule 12b-2 under the Exchange Act. As a result, pursuant to Item 301(c) of Regulation S-K, we are not required to provide the information required by this item.

Item 8. ***Financial Statements and Supplementary Data***

Report of Independent Registered Public Accounting Firm

To the Board of Directors of Calumet GP, LLC
General Partner and the Partners of Calumet Specialty Products Partners, L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Calumet Specialty Products Partners, L.P. ("the Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive loss, partners' capital (deficit) and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 3, 2021 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matters or on the account or disclosure to which they relate.

Valuation of Goodwill

Description of the Matter	At December 31, 2020, the Company's goodwill was $173.0 million. As described in Notes 2 and 7 to the consolidated financial statements, goodwill is tested for impairment at least annually at the reporting unit level, or more frequently if events or changes in circumstances indicate the goodwill might be impaired. The Company performs its annual goodwill impairment testing on October 1 of each year. Auditing management's annual goodwill impairment test was complex and highly judgmental because the estimates underlying the determination of fair value of the reporting units involves management's judgments on significant assumptions. In particular, management estimates fair value using the income approach which is sensitive to certain significant assumptions, such as forecasted revenue and related revenue growth rate, earnings before interest, taxes, depreciation and amortization (EBITDA), the discount rate commensurate with the risks involved and future capital requirements.
How We Addressed the Matter in Our Audit	To test the estimated fair value of the Company's reporting units, our audit procedures included, among others, assessing the valuation methodology and testing the significant assumptions discussed herein. For example, we compared the significant assumptions in the prospective financial data used by management to current industry and economic trends and historical performance. We assessed the reasonableness of the forecasted future revenue growth rate and EBITDA by comparing the forecasts to historical results. We performed sensitivity analyses of certain significant assumptions to evaluate the change in the fair value resulting from changes in the significant assumptions. We also involved our valuation specialists to assist in the evaluation of the fair value methodology and significant assumptions in the fair value estimate. We further tested the completeness and accuracy of the underlying data used in the fair value estimate.

We have served as the Company's auditor since 2002.

/s/ Ernst & Young LLP
Indianapolis, Indiana
March 3, 2021

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.
CONSOLIDATED BALANCE SHEETS

	Year Ended December 31, 2020	2019
	(In millions, except unit data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 109.4	$ 19.1
Accounts receivable, net:		
Trade, less allowance for credit losses of $0.8 million and $0.9 million, respectively	152.4	175.0
Other	8.0	13.5
	160.4	188.5
Inventories	254.9	292.6
Derivative assets	—	0.9
Prepaid expenses and other current assets	10.2	11.0
Total current assets	534.9	512.1
Property, plant and equipment, net	919.8	973.5
Goodwill	173.0	171.4
Other intangible assets, net	57.6	71.2
Operating lease right-of-use assets	85.8	93.1
Other noncurrent assets, net	37.2	36.5
Total assets	$ 1,808.3	$ 1,857.8
LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)		
Current liabilities:		
Accounts payable	$ 179.3	$ 230.2
Accrued interest payable	31.7	32.0
Accrued salaries, wages and benefits	27.6	35.7
Other taxes payable	9.5	11.8
Obligations under inventory financing agreements	98.8	134.3
Other current liabilities	152.0	58.6
Current portion of operating lease liabilities	41.4	60.6
Current portion of long-term debt	2.9	1.8
Derivative liabilities	1.3	—
Total current liabilities	544.5	565.0
Pension and postretirement benefit obligations	9.3	7.9
Other long-term liabilities	18.9	20.8
Long-term operating lease liabilities	44.8	33.0
Long-term debt, less current portion	1,319.4	1,209.5
Total liabilities	1,936.9	1,836.2
Commitments and contingencies		
Partners' capital (deficit):		
Limited partners' interest (78,062,346 units and 77,560,355 units, issued and outstanding at December 31, 2020 and 2019, respectively)	(125.3)	20.2
General partners' interest	9.0	12.0
Accumulated other comprehensive loss	(12.3)	(10.6)
Total partners' capital (deficit)	(128.6)	21.6
Total liabilities and partners' capital (deficit)	$ 1,808.3	$ 1,857.8

See accompanying notes to consolidated financial statements.

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2020	2019
	(In millions, except unit and per unit data)	
Sales	$ 2,268.2	$ 3,452.6
Cost of sales	2,058.1	3,000.9
Gross profit	210.1	451.7
Operating costs and expenses:		
Selling	47.8	53.1
General and administrative	91.1	136.7
Transportation	111.0	122.9
Taxes other than income taxes	9.8	20.5
Loss on impairment and disposal of assets	6.8	37.0
(Gain) loss on sale of business, net	(1.0)	8.7
Other operating (income) expense	16.5	(3.5)
Operating income (loss)	(71.9)	76.3
Other income (expense):		
Interest expense	(125.9)	(134.6)
Debt extinguishment costs	—	(2.2)
Gain on derivative instruments	52.4	9.0
Gain from unconsolidated affiliates	—	3.8
Gain on sale of unconsolidated affiliates	—	1.2
Other income (expense)	(2.5)	3.4
Total other expense	(76.0)	(119.4)
Net loss before income taxes	(147.9)	(43.1)
Income tax expense	1.1	0.5
Net loss	$ (149.0)	$ (43.6)
Allocation of net loss:		
Net loss	$ (149.0)	$ (43.6)
Less:		
General partners’ interest in net loss	(3.0)	(0.9)
Net loss available to limited partners	$ (146.0)	$ (42.7)
Weighted average limited partner units outstanding:		
Basic and diluted	78,369,091	78,212,136
Limited partners’ interest basic and diluted net loss per unit:		
Limited partners’ interest	$ (1.86)	$ (0.55)

See accompanying notes to consolidated financial statements.

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,	
	2020	2019
	(In millions)	
Net loss	$ (149.0)	$ (43.6)
Other comprehensive loss:		
Cash flow hedges:		
Cash flow hedge gain (loss)	(0.2)	0.2
Defined benefit pension and retiree health benefit plans	(1.5)	(3.3)
Foreign currency translation adjustment	—	1.2
Total other comprehensive loss	(1.7)	(1.9)
Comprehensive loss attributable to partners’ capital	$ (150.7)	$ (45.5)

See accompanying notes to consolidated financial statements.

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL (DEFICIT)

	Accumulated Other Comprehensive Loss	Partners' Capital (Deficit)		Total
		General Partner	Limited Partners	
	(In millions)			
Balance at December 31, 2018	$ (8.7)	$ 12.8	$ 61.6	$ 65.7
Other comprehensive loss	(1.9)	—	—	(1.9)
Net loss	—	(0.9)	(42.7)	(43.6)
Settlement of tax withholdings on equity-based incentive compensation	—	—	(0.5)	(0.5)
Amortization of phantom units	—	—	1.8	1.8
Contributions from Calumet GP, LLC	—	0.1	—	0.1
Balance at December 31, 2019	$ (10.6)	$ 12.0	$ 20.2	$ 21.6
Other comprehensive loss	(1.7)	—	—	(1.7)
Net loss	—	(3.0)	(146.0)	(149.0)
Settlement of tax withholdings on equity-based incentive compensation	—	—	(0.5)	(0.5)
Amortization of phantom units	—	—	1.0	1.0
Balance at December 31, 2020	$ (12.3)	$ 9.0	$ (125.3)	$ (128.6)

See accompanying notes to consolidated financial statements.

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2020	2019
	(In millions)	
Operating activities		
Net loss	$ (149.0)	$ (43.6)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	105.1	110.1
Amortization of turnaround costs	14.6	19.3
Non-cash interest expense	6.0	6.1
Debt extinguishment costs	—	2.2
Unrealized (gain) loss on derivative instruments	(2.8)	26.1
Loss on impairment and disposal of assets	6.8	37.0
Operating lease expense	56.7	78.2
Operating lease payments	(56.8)	(78.2)
Equity based compensation	5.5	5.9
Lower of cost or market inventory adjustment	24.0	(35.6)
Gain from unconsolidated affiliates	—	(3.8)
Gain on sale of unconsolidated affiliates	—	(1.2)
(Gain) loss on sale of business, net	(1.0)	8.7
Other non-cash activities	(1.0)	(0.4)
Changes in assets and liabilities:		
Accounts receivable	25.5	(37.0)
Inventories	14.0	16.3
Prepaid expenses and other current assets	0.6	4.5
Derivative activity	—	(0.3)
Turnaround costs	(23.4)	(17.8)
Other assets	—	(0.1)
Accounts payable	(38.1)	71.3
Accrued interest payable	(1.0)	1.5
Accrued salaries, wages and benefits	(12.5)	5.3
Other taxes payable	(2.3)	2.5
Other liabilities	91.9	14.8
Pension and postretirement benefit obligations	—	0.1
Net cash provided by operating activities	62.8	191.9
Investing activities		
Additions to property, plant and equipment	(44.0)	(54.9)
Acquisition of businesses, net of cash acquired	(3.3)	—
Proceeds from sale of unconsolidated affiliates	—	5.0
Proceeds from sale of property, plant and equipment	0.1	3.7
Proceeds from sale of business, net	—	55.1
Net cash provided by discontinued operations	0.9	5.6
Net cash provided by (used in) investing activities	(46.3)	14.5
Financing activities		
Proceeds from borrowings — revolving credit facility	1,130.7	508.5
Repayments of borrowings — revolving credit facility	(1,022.7)	(508.5)
Proceeds from borrowings — senior notes	—	550.0
Repayments of borrowings — senior notes	—	(898.5)
Payments on finance lease obligations	(0.5)	(0.9)
Proceeds from inventory financing	756.1	1,076.5
Payments on inventory financing	(786.0)	(1,057.3)
Proceeds from other financing obligations	31.4	—
Payments on other financing obligations	(33.4)	(1.9)
Debt issuance costs	(1.8)	(11.0)
Contributions from Calumet GP, LLC	—	0.1
Net cash provided by (used in) financing activities	73.8	(343.0)
Net increase (decrease) in cash and cash equivalents	90.3	(136.6)
Cash and cash equivalents at beginning of period	19.1	155.7
Cash and cash equivalents at end of period	$ 109.4	$ 19.1
Supplemental disclosure of non-cash investing and financing activities		
Non-cash property, plant and equipment additions	$ 4.6	$ 11.8

See accompanying notes to consolidated financial statements.

1. Description of the Business

Calumet Specialty Products Partners, L.P. (the “Company”) is a publicly-traded Delaware limited partnership listed on the NASDAQ Global Select Market (“NASDAQ”) under the ticker symbol “CLMT.” The general partner of the Company is Calumet GP, LLC, a Delaware limited liability company. As of December 31, 2020, the Company had 78,062,346 limited partner common units and 1,593,107 general partner equivalent units outstanding. The general partner owns 2% of the Company and all of the incentive distribution rights (as defined in the Company’s partnership agreement, “IDRs”), while the remaining 98% is owned by limited partners.

The Company is engaged in the production and marketing of crude oil-based specialty products including lubricating oils, white mineral oils, solvents, petrolatums, waxes, and fuel and fuel related products including gasoline, diesel, jet fuel, asphalt and heavy fuel oils. The Company is based in Indianapolis, Indiana and owns specialty and fuel products facilities. The Company owns and leases additional facilities, primarily related to production and marketing of specialty and fuel products, throughout the United States.

2. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements reflect the accounts of the Company and its wholly-owned subsidiaries. All intercompany profits, transactions and balances have been eliminated.

Reclassifications

Certain amounts in the prior years’ consolidated financial statements have been reclassified to conform to the current year presentation.

Use of Estimates

The Company’s consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less at the time of purchase.

Accounts Receivable

The Company performs periodic credit evaluations of customers’ financial condition and generally does not require collateral. Accounts receivable are carried at their face amounts. The Company maintains an allowance for credit losses for estimated losses in the collection of accounts receivable. The Company makes estimates regarding the future ability of its customers to make required payments based on historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, expected future trends and other factors that may affect customers’ ability to pay. Individual accounts are written off against the allowance for credit losses after all reasonable collection efforts have been exhausted.

The activity in the allowance for credit losses was as follows (in millions):

	December 31,	
	2020	2019
Beginning balance	$ 0.9	$ 1.5
Provision	(0.1)	(0.5)
Write-offs, net	—	(0.1)
Ending balance	$ 0.8	$ 0.9

Inventories

The cost of inventory is recorded using the last-in, first-out ("LIFO") method. Costs include crude oil and other feedstocks, labor, processing costs and refining overhead costs. Inventories are valued at the lower of cost or market value. The replacement cost of these inventories, based on current market values, would have been $6.7 million lower and $17.7 million higher as of December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the Company had $1.5 million and $1.9 million, respectively, of inventory consigned to others.

On March 31, 2017 and June 19, 2017, the Company sold inventory comprised of crude oil and refined products to Macquarie Energy North America Trading Inc. ("Macquarie") under Supply and Offtake Agreements as described in Note 9 — "Inventory Financing Agreements" related to the Great Falls and Shreveport refineries, respectively.

Inventories consist of the following (in millions):

	December 31, 2020			December 31, 2019		
	Titled Inventory	Supply & Offtake Agreements [1]	Total	Titled Inventory	Supply & Offtake Agreements [1]	Total
Raw materials	$ 30.8	$ 11.5	$ 42.3	$ 48.3	$ 11.6	$ 59.9
Work in process	31.8	27.4	59.2	35.0	29.1	64.1
Finished goods	114.0	39.4	153.4	124.8	43.8	168.6
	$ 176.6	$ 78.3	$ 254.9	$ 208.1	$ 84.5	$ 292.6

(1) Amounts represent LIFO value and do not necessarily represent the value at which the inventory was sold. Please read Note 9 - "Inventory Financing Agreements" for further information.

Under the LIFO inventory method, the most recently incurred costs are charged to cost of sales and inventories are valued at the earliest acquisition costs. For the year ended December 31, 2020, the Company recorded an increase (exclusive of lower of cost or market ("LCM") adjustments) of $4.5 million in cost of sales in the consolidated statements of operations due to the liquidation of inventory layers. For the year ended December 31, 2019, the Company recorded a decrease (exclusive of LCM adjustments) of $6.0 million in cost of sales in the consolidated statements of operations due to the liquidation of inventory layers.

In addition, the use of the LIFO inventory method may result in increases or decreases to cost of sales in years that inventory volumes decline as the result of charging cost of sales with LIFO inventory costs generated in prior periods. In periods of rapidly declining prices, LIFO inventories may have to be written down to market value due to the higher costs assigned to LIFO layers in prior periods. During the year ended December 31, 2020, the Company recorded an increase in cost of sales in the consolidated statements of operations of $24.0 million due to the LCM valuation. During the year ended December 31, 2019, the Company recorded a decrease in cost of sales in the consolidated statements of operations of $35.6 million due to the sale of inventory previously adjusted through the LCM valuation.

Derivatives

The Company is exposed to fluctuations in the price of numerous commodities, such as crude oil (its principal raw material), as well as the sales prices of gasoline, diesel, natural gas and jet fuel. Given the historical volatility of commodity prices, these fluctuations can significantly impact sales, gross profit and net income. Therefore, the Company utilizes derivative instruments primarily to minimize its price risk and volatility of cash flows associated with the purchase of crude oil, natural gas, and the sale of fuel products. The Company employs various hedging strategies and does not hold or issue derivative instruments for trading purposes. For further information, please read Note 11 - "Derivatives."

On a regular basis, the Company enters into commodity contracts with counterparties for the purchase or sale of crude oil, blendstocks and various finished products. These contracts usually qualify for the normal purchase / normal sale exemption under ASC 815 and, as such, are not measured at fair value.

Property, Plant and Equipment

Property, plant and equipment are stated on the basis of cost. Depreciation is calculated using the straight-line method over the estimated useful lives. Assets under finance leases are amortized over the lesser of the useful life of the asset or the term of the lease.

Property, plant and equipment, including depreciable lives, consisted of the following (in millions):

	December 31,	
	2020	2019
Land	$ 8.7	$ 8.3
Buildings and improvements (10 to 40 years)	35.5	37.4
Machinery and equipment (10 to 20 years)	1,625.9	1,607.3
Furniture, fixtures and software (5 to 10 years)	49.1	47.9
Assets under finance leases (1 to 7 years) (1)	7.4	10.3
Construction-in-progress	28.2	19.9
	1,754.8	1,731.1
Less accumulated depreciation	(835.0)	(757.6)
	$ 919.8	$ 973.5

(1) Assets under finance leases consist of buildings and machinery and equipment. As of December 31, 2020 and 2019, finance lease assets are recorded net of accumulated amortization of $3.4 million and $7.1 million, respectively.

Under the composite depreciation method, the cost of partial retirements of a group is charged to accumulated depreciation. However, when there are dispositions of complete groups or significant portions of groups, the cost and related accumulated depreciation are retired, and any gain or loss is reflected in earnings.

During 2020 and 2019, the Company incurred $126.3 million and $135.1 million, respectively, of interest expense of which $0.4 million and $0.5 million, respectively, was capitalized as a component of property, plant and equipment.

The Company periodically assesses its operations and legal requirements to determine if recognition of an asset retirement obligation is necessary. The Company has not recorded an asset retirement obligation as of December 31, 2020 or 2019 given the timing of any retirement and related costs are currently indeterminable.

During the years ended December 31, 2020 and 2019, the Company recorded $91.1 million and $92.4 million, respectively, of depreciation expense on its property, plant and equipment. Depreciation expense included $0.6 million and $1.4 million for the years ended 2020 and 2019, respectively, related to the Company's finance lease assets.

The Company capitalizes the cost of computer software developed or obtained for internal use. Capitalized software is amortized using the straight-line method over five years. As of December 31, 2020 and 2019, the Company had $44.1 million and $42.5 million, respectively, of capitalized software costs. As of December 31, 2020 and 2019, the Company had $30.5 million and $23.1 million, respectively, of accumulated depreciation related to the capitalized software costs. During the years ended December 31, 2020 and 2019, the Company recorded $7.4 million and $7.4 million, respectively, of amortization expense on capitalized computer software.

Goodwill

Goodwill represents the excess of purchase price over fair value of the net assets acquired in various acquisitions. Please read Note 7 - "Goodwill and Other Intangible Assets" for more information. The Company assesses goodwill for impairment annually and whenever events or changes in circumstances indicate its carrying value may not be recoverable in accordance with ASC 350, *Intangibles — Goodwill and Other (Topic 350)* and ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. Under ASC 350, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the impairment test is unnecessary. The Company tests goodwill either quantitatively or qualitatively for impairment.

In assessing the qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company assesses relevant events and circumstances that may impact the fair value and the carrying amount of the reporting unit. The identification of relevant events and circumstances and how these may impact a reporting unit's fair value or carrying amount involve significant judgment and assumptions. The judgment and assumptions include the identification of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and Company specific events and making the assessment on whether each relevant factor will impact the impairment test positively or negatively and the magnitude of any such impact.

In the first step of the quantitative assessment, the Company's assets and liabilities, including existing goodwill and other intangible assets, are assigned to the identified reporting units to determine the carrying value of the reporting units. Under ASU 2017-04, goodwill impairment testing is done by comparing the fair value of the reporting unit to its carrying value. If the carrying amount exceeds the fair value, the Company would recognize an impairment charge for the amount that the reporting unit's carrying value exceeds the fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

When performing the quantitative assessment, the fair value of the reporting units is determined using the income approach. The income approach focuses on the income-producing capability of the reporting unit, measuring the current value of the reporting unit by calculating the present value of its future economic benefits such as cash earnings, cost savings, corporate tax structure and product offerings. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the reporting unit. For more information, please read Note 7 - "Goodwill and Other Intangible Assets."

Definite-Lived Intangible Assets

Definite-lived intangible assets consist of intangible assets associated with customer relationships, tradenames, trade secrets, patents and royalty agreements that were acquired in various acquisitions. The majority of these assets are being amortized using undiscounted estimated future cash flows over the term of the related agreements. Intangible assets associated with customer relationships are being amortized using the undiscounted estimated future cash flows method based upon assumed rates of annual customer attrition. For more information, please read Note 7 - "Goodwill and Other Intangible Assets."

Other Noncurrent Assets

Other noncurrent assets include turnaround costs. Turnaround costs represent capitalized costs associated with the Company's periodic major maintenance and repairs and the net carrying value of turnaround costs included in other noncurrent assets in the consolidated balance sheets were $34.2 million and $31.7 million as of December 31, 2020 and 2019, respectively. The Company capitalizes these costs and amortizes the costs on a straight-line basis over the lives of the turnaround assets which is generally two to five years. These amounts are net of accumulated amortization of $60.5 million and $51.9 million at December 31, 2020 and 2019, respectively.

Other Current Liabilities

Other current liabilities consisted of the following (in millions):

	December 31,	
	2020	**2019**
RINs Obligation	$ 129.4	$ 13.0
Transition Services Agreement Payable	—	19.8
Net working capital adjustment liabilities	—	6.9
Other	22.6	18.9
Total other current liabilities	$ 152.0	$ 58.6

The Company's Renewable Identification Numbers ("RINs") obligation ("RINs Obligation") represents a liability for the purchase of RINs in order to satisfy the U.S. Environmental Protection Agency's ("EPA") requirement to blend biofuels into the fuel products it produces pursuant to the EPA's Renewable Fuel Standard ("RFS"). RINs are assigned to biofuels produced in the U.S. as required by the EPA. The EPA sets annual quotas for the percentage of biofuels that must be blended into transportation fuels consumed in the U.S. and, as a producer of motor fuels from petroleum, the Company is required to blend biofuels into the fuel products it produces at a rate that will meet the EPA's annual quota. To the extent the Company is unable to blend biofuels at that rate, it may purchase RINs in the open market to satisfy the annual requirement. The Company's net RINs Obligation is based on the amount of RINs it must purchase and the price of those RINs as of the balance sheet date.

The Company uses the inventory model to account for RINs, measuring acquired RINs at weighted-average cost. The cost of RINs used each period is charged to cost of sales with cash inflows and outflows recorded in the operating cash flow section of the consolidated statements of cash flows. The liability is calculated by multiplying the RINs shortage (based on actual results) by the period end RINs spot price. The Company recognizes an asset at the end of each reporting period in which it has generated RINs in excess of its RINs Obligation. The asset is initially recorded at cost at the time the Company acquires them and is subsequently revalued at the lower of cost or market as of the last day of each accounting period and the resulting adjustments are reflected in cost of sales for the period in the consolidated statements of operations, with the exception of the RINs for compliance year 2019 related to the San Antonio Refinery, which is reflected in other operating (income) expense in the consolidated statements of operations. The value of RINs in excess of the RINs Obligation, if any, would be reflected in other current assets on the consolidated balance sheet. RINs generated in excess of the Company's current RINs Obligation may be sold or held to offset future RINs Obligations. Any such sales of excess RINs are recorded in cost of sales in the consolidated statement of operations. The liabilities associated with the Company's RINs Obligation are considered recurring fair value measurements. Please read Note 8 - "Commitments and Contingencies" for further information on the Company's RINs Obligation.

The Company's 2019 and 2020 RFS hardship exemption applications remain pending. On January 19, 2021, the Company sued Mr. Andrew Wheeler, Administrator of the Environmental Protection Agency, in federal court in the Western District of Louisiana and in the District of Montana seeking an order that the EPA cannot enforce the RINs compliance deadline until the EPA has taken action on the Company's hardship exemption applications. The lawsuits are currently pending.

The Company entered into a Transaction Service Agreement ("TSA") as a result of the San Antonio Transaction (read Note 5 - "Divestitures"). Under the terms of the agreement, the Company continued to support many functions of the San Antonio facility including but not limited to purchasing, information technology, accounts receivable and accounts payable support. Under the TSA, the Company continued to collect from customers and pay vendors. The Company would net settle the cash activity with the buyer on a regular basis. At December 31, 2019, the Company owed the buyer $19.8 million as a result of supporting cash activity for the buyer, which was settled in the first quarter of 2020.

Impairment of Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used, including definite-lived intangible assets, when events or circumstances warrant such a review. The carrying value of a long-lived asset to be held and used is considered impaired when the anticipated separately identifiable undiscounted cash flows from such an asset are less than the carrying value of the asset. In such an event, a write-down of the asset would be recorded through a charge to operations, based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using anticipated cash flows assumed by a market participant discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held and used until disposal.

During the years ended December 31, 2020 and 2019, the Company did not identify any impairment indicators that suggested the carrying values of its long-lived assets are not recoverable at the asset groups within the specialty products, fuel products and corporate segments. As a result of the long-lived asset impairment assessment performed, no impairment charges were recorded for the years ended December 31, 2020 and 2019.

During the year ended December 31, 2019, the Company determined the fair value of the investment in Fluid Holding Company ("FHC") was less than the carrying value of $25.4 million after evaluating indicators of impairment and valuing the investment using projected future cash flows and other Level 3 inputs. As a result, the Company recorded an impairment charge of $25.4 million in loss on impairment and disposal of assets in the consolidated statements of operations for the year ended December 31, 2019. In May 2020, FHC became the subject of a Canadian receivership under the Bankruptcy & Insolvency Act. The Company expects that the investment in FHC is now worthless. For the year ended December 31, 2020, the Company recorded a loss on impairment of $5.1 million for the write-off of an other receivable for the remaining payment related to the sale of Anchor Drilling Fluids USA, LLC in 2017.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, *Revenue Recognition*, which states that revenue is recognized when control of the promised goods are transferred to the customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Please read Note 3 - “Revenue Recognition” for additional information on our revenue recognition accounting policies and elections.

Revenues associated with transactions commonly called buy/sell contracts, in which the purchase and sale of inventory with the same counterparty are entered into “in contemplation” of one another, are combined and reported as a net purchase in cost of sales in the consolidated statements of operations.

Concentrations of Credit Risk

The Company performs periodic credit evaluations of its customers’ financial condition and in some instances requires cash in advance or letters of credit prior to shipment for domestic orders. For international orders, letters of credit are generally required, and the Company maintains insurance policies which cover certain export orders. The Company maintains an allowance for credit losses accounts for estimated losses resulting from the inability of its customers to make required payments. The allowance for credit losses is developed based on several factors including historical experience, the age of the accounts receivable balances, credit quality of the Company’s customers, current economic conditions, expected future trends and other factors that may affect customers’ ability to pay, which exist as of the balance sheet dates. If the financial condition of the Company’s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company has derivative positions with a limited number of counterparties. The evaluation of these counterparties is performed quarterly in connection with the Company’s ASC 820-10, *Fair Value Measurements and Disclosures*, valuations to determine the impact of the counterparty credit risk on the valuation of its derivative instruments.

Earnings per Unit

The Company calculates earnings per unit under ASC 260-10, *Earnings per Share*. The Company treats incentive distribution rights (“IDRs”) as participating securities for the purposes of computing earnings per unit in the period that the general partner becomes contractually obligated to receive IDRs. Also, the undistributed earnings are allocated to the partnership interests based on the allocation of earnings to the Company’s partners’ capital accounts as specified in the Company’s partnership agreement. When distributions exceed earnings, net income is reduced by the actual distributions with the resulting net loss being allocated to capital accounts as specified in the Company’s partnership agreement.

Unit-Based Compensation

For unit-based compensation equity awards granted, compensation expense is recognized in the Company’s consolidated financial statements on a straight-line basis over the awards’ vesting periods based on their fair values on the dates of grant. The unit-based compensation awards vest over a period not exceeding four years. The amount of compensation expense recognized at any date is at least equal to the portion of the grant date value of the award that is vested at that date. For more information, please read Note 14 - “Unit-Based Compensation.”

Unit-based compensation liability awards are awards that are currently expected to be settled in cash on their vesting dates, rather than in equity units (“Liability Awards”). Liability Awards are recorded in accrued salaries, wages and benefits based on the vested portion of the fair value of the awards on the balance sheet date. The fair value of Liability Awards is updated at each balance sheet date and changes in the fair value of the vested portions of the Liability Awards are recorded as increases or decreases to compensation expense. The Company recognizes forfeitures as they occur. Please read Note 14 - “Unit-Based Compensation” for more information on Liability Awards.

Shipping and Handling Costs

The Company complies with ASC 606, *Revenue Recognition.* ASC 606 requires the classification of shipping and handling costs billed to customers in sales and the classification of shipping and handling costs incurred in cost of sales, or to be disclosed if classified elsewhere. The Company has reflected $111.0 million and $122.9 million, respectively, for the years ended December 31, 2020 and 2019 in transportation expense in the consolidated statements of operations, the majority of which is billed to customers.

Advertising Expenses

The Company expenses advertising costs as incurred which totaled $4.3 million and $4.1 million for the years ended December 31, 2020 and 2019, respectively. Advertising expenses are reported as selling expenses in the consolidated statements of operations.

Recently Adopted Accounting Pronouncements

On January 1, 2019, the Company adopted ASU No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02") and all the related amendments to its lease contracts using the modified retrospective method. The effective date was used as the Company's date of initial application with no restatement of prior periods. As such, prior periods continue to be reported under the accounting standards in effect for those periods. Please read Note 6 - "Leases" for further information.

On January 1, 2019, the Company adopted ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which improves the financial reporting of hedging relationships to better align risk management activities in financial statements and make certain targeted improvements to simplify the application of the hedge accounting guidance in current GAAP. Given the Company's current risk management strategy of not designating any of its derivative positions as hedges, the adoption of this guidance had no effect on our consolidated financial statements. If, in the future, the Company decides to modify its hedging strategies, this new accounting guidance would become applicable and will be applied at that time.

On January 1, 2019, the Company adopted ASU No. 2018-07, *Compensation — Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting* ("ASU 2018-07"). This update simplifies the guidance related to non-employee share-based payments by superseding ASC 505-50 and expanding the scope of ASC 718 to include all share-based payment arrangements related to the acquisition of goods and services from both non-employees and employees. Prior to the issuance of this standard update, non-employee share-based payments were subject to ASC 505-50 requirements while employee share-based payments were subject to ASC 718 requirements. ASU 2018-07 is effective for fiscal years (including interim periods) beginning after December 15, 2018, with early adoption permitted. The adoption of ASU 2018-07 had no impact on the Company's consolidated financial statements.

On January 1, 2020, the Company adopted ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") which changed the impairment model for most financial instruments. Previous guidance required the recognition of credit losses based on an incurred loss impairment methodology that reflects losses once the losses are probable. Under ASU 2016-13, the Company is required to use a current expected credit loss ("CECL") model that immediately recognizes an estimate of credit losses that are expected to occur over the life of the financial instruments that are in the scope of the update, including trade receivables. The CECL model uses a broader range of reasonable and supportable information in the development of credit loss estimates. The result of the adoption of ASU 2016-13 was de-minimis and did not result in an adjustment to beginning partners' capital (deficit). The allowance for credit losses for accounts receivable was $0.8 million at December 31, 2020 and $0.9 million at January 1, 2020, respectively.

3. Revenue Recognition

The following is a description of principal activities from which the Company generates revenue. Revenues are recognized when control of the promised goods are transferred to the customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods promised within each contract and determines the performance obligations and assesses whether each promised good is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Products

The Company is engaged in the production and marketing of specialty products including lubricating oils, solvents, waxes, synthetic lubricants and other products which comprise the specialty products segment. The Company is also engaged in the production of fuel and fuel related products including gasoline, diesel, jet fuel, asphalt and other products which comprise the fuel products segment.

The Company considers customer purchase orders, which in some cases are governed by master sales agreements, to be the contracts with a customer. For each contract, the Company considers the promise to transfer products, each of which are distinct, to be the identified performance obligations. In determining the transaction price, the Company evaluates whether the price is subject to variable consideration such as product returns, rebates or other discounts to determine the net consideration to which the Company expects to be entitled. The Company transfers control and recognizes revenue upon shipment to the customer or, in certain cases, upon receipt by the customer in accordance with contractual terms.

Excise and Sales Taxes

The Company assesses, collects and remits excise taxes associated with the sale of certain of its fuel products. Furthermore, the Company collects and remits sales taxes associated with certain sales of its products to non-exempt customers. The Company excludes excise taxes and sales taxes that are collected from customers from the transaction price in its contracts with customers. Accordingly, revenue from contracts with customers is net of sales-based taxes that are collected from customers and remitted to taxing authorities.

Shipping and Handling Costs

Shipping and handling costs are deemed to be fulfillment activities rather than a separate distinct performance obligation.

Cost of Obtaining Contracts

The Company may incur incremental costs to obtain a sales contract, which under ASC 606 should be capitalized and amortized over the life of the contract. The Company has elected to apply the practical expedient in ASC 340-40-50-5 allowing the Company to expense these costs since the contracts are short-term in nature with a contract term of one year or less.

Disaggregation of Revenue

The following table reflects the disaggregation of revenue by major source (in millions):

	Year Ended December 31,	
	2020	2019
Sales by major source		
Standard specialty products	$ 890.1	$ 1,123.2
Packaged and synthetic specialty products	234.2	230.9
Total specialty products	1,124.3	1,354.1
Fuel and fuel related products	$ 973.2	$ 1,864.7
Asphalt	170.7	233.8
Total fuel products	1,143.9	2,098.5
Total sales	$ 2,268.2	$ 3,452.6

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; recognition generally occurs with the transfer of control at a point in time. The contract with the customer states the final terms of the sale, including the description, quantity and price of each product or service purchased. For fuel products, payment is typically due in full between 2 to 30 days of delivery or the start of the contract term, such that payment is typically collected 2 to 30 days subsequent to the satisfaction of performance obligations. For specialty products, payment is typically due in full between 30 to 90 days of delivery or the start of the contract term, such that payment is typically collected 30 to 90 days subsequent to the satisfaction of performance obligations. In the normal course of business, the Company does not accept product returns unless the item is defective as manufactured. The expected costs associated with a product assurance warranty continues to be recognized as expense when products are sold. The Company does not offer promised services that could be considered warranties that are sold separately or provide a service in addition to assurance that the related product complies with agreed upon specifications. The Company establishes provisions based on the methods described in ASC 606 for estimated returns and warranties as variable consideration when determining the transaction price.

Contract Balances

Under product sales contracts, the Company invoices customers for performance obligations that have been satisfied, at which point payment is unconditional. Accordingly, a product sales contract does not give rise to contract assets or liabilities under ASC 606. The Company's receivables, net of allowance for expected credit losses from contracts with customers as of December 31, 2020 and 2019 was $152.4 million and $175.0 million, respectively.

Transaction Price Allocated to Remaining Performance Obligations

The Company's product sales are short-term in nature with a contract term of one year or less. The Company has utilized the practical expedient in ASC 606-10-50-14 exempting the Company from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. Additionally, each unit of product generally represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

4. Restructuring

On January 21, 2020, the Company committed to a cost reduction plan to reduce overall operating expenses, including the reduction of outside services, facility fixed costs, and corporate staffing costs (the "Cost Reduction Plan"). These cost reductions are designed to right-size general and administrative spending and are consistent with Phase II of the Company's previously announced self-help program.

The Company eliminated 50 general and administrative, primarily corporate positions as part of the Cost Reduction Plan for the year ended December 31, 2020. The Company offered one-time termination benefits to the affected employees including cash severance payments, health care, and outplacement services. The Company incurred $0.9 million for these costs for the year ended December 31, 2020.

On February 2, 2020, the Company announced to its employees at the Bel-Ray facility in Wall Township, New Jersey, which was included in our Specialty Products segment that it would cease production and close the facility in the second quarter of 2020. Actual production at the Bel-Ray facility ceased in March 2020. This action resulted in the elimination of 49 positions. For the year ended December 31, 2020, the Company incurred $3.7 million in total exit costs, fixed asset impairments, termination benefits, and severance costs associated with the closure.

Charges related to restructuring are reflected in the Cost of sales, Selling, and General and administrative lines of the consolidated statements of operations. For the year ended December 31, 2020, the Company recorded $3.7 million to Cost of sales and $0.9 million primarily within General and administrative expenses in the consolidated statements of operations. Fixed asset impairments are reflected in the Loss on impairment and disposal of assets line in the consolidated statements of operations.

The following table displays the reconciliation of the beginning and ending liability balances (in millions):

	Employee Termination Benefits	Exit Costs	Total
Balance at December 31, 2019	$ —	$ —	$ —
Charges to restructuring	$ 2.0	$ 2.6	$ 4.6
Cash payments and other	$ (2.0)	$ (2.3)	$ (4.3)
Balance at December 31, 2020	$ —	$ 0.3	$ 0.3

5. Divestitures

On November 10, 2019, Calumet Refining, LLC, a Delaware limited liability company ("Calumet Refining") and a wholly-owned subsidiary of the Company, completed the sale of all of the issued and outstanding membership interests in Calumet San Antonio Refining, LLC, a Delaware limited liability company ("Calumet San Antonio"), which owned a refinery located in San Antonio, Texas and associated net working capital, and related assets, including associated hydrocarbon inventories and a crude oil terminal and pipeline to Starlight Relativity Acquisition Company LLC, a Delaware limited liability company ("Starlight") (the "San Antonio Transaction"). Total consideration received was $59.1 million, which consisted of a base sales price of $63.0 million minus an adjustment of $3.9 million for net working capital, inventories and reimbursement of certain transaction costs. In February 2020 the Company and Starlight agreed to the final purchase price adjustment payment related to net working capital and inventory to Starlight of $6.9 million, which is reflected in the net loss recognized by the Company for the year ended December 31, 2019. Additionally, in connection with the San Antonio Transaction, the Company, Calumet San Antonio, TexStar Midstream Logistics, L.P. ("TexStar"), TexStar Midstream Logistics Pipeline, LP and Tailwater Capital, LLC entered into a Settlement and Release Agreement (the "Settlement Agreement"), pursuant to which the Company agreed to pay TexStar and its affiliates a cash payment of $1.0 million and the parties mutually agreed to dismiss the litigation and release each other with respect to the legal dispute relating to the termination of the Throughput and Deficiency Agreement (the "Pipeline Agreement"). As a result of the Settlement Agreement, the Company derecognized the $38.1 million liability related to the Pipeline Agreement, which was included in the gain (loss) on sale of business calculation for the San Antonio Transaction. The San Antonio refinery was included in the Company's fuel products segment. The Company recognized a net loss of $8.7 million in gain (loss) on sale of business, net in the consolidated statements of operations for the year ended December 31, 2019, related to the San Antonio Transaction.

In conjunction with the sale, the Company considered other qualitative and quantitative factors and concluded the San Antonio Transaction did not represent a strategic shift in the business. However, the Company considered the San Antonio asset group to be an individually significant component of its operations.

The following table presents the net loss before income taxes for Calumet San Antonio for the periods presented (in millions):

	Year Ended December 31,	
	2020	2019
Sales	$ —	$ 403.4
Gross profit	—	16.2
Net loss before income taxes	$ —	$ (3.9)

6. Leases

The Company has various operating and finance leases primarily for the use of land, storage tanks, railcars, equipment, precious metals and office facilities that have remaining lease terms of greater than one year to fourteen years, some of which include options to extend the lease for up to 35 years, and some of which include options to terminate the lease within one year. Effective January 1, 2019, the Company adopted ASU 2016-02 using a modified retrospective transition approach that applied the new standard to all leases existing at the effective date of the standard with no restatement of prior periods. Given the adoption of ASU 2016-02, the Company's operating leases have been included in operating lease right-of-use ("ROU") assets, current portion of operating lease liabilities and long-term portion of operating lease liabilities in the consolidated balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. The Company applies a discount rate based on the remaining lease term and lease payments rather than the original lease term and lease payments. As a majority of the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate base on information available at the date of transition to determine the present value of lease payments. The Company does not separate lease components from non-lease components for all classes of underlying assets. The Company's finance leases are included in property, plant and equipment, current portion of long-term debt and long-term debt, less current portion in the consolidated balance sheets.

Supplemental balance sheet information related to the Company's leases for the periods presented were as follows (in millions):

		December 31, 2020	December 31, 2019
Assets:	**Classification:**		
Operating lease assets	Operating lease right-of-use assets	$ 85.8	$ 93.1
Finance lease assets	Property, plant and equipment, net [1]	4.0	3.2
Total leased assets		$ 89.8	$ 96.3
Liabilities:			
Current			
Operating	Current portion of operating lease liabilities	$ 41.4	$ 60.6
Finance	Current portion of long-term debt	0.6	0.3
Non-current			
Operating	Long-term operating lease liabilities	44.8	33.0
Finance	Long term debt, less current portion	3.1	2.4
Total lease liabilities		$ 89.9	$ 96.3

[1] As of December 31, 2020 and 2019, finance lease assets are recorded net of accumulated amortization of $3.4 million and $7.1 million, respectively.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The components of lease expense related to the Company's leases for the periods presented were as follows (in millions):

Lease Costs:	Classification:	December 31, 2020	December 31, 2019
Fixed operating lease cost	Cost of Sales; SG&A Expenses	$ 46.2	$ 67.0
Short-term operating lease cost [1]	Cost of Sales; SG&A Expenses	8.6	8.0
Variable operating lease cost [2] [3]	Cost of Sales; SG&A Expenses	1.9	3.2
Finance lease cost:			
Amortization of finance lease assets	Cost of Sales	0.6	1.2
Interest on lease liabilities	Interest expense	0.4	1.4
Total lease cost		$ 57.7	$ 80.8

(1) The Company's leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets.

(2) Approximately $0.8 million of the Company's variable operating lease cost for the year ended December 31, 2020 relates to its lease agreement with Phillips 66 related to the LVT unit at its Lake Charles, Louisiana refinery ("the LVT Agreement").

(3) The Company's railcar leases typically include a mileage limit the railcar can travel over the life of the lease. For any mileage incurred over this limit, the Company is obligated to pay an agreed upon dollar value for each mile that is traveled over the limit.

As of December 31, 2020, the Company had estimated minimum commitments for the payment of rentals under leases which, at inception, had a noncancelable term of more than one year, as follows (in millions):

Maturity of Lease Liabilities	Operating Leases [1]	Finance Leases [2]	Total
2021	$ 45.9	$ 0.9	$ 46.8
2022	15.9	0.9	16.8
2023	12.3	0.9	13.2
2024	8.8	0.9	9.7
2025	6.3	0.5	6.8
Thereafter	10.0	0.6	10.6
Total	$ 99.2	$ 4.7	$ 103.9
Less: Interest	13.0	1.0	14.0
Present value of lease liabilities	$ 86.2	$ 3.7	$ 89.9
Less obligations due within one year	41.4	0.6	42.0
Long-term lease obligations	$ 44.8	$ 3.1	$ 47.9

(1) As of December 31, 2020, the Company's operating lease payments included no material options to extend lease terms that are reasonably certain of being exercised. The Company has no legally binding minimum lease payments for leases signed but not yet commenced as of December 31, 2020.

(2) As of December 31, 2020, the Company's finance lease payments included no material options to extend lease terms that are reasonably certain of being exercised. In addition, the Company has no legally binding minimum lease payments for leases that have been signed but not yet commenced as of December 31, 2020.

Weighted-Average Lease Term and Discount Rate

The weighted-average remaining lease term and weighted-average discount rate for the Company's operating and finance leases for the periods presented were as follows:

Lease Term and Discount Rate:	December 31, 2020	December 31, 2019
Weighted-average remaining lease term (years):		
Operating leases	3.8	2.5
Finance leases	5.4	7.1
Weighted-average discount rate:		
Operating leases	7.3 %	7.3 %
Finance leases	8.3 %	8.8 %

7. Goodwill and Other Intangible Assets

For the years ended December 31, 2020 and 2019, the Company updated its financial projections in connection with its annual goodwill assessment for each of the years then ended, respectively, and determined that the fair value of each of its reporting units with goodwill exceeded its carrying value. Thus, no impairment charge for goodwill related to the specialty products segment was recorded in the consolidated statements of operations within asset impairment for the years ended December 31, 2020 and 2019, respectively. There is no goodwill within the reporting units for the fuel products segment or the corporate segment.

The Company tests goodwill either quantitatively or qualitatively for impairment. During 2020 and 2019, under the Company's quantitative assessment to derive the fair value of the reporting units, as required in step one of the impairment test, the Company used the income approach, specifically the discounted cash flow method, to determine the fair value of each reporting unit. The income approach focuses on the income-producing capability of an asset, measuring the current value of the asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, corporate tax structure and product offerings. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the reporting unit.

Inputs used to estimate the fair value of the Company's reporting units are considered Level 3 inputs of the fair value hierarchy and include the following:

- The Company's financial projections for its reporting units are based on its analysis of various supply and demand factors which include, among other things, industry-wide capacity, its planned utilization rate, end-user demand, crack spreads, capital expenditures and economic conditions. Such estimates are consistent with those used in the Company's planning and capital investment reviews and include recent historical prices and published forward prices.
- The discount rate used to measure the present value of the projected future cash flows is based on a variety of factors, including market and economic conditions, operational risk, regulatory risk and political risk. This discount rate is also compared to recent observable market transactions, if possible.

For Level 3 measurements, significant increases or decreases in long-term growth rates or discount rates in isolation or in combination could result in a significantly lower or higher fair value measurement.

Changes in goodwill balances for the periods indicated below are as follows (in millions):

	Specialty Products
Net balance as of December 31, 2018	$ 171.4
Impairment [1]	—
Net balance as of December 31, 2019	$ 171.4
Additions	1.6
Impairment [1]	—
Net balance as of December 31, 2020	$ 173.0

[1] Total accumulated goodwill impairment as of December 31, 2020 and 2019, is $35.5 million.

Other intangible assets consist of the following (in millions):

		December 31, 2020		December 31, 2019	
	Weighted Average Life (Years)	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Customer relationships	22	$ 181.8	$ (139.7)	$ 181.3	$ (130.6)
Tradenames	11	26.8	(20.7)	26.8	(18.7)
Trade secrets	13	52.9	(46.3)	52.7	(43.4)
Patents	12	1.6	(1.6)	1.6	(1.6)
Royalty agreements	20	6.1	(3.3)	6.1	(3.0)
	19	$ 269.2	$ (211.6)	$ 268.5	$ (197.3)

Tradenames, trade secrets, patents and royalty agreements are being amortized to properly match expenses with the undiscounted estimated future cash flows over the terms of the related agreements or the period expected to be benefited. The costs of agreements with terms allowing for the potential extension of such agreements are being amortized based on the initial term only. Customer relationships are being amortized to properly match expenses with the undiscounted estimated future cash flows based upon assumed rates of annual customer attrition. For the years ended December 31, 2020 and 2019, the Company recorded amortization expense of intangible assets of $14.3 million and $16.8 million, respectively.

As of December 31, 2020, the Company estimates that amortization of intangible assets for the next five years will be as follows (in millions):

Year	Amortization Amount
2021	$ 11.8
2022	$ 9.5
2023	$ 7.8
2024	$ 6.5
2025	$ 4.9

8. Commitments and Contingencies

Contingencies

From time to time, the Company is a party to certain claims and litigation incidental to its business, including claims made by various taxation and regulatory authorities, such as the Internal Revenue Service, the EPA and the U.S. Occupational Safety and Health Administration (“OSHA”), as well as various state environmental regulatory bodies and state and local departments of revenue, as the result of audits or reviews of the Company’s business. In addition, the Company has property, business interruption, general liability and various other insurance policies that may result in certain losses or expenditures being reimbursed to the Company.

Environmental

Many of the Company’s activities are subject to stringent federal, regional, state and local laws and regulations governing worker health and safety, the discharge of materials into the environment and environmental protection. These laws and regulations impose legal standards and obligations that are applicable to the Company’s operations, such as requiring the acquisition of permits to conduct regulated activities, restricting the manner in which the Company may release materials into the environment, requiring remedial activities to mitigate pollution from former or current operations that may include incurring capital expenditures to limit or prevent unauthorized releases from our equipment and facilities, requiring the application of specific health and safety criteria addressing worker protection and imposing substantial liabilities for pollution resulting from its operations. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties; the imposition of investigatory, remedial or corrective action obligations or the incurrence of capital expenditures; the occurrence of restrictions, delays or cancellations in the permitting, development or expansion of projects; and the issuance of injunctive relief limiting or prohibiting Company activities. Moreover, certain of these laws impose joint and several strict liability for costs required to remediate and restore sites where petroleum hydrocarbons, wastes or other materials have been released or disposed. In addition, new laws and regulations, new interpretations of existing laws and regulations, reinterpretation of legal requirements, increased governmental enforcement or other developments, some of which legal requirements are discussed below, could significantly increase the Company’s operational or compliance expenditures.

Remediation of subsurface contamination continues at certain of the Company’s refinery sites and is being overseen by the appropriate state agencies. Based on current investigative and remedial activities, the Company believes that the soil and groundwater contamination at these refineries can be controlled or remediated without having a material adverse effect on the Company’s financial condition. However, such costs are often unpredictable and, therefore, there can be no assurance that the future costs of these remedial projects will not become material. As of December 31, 2020 and 2019, the Company had accrued $2.5 million and $2.4 million, respectively, for environmental liabilities recorded in the other current liabilities in the consolidated balance sheets.

Renewable Identification Numbers Obligation

As of December 31, 2020 and 2019, the Company had a RINs Obligation recorded as an other current liability on the consolidated balance sheets of $129.4 million and $13.0 million, respectively. Please read Note 2 - “Summary of Significant Accounting Policies” for additional information.

Occupational Health and Safety

The Company is subject to various laws and regulations relating to occupational health and safety, including the federal Occupational Safety and Health Act, as amended, and comparable state laws. These laws and regulations strictly govern the protection of the health and safety of employees. In addition, OSHA’s hazard communication standard, the EPA’s community right-to-know regulations under Title III of the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and similar state statutes require the Company to maintain information about hazardous materials used or produced in the Company’s operations and provide this information to employees, contractors, state and local government authorities and customers. The Company maintains safety and training programs as part of its ongoing efforts to promote compliance with applicable laws and regulations. The Company conducts periodic audits of Process Safety Management systems at each of its locations subject to this standard. The Company’s compliance with applicable health and safety laws and regulations has required, and continues to require, substantial expenditures. Changes in occupational safety and health laws and regulations or a finding of non-compliance with current laws and regulations could result in additional capital expenditures or operating expenses, as well as civil penalties and, in the event of a serious injury or fatality, criminal charges.

Labor Matters

The Company has approximately 500 employees covered by various collective bargaining agreements, or approximately 36% of its total workforce of approximately 1,400 employees. These agreements have expiration dates of December 12, 2021, April 30, 2022, July 31, 2022, January 15, 2023, January 31, 2023 and August 20, 2024. The Company has approximately 19 employees, or 1% of its total workforce, who are covered by a collective bargaining agreement which will expire in less than one year and does not expect any work stoppages.

Other Matters, Claims and Legal Proceedings

On October 31, 2018, the Company received an indemnity claim notice (the “Claim Notice”) from Husky Superior Refining Holding Corp. (“Husky”) under the Membership Interest Purchase Agreement, dated August 11, 2017 (“MIPA”), which was entered into in connection with the Superior Transaction. The Claim Notice relates to alleged losses Husky incurred in connection with a fire at the Husky Superior refinery on April 26, 2018, over five months after Calumet sold Husky 100% of the membership interests in the entity that owns the Husky Superior refinery. Based on public reports, Calumet understands the fire occurred during a turnaround of the Husky Superior refinery at a time when Husky owned, operated, and supervised the refinery. Calumet was not involved with the turnaround. The U.S. Chemical Safety and Hazard Investigation Board (“CSB”) is currently investigating the fire, but has not contacted Calumet in connection with that investigation or suggested that Calumet is responsible for the fire. Husky’s Claim Notice alleges that Husky “has become aware of facts which may give rise to losses” for which it reserved the right to seek indemnification at a later date. The Claim Notice further alleges breaches of certain representations, warranties, and covenants contained in the MIPA. The information currently available about the fire and the CSB investigation does not support Husky’s threatened claims, and Husky has not filed a lawsuit against Calumet. If Husky were to assert such claims, they would be subject to certain limits on indemnification liability under the MIPA that may reduce or eliminate any potential indemnification liability.

Beginning in 2017, the Company initiated the first of several claims in Cascade County Circuit Court against the Montana Department of Revenue to recover overpaid taxes resulting from the county’s excessive property tax assessment of the Company’s Great Falls refinery for the 2017, 2018, and 2019 tax years. As of December 31, 2020, the county has refunded, as the result of various court decisions, $6.0 million in excessive taxes and interest to the Company. The claims arising from the 2017, 2018, and 2019 tax years are closed. The $6.0 million was recorded as a reduction of taxes other than income taxes in the consolidated statements of operations for the year ended December 31, 2020.

The Company is subject to other matters, claims and litigation incidental to its business. The Company has recorded accruals with respect to certain of its matters, claims and litigation where appropriate, that are reflected in the audited consolidated financial statements but are not individually considered material. For other matters, claims and litigation, the Company has not recorded accruals because it has not yet determined that a loss is probable or because the amount of loss cannot be reasonably estimated. While the ultimate outcome of matters, claims and litigation currently pending cannot be determined, the Company currently does not expect these outcomes, individually or in the aggregate (including matters for which the Company has recorded accruals), to have a material adverse effect on its financial position, results of operations or cash flows. The outcome of any matter, claim or litigation is inherently uncertain, however, and if decided adversely to the Company, or if the Company determines that settlement of particular litigation is appropriate, the Company may be subject to liability that could have a material adverse effect on its financial position, results of operations or cash flows.

Standby Letters of Credit

The Company has agreements with various financial institutions for standby letters of credit which have been issued primarily to vendors. As of December 31, 2020 and 2019, the Company had outstanding standby letters of credit of $23.7 million and $42.5 million, respectively, under its senior secured revolving credit facility (the “revolving credit facility”). Please read Note 10 - “Long-Term Debt” for additional information regarding the Company’s revolving credit facility. At December 31, 2020 and 2019, the maximum amount of letters of credit the Company could issue under its revolving credit facility was subject to borrowing base limitations, with a maximum letter of credit sublimit equal to $300.0 million, which may be increased with consent of the Agent (as defined in the Credit Agreement) to 90% of revolver commitments then in effect ($600.0 million at December 31, 2020 and 2019).

As of December 31, 2020 and 2019, the Company had availability to issue letters of credit of approximately $154.4 million and approximately $359.4 million, respectively, under its revolving credit facility.

Crude Oil Supply, Other Feedstocks and Finished Products

Purchase commitments consist primarily of obligations to purchase fixed volumes of crude oil, other feedstocks and finished products for resale from various suppliers based on current market prices at the time of delivery. The Company is currently purchasing a majority of its crude oil under month-to-month evergreen contracts or on a spot basis. Certain other feedstocks are purchased under long-term supply contracts.

As of December 31, 2020, the estimated minimum purchase commitments under the Company's crude oil, other feedstock supply and finished product agreements were as follows (in millions):

Year	Commitment
2021	$ 153.3
2022	30.2
2023	21.0
2024	21.1
2025	21.0
Thereafter	21.0
Total	$ 267.6

Throughput Contract

Prior to 2020, the Company entered into a long-term agreement to transport crude oil at a minimum of 5,000 bpd through a pipeline, which commenced service in the second quarter of 2020. The agreement also contains a capital recovery charge that increases 2% per annum. The agreement is for seven years.

As of December 31, 2020, the estimated minimum unconditional purchase commitments, including the capital recovery charge, under the agreement were as follows (in millions):

Year	Commitment [(1)]
2021	$ 3.9
2022	3.9
2023	3.9
2024	4.0
2025	4.0
Thereafter	6.0
Total [(1)]	$ 25.7

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(1) As of December 31, 2020, the estimated minimum payments for the unconditional purchase commitments have been accrued and are included in other current liabilities and other long-term liabilities in the consolidated balance sheets. This liability was accrued due to the fact that the contract was entered into to supply crude to a divested facility.

9. Inventory Financing Agreements

On March 31, 2017, the Company entered into several agreements with Macquarie to support the operations of the Great Falls refinery (the "Great Falls Supply and Offtake Agreements"). On July 27, 2017, the Company amended the Great Falls Supply and Offtake Agreements to provide Macquarie the option to terminate the Great Falls Supply and Offtake Agreements effective nine months after the end of the applicable calendar quarter in which Macquarie elects to terminate and the Company has the option to terminate with ninety days' notice at any time. On May 9, 2019, the Company entered into an amendment to the Great Falls Supply and Offtake Agreements to, among other things, extend the Expiration Date (as defined in the Great Falls Supply and Offtake Agreements) from September 30, 2019 to June 30, 2023.

On June 19, 2017, the Company entered into several agreements with Macquarie to support the operations of the Shreveport refinery (the "Shreveport Supply and Offtake Agreements," and together with the Great Falls Supply and Offtake Agreements, the "Supply and Offtake Agreements"). Since inception, the Shreveport Supply and Offtake Agreements were set to expire on June 30, 2020; however, Macquarie has the option to terminate the Shreveport Supply and Offtake Agreements effective nine months after the end of the applicable calendar quarter in which Macquarie elects to terminate and the Company has the option to terminate with ninety days' notice at any time. On May 9, 2019, the Company entered into an amendment to the Shreveport Supply and Offtake Agreements to, among other things, extend the Expiration Date (as defined in the Shreveport Supply and Offtake Agreements) from June 30, 2020 to June 30, 2023.

The Supply and Offtake Agreements allow the Company to purchase crude oil from Macquarie or one of its affiliates. Per the Supply and Offtake Agreements, Macquarie will provide up to 30,000 barrels per day of crude oil to the Great Falls refinery and 60,000 barrels per day of crude oil to the Shreveport refinery. The Company agreed to purchase the crude oil on a just-in-time basis to support the production operations at the Great Falls and Shreveport refineries. Additionally, the Company agreed to sell, and Macquarie agreed to buy, at market prices, refined products produced at the Great Falls and Shreveport refineries. For Shreveport, finished products consisting of finished fuel products (other than jet fuel), lubricants and waxes, Macquarie may (but is not required to) sell such products to the sales intermediation party ("SIP"), and the SIP may (but is not required to) sell such products to Shreveport, as applicable, for sale in turn to third parties. For jet fuel and certain intermediate products, Macquarie may (but is not required to) sell such products to Shreveport for sale thereby to third parties. The Company will then repurchase the refined products from Macquarie or the SIP prior to selling the refined products to third parties.

The Supply and Offtake Agreements are subject to minimum and maximum inventory levels. The agreements also provide for the lease to Macquarie of crude oil and certain refined product storage tanks located at the Great Falls and Shreveport refineries and certain offsite locations. Following expiration or termination of the agreements, Macquarie has the option to require the Company to purchase the crude oil and refined product inventories then owned by Macquarie and located at the leased storage tanks at then current market prices. In addition, barrels owned by the Company are pledged as collateral to support the Deferred Payment Arrangement (defined below) obligations under these agreements.

While title to certain inventories will reside with Macquarie, the Supply and Offtake Agreements are accounted for by the Company similar to a product financing arrangement; therefore, the inventories sold to Macquarie will continue to be included in the Company's consolidated balance sheets until processed and sold to a third party. Each reporting period, the Company will record liabilities in an amount equal to the amount the Company expects to pay to repurchase the inventory held by Macquarie based on market prices at the termination date included in obligations under inventory financing agreements in the consolidated balance sheets. The Company has determined that the redemption feature on the initially recognized liabilities related to the Supply and Offtake Agreements is an embedded derivative indexed to commodity prices. As such, the Company has accounted for these embedded derivatives at fair value with changes in the fair value, if any, recorded in gain (loss) on derivative instruments in the Company's consolidated statements of operations. For more information on the valuation of the associated derivatives, please read Note 11 — "Derivatives" and Note 12 — "Fair Value Measurements." The embedded derivatives will be recorded in obligations under inventory financing agreements on the consolidated balance sheets. The cash flow impact of the embedded derivatives will be classified as a change in unrealized (gain) loss on derivative instruments in the operating activities section in the consolidated statements of cash flows.

For the years ended December 31, 2020 and 2019, the Company received a $1.1 million benefit and incurred a $15.3 million expense, respectively, for financing costs related to the Supply and Offtake Agreements, which are included in interest expense in the Company's consolidated statements of operations.

The Company has provided cash collateral of $11.3 million related to the initial purchase of the Great Falls and Shreveport inventory to cover credit risk for future crude oil deliveries and potential liquidation risk if Macquarie exercises its rights and sells the inventory to third parties. The collateral was recorded as a reduction to the obligations.

The Supply and Offtake Agreements also include a deferred payment arrangement ("Deferred Payment Arrangement") whereby the Company can defer payments on just-in-time crude oil purchases from Macquarie owed under the agreements up to the value of the collateral provided (90% of the collateral is inventory). The deferred amounts under the Deferred Payment Arrangement will bear interest at a rate equal to the London Interbank Offered Rate ("LIBOR") plus 3.25% per annum for both Shreveport and Great Falls. Amounts outstanding under the Deferred Payment Arrangement are included in obligations under inventory financing agreements in the Company's consolidated balance sheets. Changes in the amount outstanding under the Deferred Payment Arrangement are included within cash flows from financing activities in the consolidated statements of cash flows. As of December 31, 2020 and December 31, 2019, the Company had $15.0 million and $26.3 million of deferred payments outstanding, respectively. In addition to the Deferred Payment Arrangement, Macquarie has advanced the Company an additional $5.0 million which remains outstanding as of December 31, 2020.

10. Long-Term Debt

Long-term debt consisted of the following (in millions):

	December 31, 2020	December 31, 2019
Borrowings under amended and restated senior secured revolving credit agreement with third-party lenders, interest payments quarterly, borrowings due February 2023, weighted average interest rates of 2.4% and 4.3% at December 31, 2020 and 2019, respectively	$ 108.0	$ —
Borrowings under 2022 Notes, interest at a fixed rate of 7.625%, interest payments semiannually, borrowings due January 2022, effective interest rate of 8.1% for the years ended December 31, 2020 and December 31, 2019, respectively [(1)]	150.6	351.1
Borrowings under 2023 Notes, interest at a fixed rate of 7.75%, interest payments semiannually, borrowings due April 2023, effective interest rate of 8.1% for the years ended December 31, 2020 and December 31, 2019, respectively	325.0	325.0
Borrowings under the 2024 Secured Notes, interest at a fixed rate of 9.25%, interest payments semiannually, borrowings due July 2024, effective interest rate of 9.4% for the year ended December 31, 2020.	200.0	—
Borrowings under 2025 Notes, interest at a fixed rate of 11.0%, interest payments semiannually, borrowings due April 2025, effective interest rate of 11.3% and 11.2% for the year ended December 31, 2020 and December 31, 2019, respectively.	550.0	550.0
Other	2.3	3.8
Finance lease obligation, at a fixed interest rate, interest and principal payments monthly through January 2027	3.7	2.7
Less unamortized debt issuance costs [(2)]	(14.2)	(18.4)
Less unamortized discounts	(3.1)	(2.9)
Total debt	1,322.3	1,211.3
Less current portion of long-term debt	2.9	1.8
Total long-term debt	$ 1,319.4	$ 1,209.5

(1) The balance includes a fair value interest rate hedge adjustment, which increased the debt balance by $0.6 million and $1.1 million as of December 31, 2020 and 2019, respectively.

(2) Deferred debt issuance costs are being amortized by the effective interest rate method over the lives of the related debt instruments. These amounts are net of accumulated amortization of $20.5 million and $15.7 million at December 31, 2020 and 2019, respectively.

Senior Notes

11.00% Senior Notes (the “2025 Notes”)

On October 11, 2019, the Company issued and sold $550.0 million in aggregate principal amount of 11.00% Senior Notes due April 15, 2025, in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), to eligible purchasers at par. The Company received net proceeds of $539.9 million net of initial purchasers’ fees and estimated expenses, which it used, along with revolver borrowings and cash on hand, to fund the redemption of $761.2 million in aggregate principal amount of outstanding 6.50% Notes due 2021. In conjunction with the redemption, the Company incurred debt extinguishment costs of $2.2 million, net. Interest on the 2025 Notes is paid semiannually in arrears on April 15 and October 15 of each year, beginning on April 15, 2020.

On July 6, 2020, the Company commenced a consent solicitation to holders of the 2025 Notes for amendments to the indenture governing the 2025 Notes to allow for the consummation of the 2024 Notes Exchange Transaction. On August 5, 2020, the Company executed the First Supplemental Indenture to the indenture governing the 2025 Notes to allow the 2024 Notes Exchange Transaction.

9.25% Senior Notes (the “2024 Notes”)

On August 5, 2020, we consummated a transaction whereby we exchanged approximately $200.0 million aggregate principal amount of our outstanding 2022 Notes for $200.0 million aggregate principal amount of newly issued 2024 Secured Notes, approximately at par (the “2024 Notes Exchange Transaction”). Interest on the 2024 Notes is paid semiannually in arrears on January 15 and July 15 of each year, beginning on January 15, 2021. The 2024 Notes are secured by a first priority lien (subject to certain exceptions) on all the fixed assets that secure the Company’s obligations under their secured hedge agreements, as governed by the Collateral Trust Agreement.

7.75% Senior Notes (the “2023 Notes”)

On March 27, 2015, the Company issued and sold $325.0 million in aggregate principal amount of 7.75% Senior Notes due April 15, 2023 in a private placement pursuant to Section 4(a)(2) of the Securities Act, to eligible purchasers at a discounted price of 99.257 percent of par. The Company received net proceeds of approximately $317.0 million net of discount, initial purchasers’ fees and expenses, which the Company used to fund the redemption of $178.8 million in aggregate principal amount of outstanding 9.625% senior notes due 2020 on April 28, 2015, to repay borrowings outstanding under its revolving credit facility and for general partnership purposes, including planned capital expenditures at the Company’s facilities and working capital. Interest on the 2023 Notes is paid semiannually in arrears on April 15 and October 15 of each year, beginning on October 15, 2015.

On March 27, 2015, in connection with the issuance and sale of the 2023 Notes, the Company entered into a registration rights agreement with the initial purchasers of the 2023 Notes obligating the Company to use reasonable best efforts to file an exchange offer registration statement with the SEC, so that holders of the 2023 Notes can offer to exchange the 2023 Notes for registered notes having substantially the same terms as the 2023 Notes and evidencing the same indebtedness as the 2023 Notes. On December 11, 2015, the Company filed an exchange offer registration statement for the 2023 Notes with the SEC, which was declared effective on January 28, 2016. The exchange offer was completed on March 7, 2016, thereby fulfilling all of the requirements of the 2023 Notes registration rights agreement.

7.625% Senior Notes (the “2022 Notes”)

On November 26, 2013, the Company issued and sold $350.0 million in aggregate principal amount of 7.625% Senior Notes due January 15, 2022, in a private placement pursuant to Section 4(a)(2) of the Securities Act, to eligible purchasers at a discounted price of 98.494 percent of par. The Company received net proceeds of approximately $337.4 million, net of discount, initial purchasers’ fees and expenses, which the Company used for general partnership purposes, to fund previously announced organic growth projects, the purchase price of the Bel-Ray acquisition and the redemption of $100.0 million in aggregate principal amount outstanding of 9.375% Senior Notes due 2019. Interest on the 2022 Notes is paid semiannually in arrears on January 15 and July 15 of each year, beginning on July 15, 2014.

On November 26, 2013, in connection with the issuance and sale of the 2022 Notes, the Company entered into a registration rights agreement with the initial purchasers of the 2022 Notes obligating the Company to use reasonable best efforts to file an exchange offer registration statement with the SEC, so that holders of the 2022 Notes can offer to exchange the 2022 Notes for registered notes having substantially the same terms as the 2022 Notes and evidencing the same indebtedness as the 2022 Notes. On November 27, 2013, the Company filed an exchange offer registration statement for the 2022 Notes with the SEC, which was declared effective on December 10, 2013. The exchange offer was completed on January 13, 2014, thereby fulfilling all of the requirements of the 2022 Notes registration rights agreement.

On August 5, 2020, the Company consummated a transaction whereby it exchanged approximately $200.0 million aggregate principal amount of its outstanding 7.625% Senior Notes due 2022 (the “2022 Notes”) for $200.0 million aggregate principal amount of newly issued 9.25% Senior Secured First Lien Notes due 2024 (the “2024 Secured Notes”) (the “2024 Notes Exchange Transaction”). In connection with the 2024 Notes Exchange Transaction, the Company incurred $5.4 million of fees.

2022 Notes, 2023 Notes, 2024 Notes and 2025 Notes

In accordance with SEC Rule 3-10 of Regulation S-X, consolidated financial statements of non-guarantors are not required. The Company has no material assets or operations independent of its subsidiaries. Obligations under its 2022, 2023 and 2025 Notes are fully and unconditionally and jointly and severally guaranteed on a senior unsecured basis, and the 2024 Notes on a senior secured basis, by the Company's current 100%-owned operating subsidiaries and certain of the Company's future operating subsidiaries, with the exception of the Company's "minor" subsidiaries (as defined by Rule 3-10 of Regulation S-X), including Calumet Finance Corp. (100%-owned Delaware corporation that was organized for the sole purpose of being a co-issuer of certain of the Company's indebtedness, including the 2022, 2023, 2024 and 2025 Notes). The 2024 Notes and the guarantees of the 2024 Notes are secured by a first priority lien (subject to certain exceptions) on all the fixed assets that secure the Company's obligations under their secured hedge agreements, as governed by the Collateral Trust Agreement. There are no significant restrictions on the ability of the Company or subsidiary guarantors for the Company to obtain funds from its subsidiary guarantors by dividend or loan. None of the subsidiary guarantors' assets represent restricted assets pursuant to SEC Rule 4-08(e)(3) of Regulation S-X.

On September 27, 2019, the Company executed supplemental indentures to the indentures governing the 2022 and 2023 Notes, naming its wholly-owned subsidiaries Calumet Mexico, LLC, Calumet Specialty Oils de Mexico, S. de R.L. de C.V., and Calumet Specialty Products Canada, ULC as additional Guarantors (as defined in the indentures). Following the execution of these supplemental indentures, the Company no longer has material subsidiaries that do not guarantee the 2022, 2023, 2024 and 2025 Notes.

The 2022, 2023, 2024 and 2025 Notes are subject to certain automatic customary releases, including the sale, disposition, or transfer of capital stock or substantially all of the assets of a subsidiary guarantor, designation of a subsidiary guarantor as unrestricted in accordance with the applicable indenture, exercise of legal defeasance option or covenant defeasance option, liquidation or dissolution of the subsidiary guarantor and a subsidiary guarantor ceases to both guarantee other Company debt and to be an obligor under the revolving credit facility. The Company's operating subsidiaries may not sell or otherwise dispose of all or substantially all of their properties or assets to, or consolidate with or merge into, another company if such a sale would cause a default under the indentures governing the 2022, 2023, 2024 and 2025 Notes.

The indentures governing the 2022, 2023, 2024 and 2025 Notes contain covenants that, among other things, restrict the Company's ability and the ability of certain of the Company's subsidiaries to: (i) sell assets; (ii) pay distributions on, redeem or repurchase the Company's common 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 Company's restricted subsidiaries to the Company; (vii) consolidate, merge or transfer all or substantially all of the Company's assets; (viii) engage in transactions with affiliates and (ix) create unrestricted subsidiaries. These covenants are subject to important exceptions and qualifications. At any time when the 2022, 2023, 2024 and 2025 Notes are rated investment grade by either Moody's Investors Service, Inc. ("Moody's") or S&P Global Ratings ("S&P") and no Default or Event of Default, each as defined in the indentures governing the 2022, 2023, 2024 and 2025 Notes, has occurred and is continuing, many of these covenants will be suspended. As of December 31, 2020, the Company's Fixed Charge Coverage Ratio (as defined in the indentures governing the 2022, 2023, 2024 and 2025 Notes) was 1.1. As of December 31, 2020, the Company was in compliance with all covenants under the indentures governing the 2022, 2023, 2024 and 2025 Notes.

Third Amended and Restated Senior Secured Revolving Credit Facility

On February 23, 2018, the Company entered into the Third Amended and Restated Credit Agreement (the "Credit Agreement") governing its senior secured revolving credit facility maturing in February 2023, which provides maximum availability of credit under the revolving credit facility of $600.0 million, subject to borrowing base limitations, and includes a $500.0 million incremental uncommitted expansion feature. Lenders under the revolving credit facility have a first priority lien on, among other things, the Company's accounts receivable and inventory and substantially all of its cash (collectively, the "Credit Agreement Collateral").

On September 4, 2019, the Company entered into the First Amendment to the Credit Agreement. The amendment expands the borrowing base by $99.6 million on the Effective Date of October 11, 2019, by adding the fixed assets of the Company's Great Falls, MT refinery as collateral to the borrowing base. The $99.6 million expansion amortizes to zero on a straight-line basis over ten quarters starting in the first quarter of 2020. Additionally, while the fixed assets of the Great Falls, MT refinery are included in the borrowing base, the first amendment provides for a 25 basis points increase in the applicable margin for loans, as well as increases the minimum availability under the revolving credit facility required for the company to be able to perform certain actions, including to make restricted payments of other distributions, sell or dispose of certain assets, make acquisitions or investments, or prepay other indebtedness. Among other conditions precedent that were required to be satisfied before the Effective Date, the Company was required to consummate an offering of at least $450.0 million aggregate principal amount of senior unsecured notes. The conditions precedent were satisfied on October 11, 2019.

The revolving credit facility, which is the Company's primary source of liquidity for cash needs in excess of cash generated from operations bears interest at a rate equal to prime plus a basis points margin or LIBOR plus a basis points margin, at the Company's option as follows:

	Base Loans		FILO Loans	
Quarterly Average Availability Percentage	**Prime Rate Margin**	**LIBOR Rate Margin**	**Prime Rate Margin**	**LIBOR Rate Margin**
≥ 66%	0.50%	1.50%	1.50%	2.50%
≥ 33% and < 66%	0.75%	1.75%	1.75%	2.75%
< 33%	1.00%	2.00%	2.00%	3.00%

The Credit Agreement provides for a 25 basis point reduction in the applicable margin rates beginning in the quarter after our Leverage Ratio (as defined in the Credit Agreement) is less than 5.5 to 1.0. The Company has met this test consistently since the fiscal quarter ended June 30, 2019. As of December 31, 2020, the margin was 50 basis points for prime rate based revolver loans and 150 basis points for LIBOR based rate revolver loans. The margin can fluctuate quarterly based on our average availability for additional borrowings under the revolving credit facility in the preceding calendar quarter. Following the October 11, 2019 Effective Date of the first amendment to the Credit Agreement, the applicable margin rates are increased by 25 basis points for as long as the Great Falls, MT refinery assets are contributing to the borrowing base. Letters of credit issued under the revolving credit facility accrue fees at a rate equal to the rate margin applicable to LIBOR revolver loans.

In addition to paying interest quarterly on outstanding borrowings under the revolving credit facility, the Company is required to pay a commitment fee to the lenders under the revolving credit facility with respect to the unutilized commitments thereunder at a rate equal to 0.250% or 0.375% per annum depending on the average daily available unused borrowing capacity for the preceding month. The Company also pays a customary letter of credit fee, including a fronting fee of 0.125% per annum of the stated amount of each outstanding letter of credit, and customary agency fees.

The borrowing capacity at December 31, 2020, under the revolving credit facility was approximately $286.1 million. As of December 31, 2020, the Company had $108.0 million outstanding borrowings under the revolving credit facility and outstanding standby letters of credit of $23.7 million, leaving approximately $154.4 million of unused capacity.

The revolving credit facility contains various covenants that limit, among other things, the Company's ability to: incur indebtedness; grant liens; dispose of certain assets; make certain acquisitions and investments; redeem or prepay other debt or make other restricted payments such as distributions to unitholders; enter into transactions with affiliates; and enter into a merger, consolidation or sale of assets. Further, the revolving credit facility contains one springing financial covenant which provides that only if the Company's availability to borrow loans under the revolving credit facility falls below the greater of (i) 10.0% of the Borrowing Base (as defined in the Credit Agreement) then in effect, or 15% while the Great Falls, MT refinery is included in the borrowing base, and (ii) $35.0 million (which amount is subject to increase in proportion to revolving commitment increases), then the Company will be required to maintain as of the end of each fiscal quarter a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of at least 1.0 to 1.0. As of December 31, 2020, the Company was in compliance with all covenants under the revolving credit facility.

Master Derivative Contracts

The Company's payment obligations under all of the Company's master derivatives contracts for commodity hedging generally are secured by a first priority lien on the Company's real property, plant and equipment, fixtures, intellectual property, certain financial assets, certain investment property, commercial tort claims, chattel paper, documents, instruments and proceeds of the foregoing (including proceeds of hedge arrangements). The Company had no additional letters of credit or cash margin posted with any hedging counterparty as of December 31, 2020. The Company's master derivatives contracts and Collateral Trust Agreement (as defined below) continue to impose a number of covenant limitations on the Company's operating and financing activities, including limitations on liens on collateral, limitations on dispositions of collateral and collateral maintenance and insurance requirements.

Collateral Trust Agreement

The Company has a collateral trust agreement ("The Collateral Trust Agreement") which governs how various secured Company creditors, including secured hedging counterparties, our creditor on a forward purchase contract for physical commodities, and holders of our 2024 Secured Notes share collateral pledged as security for the payment of respective payment obligations to them. The Collateral Trust Agreement limits to $150.0 million the extent to which forward purchase contracts for physical commodities are covered by, and secured under, the Collateral Trust Agreement and the Parity Lien Security Documents (as defined in the Collateral Trust Agreement). There is no such limit on financially settled derivative instruments used for commodity hedging. Subject to certain conditions set forth in the Collateral Trust Agreement, the Company has the ability to add secured parties from time to time.

Maturities of Long-Term Debt

As of December 31, 2020, principal payments on debt obligations and future minimum rentals on finance lease obligations are as follows (in millions):

Year	Maturity
2021	$ 2.9
2022	150.6
2023	433.7
2024	200.8
2025	550.5
Thereafter	0.5
Total	$ 1,339.0

11. Derivatives

The Company is exposed to price risks due to fluctuations in the price of crude oil, refined products (primarily in the Company's fuel products segment) and precious metals. The Company uses various strategies to reduce its exposure to commodity price risk. The strategies to reduce the Company's risk utilize both physical forward contracts and financially settled derivative instruments, such as swaps, to attempt to reduce the Company's exposure with respect to:

- crude oil purchases and sales;
- fuel product sales and purchases;
- natural gas purchases;
- precious metals purchases; and
- fluctuations in the value of crude oil between geographic regions and between the different types of crude oil such as New York Mercantile Exchange West Texas Intermediate ("NYMEX WTI"), Light Louisiana Sweet, Western Canadian Select ("WCS"), WTI Midland, Mixed Sweet Blend, Magellan East Houston and ICE Brent.

The Company manages its exposure to commodity markets, credit, volumetric and liquidity risks to manage its costs and volatility of cash flows as conditions warrant or opportunities become available. These risks may be managed in a variety of ways that may include the use of derivative instruments. Derivative instruments may be used for the purpose of mitigating risks associated with an asset, liability and anticipated future transactions and the changes in fair value of the Company's derivative instruments will affect its earnings and cash flows; however, such changes should be offset by price or rate changes related to the underlying commodity or financial transaction that is part of the risk management strategy. The Company does not speculate with derivative instruments or other contractual arrangements that are not associated with its business objectives. Speculation is defined as increasing the Company's natural position above the maximum position of its physical assets or trading in commodities, currencies or other risk bearing assets that are not associated with the Company's business activities and objectives. The Company's positions are monitored routinely by a risk management committee to ensure compliance with its stated risk management policy and documented risk management strategies. All strategies are reviewed on an ongoing basis by the Company's risk management committee, which will add, remove or revise strategies in anticipation of changes in market conditions and/or its risk profiles. Such changes in strategies are to position the Company in relation to its risk exposures in an attempt to capture market opportunities as they arise.

The Company is obligated to repurchase crude oil and refined products from Macquarie at the termination of the Supply and Offtake Agreements in certain scenarios. The Company has determined that the redemption feature on the initially recognized liability related to the Supply and Offtake Agreements is an embedded derivative indexed to commodity prices. As such, the Company has accounted for this embedded derivative at fair value with changes in the fair value, if any, recorded in gain (loss) on derivative instruments in the Company's consolidated statements of operations please read Note 9 - "Inventory Financing Agreements" for additional information.

The Company recognizes all derivative instruments at their fair values as either current assets or current liabilities in the consolidated balance sheets (please read Note 12 - "Fair Value Measurements"). Fair value includes any premiums paid or received and unrealized gains and losses. Fair value does not include any amounts receivable from or payable to counterparties, or collateral provided to counterparties. Derivative asset and liability amounts with the same counterparty are netted against each other for financial reporting purposes in accordance with the provisions of our master netting arrangements.

The following tables summarize the Company's gross fair values of its derivative instruments, presenting the impact of offsetting derivative assets in the Company's consolidated balance sheets (in millions):

		December 31, 2020			December 31, 2019		
	Balance Sheet Location	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset in the Consolidated Balance Sheets**	**Net Amounts of Assets Presented in the Consolidated Balance Sheets**	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset in the Consolidated Balance Sheets**	**Net Amounts of Assets Presented in the Consolidated Balance Sheets**
Derivative instruments not designated as hedges:							
Fuel products segment:							
WCS crude oil basis swaps	Derivative assets	$ 0.4	$ (0.4)	$ —	$ —	$ (1.3)	$ (1.3)
Gasoline crack spread swaps	Derivative assets	—	—	—	1.8	(0.5)	1.3
Diesel crack spread swaps	Derivative assets	—	—	—	0.9	(0.5)	0.4
2/1/1 Crack spread swap	Derivative assets	—	—	—	0.5	—	0.5
Total derivative instruments		$ 0.4	$ (0.4)	$ —	$ 3.2	$ (2.3)	$ 0.9

The following tables summarize the Company's gross fair values of its derivative instruments, presenting the impact of offsetting derivative liabilities in the Company's consolidated balance sheets (in millions):

		December 31, 2020			December 31, 2019		
	Balance Sheet Location	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Liabilities Presented in the Consolidated Balance Sheets
Derivative instruments not designated as hedges:							
Fuel products segment:							
Inventory financing obligation	Obligations under inventory financing agreements	$ (2.2)	$ —	$ (2.2)	$ (7.2)	$ —	$ (7.2)
WCS crude oil basis swaps	Derivative liabilities	(1.7)	0.4	(1.3)	(1.3)	1.3	—
Gasoline crack spread swaps	Derivative liabilities	—	—	—	(0.5)	0.5	—
Diesel crack spread swaps	Derivative liabilities	—	—	—	(0.5)	0.5	—
Total derivative instruments		$ (3.9)	$ 0.4	$ (3.5)	$ (9.5)	$ 2.3	$ (7.2)

The Company is exposed to credit risk in the event of nonperformance by its counterparties on these derivative transactions. The Company does not expect nonperformance on any derivative instruments, however, no assurances can be provided. The Company's credit exposure related to these derivative instruments is represented by the fair value of contracts reported as derivative assets. As of December 31, 2020, the Company had no counterparty relationships in which the derivatives held were in net assets. As of December 31, 2019, the Company had three counterparty relationships in which the derivatives held were in net assets totaling $0.9 million. To manage credit risk, the Company selects and periodically reviews counterparties based on credit ratings. The Company primarily executes its derivative instruments with large financial institutions that have ratings of at least A3 and BBB+ by Moody's and S&P, respectively. In the event of default, the Company would potentially be subject to losses on derivative instruments with mark-to-market gains. The Company requires collateral from its counterparties when the fair value of the derivatives exceeds agreed-upon thresholds in its master derivative contracts with these counterparties. No such collateral was held by the Company as of December 31, 2020 or 2019. Collateral received from counterparties is reported in other current liabilities, and collateral held by counterparties is reported in prepaid expenses and other current assets on the Company's consolidated balance sheets and is not netted against derivative assets or liabilities. Any outstanding collateral is released to the Company upon settlement of the related derivative instrument liability. As of December 31, 2020 and 2019, the Company had provided its counterparties with no collateral.

Certain of the Company's outstanding derivative instruments are subject to credit support agreements with the applicable counterparties which contain provisions setting certain credit thresholds above which the Company may be required to post agreed-upon collateral, such as cash or letters of credit, with the counterparty to the extent that the Company's mark-to-market net liability, if any, on all outstanding derivatives exceeds the credit threshold amount per such credit support agreement. The majority of the credit support agreements covering the Company's outstanding derivative instruments also contain a general provision stating that if the Company experiences a material adverse change in its business, in the reasonable discretion of the counterparty, the Company's credit threshold could be lowered by such counterparty. The Company does not expect that it will experience a material adverse change in its business.

The cash flow impact of the Company's derivative activities is classified primarily as a change in derivative activity in the operating activities section in the consolidated statements of cash flows.

Derivative Instruments Not Designated as Hedges

For derivative instruments not designated as hedges, the change in fair value of the asset or liability for the period is recorded to unrealized gain (loss) on derivative instruments in the consolidated statements of operations. Upon the settlement of a derivative not designated as a hedge, the gain or loss at settlement is recorded to realized gain (loss) on derivative instruments in the consolidated statements of operations. The Company has entered into gasoline swaps, diesel swaps and certain other crude oil swaps that are not designated as cash flow hedges for accounting purposes. However, these instruments provide economic hedges of the Company's crude oil, gasoline and diesel sales.

The Company recorded the following gains (losses) in its consolidated statements of operations related to its derivative instruments not designated as hedges (in millions):

	Amount of Gain (Loss) Recognized in Realized Gain on Derivative Instruments		Amount of Gain (Loss) Recognized in Unrealized Gain (Loss) on Derivative Instruments	
	Year Ended December 31,		Year Ended December 31,	
Type of Derivative	**2020**	**2019**	**2020**	**2019**
Specialty products segment:				
Natural gas swaps	$ 0.1	$ —	$ —	$ —
Midland crude oil basis swaps	—	1.6	—	(1.0)
Fuel products segment:				
Inventory financing obligation	—	—	5.1	(8.7)
WCS crude oil basis swaps	19.5	14.7	(0.1)	(16.2)
WCS crude oil percentage basis swaps	—	1.0	—	6.0
Midland crude oil basis swaps	—	11.3	—	(7.1)
Gasoline swaps	8.9	—	(1.3)	—
Gasoline crack spread swaps	—	0.1	—	1.3
Diesel crack spread swaps	17.7	6.3	(0.4)	(6.9)
Diesel-MEH crack spread swaps	1.3	—	—	—
Diesel percentage basis crack spread swaps	—	—	—	6.0
2/1/1 crack spread swaps	2.0	0.1	(0.5)	0.5
Natural gas swaps	0.1	—	—	—
Total	$ 49.6	$ 35.1	$ 2.8	$ (26.1)

Derivative Positions

As of December 31, 2020, the Company had the following notional contract volumes related to outstanding derivative instruments:

		Notional Contract Volumes by Year of Maturity	
	Total Outstanding Notional	**2021(1)**	**Unit of Measure**
Derivative instruments not designated as hedges:			
WCS crude oil basis swaps - purchases	1,350,000	1,350,000	Barrels

(1) The volumes include 217,000 barrels of WCS crude oil basis purchases that settled at $(13.34)/Bbl average differential to NYMEX WTI in the quarter ended December 2020.

12. Fair Value Measurements

The Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. Observable inputs are from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. These tiers include the following:

- Level 1 — inputs include observable unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 — inputs include other than quoted prices in active markets that are either directly or indirectly observable
- Level 3 — inputs include unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions

In determining fair value, the Company uses various valuation techniques and prioritizes the use of observable inputs. The availability of observable inputs varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded and other characteristics particular to the instrument. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants and the valuation does not require significant management judgment. For other financial instruments, pricing inputs are less observable in the marketplace and may require management judgment.

Recurring Fair Value Measurements

Derivative Assets and Liabilities

Derivative instruments are reported in the accompanying consolidated financial statements at fair value. The Company's derivative instruments consist of over-the-counter ("OTC") contracts, which are not traded on a public exchange. Substantially all of the Company's derivative instruments are with counterparties that have long-term credit ratings of at least A3 and BBB+ by Moody's and S&P, respectively.

To estimate the fair values of the Company's commodity derivative instruments, the Company uses the forward rate, the strike price, contractual notional amounts, the risk free rate of return and contract maturity. Various analytical tests are performed to validate the counterparty data. The fair values of the Company's derivative instruments are adjusted for nonperformance risk and creditworthiness of the hedging entities through the Company's credit valuation adjustment ("CVA"). The CVA is calculated at the counterparty level utilizing the fair value exposure at each payment date and applying a weighted probability of the appropriate survival and marginal default percentages. The Company uses the counterparty's marginal default rate and the Company's survival rate when the Company is in a net asset position at the payment date and uses the Company's marginal default rate and the counterparty's survival rate when the Company is in a net liability position at the payment date. As a result of applying the applicable CVA at December 31, 2020 and 2019, the Company's net assets and liabilities changed by an immaterial amount.

Observable inputs utilized to estimate the fair values of the Company's derivative instruments were based primarily on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. Based on the use of various unobservable inputs, principally non-performance risk, creditworthiness of the hedging entities and unobservable inputs in the forward rate, the Company has categorized these derivative instruments as Level 3. Significant increases (decreases) in any of those unobservable inputs in isolation would result in a significantly lower (higher) fair value measurement. The Company believes it has obtained the most accurate information available for the types of derivative instruments it holds. Please read Note 11 - "Derivatives" for further information on derivative instruments.

Pension Assets

Pension assets are reported at fair value in the accompanying consolidated financial statements. At December 31, 2020 and 2019, the Company's investments associated with its Pension Plan (as such term is hereinafter defined) consisted of (i) cash and cash equivalents, (ii) fixed income bond funds, (iii) mutual equity funds, and (iv) mutual balanced funds. The fixed income bond funds, mutual equity funds, and mutual balanced funds are measured at fair value using a market approach based on quoted prices from national securities exchanges and are categorized in Level 1 of the fair value hierarchy.

Liability Awards

Unit-based compensation liability awards are awards that are currently expected to be settled in cash on their vesting dates, rather than in equity units ("Liability Awards"). The Liability Awards are categorized as Level 1 because the fair value of the Liability Awards is based on the Company's quoted closing unit price as of each balance sheet date.

Renewable Identification Numbers Obligation

The Company's RINs Obligation is categorized as Level 2 and is measured at fair value using the market approach based on quoted prices from an independent pricing service. Please read Note 2 - "Summary of Significant Accounting Policies" for further information on the Company's RINs Obligation.

Precious Metals Obligations

The fair value of precious metals obligations is based upon unadjusted exchange-quoted prices and is, therefore, classified within Level 1 of the fair value hierarchy.

Hierarchy of Recurring Fair Value Measurements

The Company's recurring assets and liabilities measured at fair value were as follows (in millions):

	December 31, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Derivative assets:								
WCS crude oil basis swaps	$ —	$ —	$ —	$ —	$ —	$ —	$ (1.3)	$ (1.3)
Gasoline crack spread swaps	—	—	—	—	—	—	1.3	1.3
Diesel crack spread swaps	—	—	—	—	—	—	0.4	0.4
2/1/1 Crack spread swaps	—	—	—	—	—	—	0.5	0.5
Total derivative assets	—	—	—	—	—	—	0.9	0.9
Pension Plan investments	34.4	—	—	34.4	32.5	—	—	32.5
Total recurring assets at fair value	$ 34.4	$ —	$ —	$ 34.4	$ 32.5	$ —	$ 0.9	$ 33.4
Liabilities:								
Derivative liabilities:								
Inventory financing obligation	$ —	$ —	$ (2.2)	$ (2.2)	$ —	$ —	$ (7.2)	$ (7.2)
WCS crude oil basis swaps	—	—	(1.3)	(1.3)	—	—	—	—
Total derivative liabilities	—	—	(3.5)	(3.5)	—	—	(7.2)	(7.2)
RINs obligation	—	(129.4)	—	(129.4)	—	(13.0)	—	(13.0)
Precious metals obligations	(7.9)	—	—	(7.9)	(5.8)	—	—	(5.8)
Liability Awards	(14.2)	—	—	(14.2)	(7.4)	—	—	(7.4)
Total recurring liabilities at fair value	$ (22.1)	$ (129.4)	$ (3.5)	$ (155.0)	$ (13.2)	$ (13.0)	$ (7.2)	$ (33.4)

The table below sets forth a summary of net changes in fair value of the Company's Level 3 financial assets and liabilities (in millions):

	For the Year Ended December 31,	
	2020	2019
Fair value at January 1,	$ (6.3)	$ 19.8
Realized gain on derivative instruments	(49.6)	(35.1)
Unrealized gain (loss) on derivative instruments	2.8	(26.1)
Settlements	49.6	35.1
Fair value at December 31,	$ (3.5)	$ (6.3)
Total gain (loss) included in net loss attributable to changes in unrealized gain (loss) relating to financial assets and liabilities held as of December 31,	$ 2.8	$ (26.1)

All settlements from derivative instruments not designated as hedges are recorded in gain on derivative instruments in the consolidated statements of operations. Please read Note 11 - "Derivatives" for further information on derivative instruments.

Nonrecurring Fair Value Measurements

Certain non-financial assets and liabilities are measured at fair value on a nonrecurring basis and are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment.

The Company assesses goodwill for impairment annually and whenever events or changes in circumstances indicate its carrying value may not be recoverable. The fair value of the reporting units is determined using the income approach. The income approach focuses on the income-producing capability of an asset, measuring the current value of the asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, corporate tax structure and product offerings. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation and risks associated with the reporting unit. These assets would generally be classified within Level 3, in the event that the Company were required to measure and record such assets at fair value within its consolidated financial statements. Please read Note 7 - "Goodwill and Other Intangible Assets" for further information on goodwill impairment.

The Company periodically evaluates the carrying value of long-lived assets to be held and used, including definite-lived intangible assets and property plant and equipment, when events or circumstances warrant such a review. Fair value is determined primarily using anticipated cash flows assumed by a market participant discounted at a rate commensurate with the risk involved and these assets would generally be classified within Level 3, in the event that the Company was required to measure and record such assets at fair value within its consolidated financial statements. Please read Note 2 - "Summary of Significant Accounting Policies" for further information on long-lived asset impairment.

The Company's investment in FHC is a non-marketable equity security without a readily determinable fair value. The Company records this investment using a measurement alternative which measures the security at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes with a same or similar security from the same issuer. The investment in FHC is recorded at fair value only if an impairment or observable price adjustment is recognized in the current period. If an observable price adjustment or impairment is recognized, the Company would classify this asset as Level 3 within the fair value hierarchy based on the nature of the fair value inputs. In 2019, the Company recorded an impairment charge of $25.4 million on the investment in FHC and the categorization of the framework used to value the assets is considered Level 3. Please read Note 2 - "Summary of Significant Accounting Policies" for further information.

Estimated Fair Value of Financial Instruments

Cash and cash equivalents

The carrying value of cash and cash equivalents are each considered to be representative of their fair value.

Debt

The estimated fair value of long-term debt at December 31, 2020 and 2019, consists primarily of senior notes. The estimated aggregate fair value of the Company's senior notes defined as Level 1 was based upon quoted market prices in an active market. The estimated fair value of the Company's senior notes defined as Level 2 was based upon quoted prices for identical or similar liabilities in markets that are not active. The carrying value of borrowings, if any, under the Company's revolving credit facility, finance lease obligations and other obligations approximate their fair values as determined by discounted cash flows and are classified as Level 3. Please read Note 10 - "Long-Term Debt" for further information on long-term debt.

The Company's carrying value and estimated fair value of the Company's financial instruments, carried at adjusted historical cost, were as follows (in millions):

		December 31, 2020		December 31, 2019	
	Level	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial Instrument:					
2022 Notes and 2023 Notes	1	$ 468.6	$ 471.9	$ 676.4	$ 668.1
2024 Secured Notes and 2025 Notes	2	$ 780.8	$ 739.6	$ 598.8	$ 540.5
Revolving credit facility	3	$ 108.0	$ 104.8	$ —	$ —
Finance leases and other obligations	3	$ 6.0	$ 6.0	$ 6.5	$ 6.5

13. Partners' Capital (Deficit)

Units Authorized

As of December 31, 2020 and 2019, the Company has 91,073,023 of common units authorized for issuance.

Units Outstanding

Of the 78,062,346 common units outstanding at December 31, 2020, 61,548,740 common units were held by the public, with the remaining 16,513,606 common units held by the Company's affiliates (including members of the Company's general partner and their families).

Significant information regarding rights of the limited partners includes the following:

- Rights to receive distributions of available cash within 45 days after the end of each quarter, to the extent the Company has sufficient cash from operations after the establishment of cash reserves.
- Limited partners have limited voting rights on matters affecting the Company's business. The general partner may consider only the interests and factors that it desires and has no duty or obligation to give any consideration of any interests of the Company's limited partners. Limited partners have no right to elect the board of directors of the Company's general partner.
- The vote of the holders of at least 66 2/3% of all outstanding units voting together as a single class is required to remove the general partner. Any holder, other than the general partner or the general partner's affiliates, that owns 20% or more of any class of units outstanding cannot vote on any matter.
- The Company may issue an unlimited number of limited partner interests without the approval of the limited partners.
- Limited partners may be required to sell their units to the general partner if at any time the general partner owns more than 80% of the issued and outstanding common units.

Distributions and Incentive Distribution Rights

The Company's general partner is entitled to incentive distributions if the amount it distributes to unitholders with respect to any quarter exceeds specified target levels shown below:

	Total Quarterly Distribution Per Common Unit	Marginal Percentage Interest in Distributions	
	Target Amount	Unitholders	General Partner
Minimum Quarterly Distribution	$0.45	98 %	2 %
First Target Distribution	up to $0.495	98 %	2 %
Second Target Distribution	above $0.495 up to $0.563	85 %	15 %
Third Target Distribution	above $0.563 up to $0.675	75 %	25 %
Thereafter	above $0.675	50 %	50 %

The Company's ability to make distributions is limited by its debt instruments. The revolving credit facility generally permits the Company to make cash distributions to unitholders as long as immediately after giving effect to such a cash distribution the Company has availability under the revolving credit facility at least the greater of (i) 15% of the Aggregate Borrowing Base (as defined in the credit agreement) then in effect, or 25% while the Great Falls, MT refinery is included in the borrowing base, and (ii) $60.0 million (which amount is subject to increase in proportion to revolving commitment increases). Further, the revolving credit facility contains one springing financial covenant which provides that only if the Company's availability under the revolving credit facility falls below the greater of (a) 10.0% of the Borrowing Base (as defined in the credit agreement) then in effect, or 15% while the Great Falls, MT refinery is included in the borrowing base, and (b) $35.0 million (which amount is subject to increase in proportion to revolving commitment increases), the Company will be required to maintain as of the end of each fiscal quarter a Fixed Charge Coverage Ratio (as defined in the credit agreement) of at least 1.0 to 1.0. The indentures governing the Company's various senior notes restrict the Company's ability to make cash distributions. Under the indentures governing the 2022 Notes and 2023 Notes, the Company may pay distributions to its unitholders in an amount equal to available cash from operating surplus (as defined in the Company's partnership agreement) with respect to its preceding fiscal quarter, subject to certain customary adjustments described in the indentures, if the Company's fixed charge coverage ratio (as defined in the indentures) for the most recently ended four full fiscal quarters is not less than 1.75 to 1.0. If the Company's fixed charge coverage ratio is less than 1.75 to 1.0, the Company will be able to pay distributions to its unitholders up to an amount equal to (i) a $210.0 million basket for the 2022 Notes and (ii) a $225.0 million basket for the 2023 Notes, subject to certain customary adjustments described in the indentures. The indentures governing the 2024 Secured Notes and 2025 Notes increase this minimum fixed charge coverage ratio to 3.0 to 1.0, with a basket of $25.0 million if the minimum is not met, also subject to certain customary adjustments described in the indentures.

The Company's distribution policy is as defined in its partnership agreement. In April 2016, the board of directors of the Company's general partner determined to suspend payment of the Company's quarterly cash distribution to unitholders. The board of directors of the Company's general partner will continue to evaluate the Company's ability to reinstate the quarterly cash distribution. The Company made no distributions to its partners for the years ended December 31, 2020 and 2019. For the years ended December 31, 2020 and 2019, the general partner was allocated no incentive distribution rights.

14. Unit-Based Compensation

The Company's general partner originally adopted a Long-Term Incentive Plan on January 24, 2006, which was amended and restated effective December 10, 2015 (the "LTIP"), for its employees, consultants and directors and its affiliates who perform services for the Company. The LTIP provides for the grant of restricted units, phantom units, unit options and substitute awards and, with respect to unit options and phantom units, the grant of distribution equivalent rights ("DERs"). Subject to adjustment for certain events, an aggregate of 3,883,690 common units may be delivered pursuant to awards under the LTIP. Units withheld to satisfy the Company's general partner's tax withholding obligations are available for delivery pursuant to other awards. The LTIP is administered by the compensation committee of the Company's general partner's board of directors.

Liability Awards are awards that are currently expected to be settled in cash on their vesting dates, rather than in equity units. Phantom unit Liability Awards are recorded in accrued salaries, wages and benefits in the consolidated balance sheets based on the vested portion of the fair value of the awards on the balance sheet date. The fair value of Liability Awards are updated at each balance sheet date and changes in the fair values of the vested portions of the awards are recorded as increases or decreases to compensation expense within general and administrative expense in the consolidated statements of operations.

Phantom Units

Non-employee directors of the Company's general partner have been granted phantom units under the terms of the LTIP as part of their director compensation package related to fiscal years 2020 and 2019. The phantom units granted related to fiscal year 2020 have a three-year cliff vest on the third December 31 following the grant date. The phantom units granted related to fiscal year 2019 have a three-year service period with the 25% vesting on the Grant Date and an additional 25% vesting on each subsequent December 31 with final vesting occurring on the third December 31 following the grant date. Although ownership of common units related to the vesting of such LTIP phantom units does not transfer to the recipients until the phantom units vest, the recipients have DERs on these phantom units from the date of grant.

Non-employee directors of the Company's general partner are eligible to defer their fees earned into the Deferred Compensation Plan. When directors elect to defer any portion of their compensation into the plans, these deferred amounts are credited to the participant in the form of phantom units. The compensation committee may recommend a matching contribution for the deferred fees at its discretion.

For the year ended December 31, 2019, certain named executive officers were awarded phantom units as partial settlement of our annual incentive bonus program, which was based on the Company's achievement of specified levels of financial performance for the fiscal year 2019, which were deferred into our Deferred Compensation Plan as fully vested phantom units.

For unit-based compensation equity awards granted, the Company uses the market price of its common units on the grant date to calculate the fair value and related compensation cost of the phantom units. The Company amortizes this compensation cost to partners' capital (deficit) and general and administrative expense in the consolidated statements of operations using the straight-line method over the service period, as it expects these units to fully vest.

Unit-based compensation liability awards are recorded in accrued salaries, wages and benefits based on the fair value of the vested portion of the awards on the balance sheet date. The fair value of liability awards is updated at each balance sheet date and changes in the fair value of the vested portions of the liability awards are recorded as increases or decreases to compensation expense recorded in general and administrative expense in the consolidated statements of operations.

A summary of the Company's non-vested phantom units and performance units as of December 31, 2020, and the changes during the years ended December 31, 2020 and 2019, are presented below:

	Number of Phantom Units	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2018	2,270,507	$ 5.71
Granted	1,653,340	3.01
Vested	(883,511)	4.28
Forfeited	(139,048)	4.10
Non-vested at December 31, 2019	2,901,288	$ 5.21
Granted	3,210,041	2.87
Vested	(2,191,846)	3.11
Forfeited	(1,548,615)	4.28
Non-vested at December 31, 2020	2,370,868	$ 2.21

For the year ended December 31, 2020, compensation expense of $5.5 million was recognized in the consolidated statements of operations related to phantom unit grants, including $4.5 million attributable to Liability Awards for the year ended December 31, 2020. For the year ended December 31, 2019, compensation expense of $5.9 million was recognized in the consolidated statements of operations related to phantom unit grants, including $4.1 million attributable to Liability Awards for the year ended December 31, 2019. As of December 31, 2020 and 2019, there was a total of $5.2 million and $7.1 million, respectively, of unrecognized compensation costs related to non-vested phantom unit grants, including $5.0 million attributable to Liability Awards for the year ended December 31, 2020. These costs are expected to be recognized over a weighted-average period of approximately two years. The total fair value of phantom units vested during the years ended December 31, 2020 and 2019, was $5.3 million and $3.2 million, respectively.

15. Employee Benefit Plans

Defined Contribution Plan

The Company has a domestic defined contribution plan administered by its general partner for (i) all full-time employees that are eligible to participate in the plan (the "401(k) Plan"). Participants in the 401(k) Plan are allowed to contribute 1% to 70% of their pre-tax earnings to the plan, subject to government imposed limitations. The Company matches 100% of each 1% of eligible compensation contributed by the participant up to 4% and 50% of each additional 1% of eligible compensation contributed up to 6%, for a maximum contribution by the Company of 5% of eligible compensation contributed per participant. The plan also includes a profit-sharing component for eligible employees. Contributions under the profit-sharing component are determined by the board of directors of the Company's general partner and are discretionary. The funding policy is consistent with funding requirements of applicable laws and regulations.

The Company recorded the following 401(k) Plan matching contribution expense in the consolidated statements of operations (in millions):

	Year Ended December 31,	
	2020	2019
401(k) Plan matching contribution expense	$ 5.6	$ 5.9

Defined Benefit Pension Plan

The Company has domestic noncontributory defined benefit plans for those salaried employees as well as those employees represented by either the United Steelworkers (the "USW") or the International Union of Operating Engineers (the "IUOE"); who (i) were formerly employees of Penreco and became employees of the Company as a result of the acquisition of Penreco on January 3, 2008 (the "Penreco Pension Plan") or (ii) were formerly employees of Montana Refining Company, Inc. and who became employees of the Company as a result of the acquisition of the Great Falls refinery on October 1, 2012 (the "Great Falls Pension Plan" and together with the Penreco Pension Plan, the "Pension Plan").

Both the Penreco Pension Plan and the Great Falls Pension Plans were last amended in 2009 and 2015 respectively, which curtailed employees covered by the plans from accumulating additional benefits in subsequent years following the amendment date.

During 2020, the Company made an immaterial amount of contributions to its Pension Plan and expects to contribute less than $0.1 million to its Pension Plan in 2021.

The accumulated and projected benefit obligations for the Pension Plan were $43.6 million and $40.2 million as of December 31, 2020 and 2019, respectively. The discount rates used to determine the benefit obligations were 2.34% for the Penreco Pension Plan and 2.35% for the Great Falls Pension Plan for the years ended December 31, 2020 and 2019. The expected return on plan assets for the Penreco Pension Plan and Great Falls Pension plan was 5.0% for the years ended December 31, 2020 and 2019. The fair value of plan assets was $34.4 million and $32.5 million as of December 31, 2020 and 2019, respectively. The estimated benefit payments for the Pension Plan, which reflect expected future service, as appropriate, are expected to be less than $2.5 million in each of the next five years.

16. Accumulated Other Comprehensive Loss

The table below sets forth a summary of changes in accumulated other comprehensive loss by component for the years ended December 31, 2020 and 2019 (in millions):

	Derivatives	Defined Benefit Pension And Retiree Health Benefit Plans	Foreign Currency Translation Adjustment	Total
Accumulated other comprehensive loss at December 31, 2018	$ —	$ (7.5)	$ (1.2)	$ (8.7)
Other comprehensive loss before reclassifications	0.2	(3.5)	—	(3.3)
Amounts reclassified from accumulated other comprehensive loss	—	0.2	1.2	1.4
Net current period other comprehensive loss	0.2	(3.3)	1.2	(1.9)
Accumulated other comprehensive loss at December 31, 2019	$ 0.2	$ (10.8)	$ —	$ (10.6)
Other comprehensive loss before reclassifications	(0.2)	(1.5)	—	(1.7)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—
Net current period other comprehensive loss	(0.2)	(1.5)	—	(1.7)
Accumulated other comprehensive loss at December 31, 2020	$ —	$ (12.3)	$ —	$ (12.3)

The table below sets forth a summary of reclassification adjustments out of accumulated other comprehensive loss in the Company's consolidated statements of operations for the years ended December 31, 2020 and 2019 (in millions):

Components of Accumulated Other Comprehensive Loss	2020	2019	Location of Loss
Amortization of defined benefit pension plan net loss	$ —	$ (0.2)	(1)
Realized loss on foreign currency translation adjustment	—	(1.2)	Other (income) expense
	$ —	$ (1.4)	Total

(1) This accumulated other comprehensive loss component is included in the computation of net periodic pension cost.

17. Income Taxes

The Company, as a partnership, is generally not liable for federal and state income taxes on the earnings of Calumet Specialty Products Partners, L.P. and its wholly-owned subsidiaries. However, the Company conducts certain activities through immaterial, wholly-owned subsidiaries that are corporations, which in certain circumstances are subject to federal, state and local income taxes. Additionally, the Company is subject to franchise taxes in certain states. Income taxes on the earnings of the Company, with the exception of the above-mentioned taxes, are the responsibility of its partners, with earnings of the Company included in partners' earnings.

For the years ended December 31, 2020 and 2019, the Company recognized income tax expense of $1.1 million and $0.5 million, respectively.

As a result of the Company's analysis, management has determined that the Company does not have any material uncertain tax positions.

18. Earnings per Unit

The following table sets forth the computation of basic and diluted earnings per limited partner unit (in millions, except unit and per unit data):

	Year Ended December 31, 2020	Year Ended December 31, 2019
Numerator for basic and diluted earnings per limited partner unit:		
Net loss	$ (149.0)	$ (43.6)
Less:		
General partner's interest in net loss	(3.0)	(0.9)
Net loss available to limited partners	$ (146.0)	$ (42.7)
Denominator for basic and diluted earnings per limited partner unit:		
Weighted average limited partner units outstanding [1]	78,369,091	78,212,136
Limited partners' interest basic and diluted net loss per unit:		
Limited partners' interest	$ (1.86)	$ (0.55)

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(1) Total diluted weighted average limited partner units outstanding includes a de-minimus amount of potentially dilutive phantom units which would have been anti-dilutive for the year ended December 31, 2020 and 0.1 million potentially dilutive phantom units which would have been anti-dilutive for the year ended December 31, 2019.

19. Transactions with Related Parties

During the years ended December 31, 2020 and 2019, the Company had product sales to related parties, excluding the transactions discussed below, of $16.4 million and $40.2 million, respectively. Trade accounts and other receivables from related parties at December 31, 2020 and 2019 were $0.9 million and $1.9 million, respectively. The Company also had purchases from related parties, excluding the transactions discussed below, during the years ended December 31, 2020 and 2019 of $16.3 million and $14.2 million, respectively. Accounts payable to related parties, excluding accounts payable related to the transactions discussed below, were $1.6 million and $3.1 million, at December 31, 2020 and 2019, respectively.

The general partner employs all of the Company's employees and the Company reimburses the general partner for certain of its expenses.

During the year ended December 31, 2019, the Company entered into a Master Reimbursement Agreement with The Heritage Group, whereby The Heritage Group may incur or pay certain fees, expenses or obligations on behalf of the Company, and the Company shall reimburse The Heritage Group for such incurrence or payment in either cash or common units of the Company, subject to a limit of 4.0 million units valued at $3.60 per unit. As of December 31, 2019, the Company accrued approximately $3.8 million for expenses incurred by The Heritage Group and its affiliated entities on behalf of the Company in accounts payable in the consolidated balance sheets. Effective December 31, 2019, The Heritage Group elected cash reimbursement, with no further payment obligations in regard to the Master Reimbursement Agreement. Consistent with The Heritage Group's election, this triggered the obligation to be settled based upon the terms of the agreement in January 2020.

20. Segments and Related Information

Segment Reporting

The Company determines its reportable segments based on how the business is managed internally for the products sold to customers, including how results are reviewed and resources are allocated by the chief operating decision makers ("CODM").

The Company's operations are managed by the CODM using the following reportable segments:

- *Specialty Products.* The specialty products segment produces a variety of lubricating oils, solvents, waxes, synthetic lubricants and other products which are sold to customers who purchase these products primarily as raw material components for basic automotive, industrial and consumer goods. Specialty products also include synthetic lubricants used in manufacturing, mining and automotive applications.
- *Fuel Products*. The fuel products segment produces primarily gasoline, diesel, jet fuel and asphalt which are primarily sold to customers located in the PADD 3 and PADD 4 areas within the U.S.
- *Corporate.* The corporate segment primarily consists of general and administrative expenses not allocated to the specialty products or fuel products segments.

During the first quarter of 2020, the CODM changed the definition and calculation of Adjusted EBITDA, which is used by the Company for evaluating performance, allocating resources and managing the business. The revised definition and calculation of Adjusted EBITDA now includes LCM inventory adjustments and LIFO adjustments, (see items (g) and (h) below,) which were previously excluded. This revised definition and calculation better reflects the performance of the Company's business segments including cash flows. Adjusted EBITDA has been revised for all periods presented to consistently reflect this change.

The accounting policies of the reporting segments are the same as those described in the summary of significant accounting policies as disclosed in Note 2 - "Summary of Significant Accounting Policies," except that the disaggregated financial results for the reporting segments have been prepared using a management approach, which is consistent with the basis and manner in which management internally disaggregates financial information for the purposes of assisting internal operating decisions. The Company accounts for inter-segment sales and transfers at cost plus a specified mark-up. The Company will periodically refine its expense allocation methodology for its segment reporting as more refined information becomes available and the industry or market changes. The Company evaluates performance based upon Adjusted EBITDA (a non-GAAP financial measure). The Company defines Adjusted EBITDA for any period as EBITDA adjusted for (a) impairment; (b) unrealized gains and losses from mark-to-market accounting for hedging activities; (c) realized gains and losses under derivative instruments excluded from the determination of net income (loss); (d) non-cash equity-based compensation expense and other non-cash items (excluding items such as accruals of cash expenses in a future period or amortization of a prepaid cash expense) that were deducted in computing net income (loss); (e) debt refinancing fees, premiums and penalties; (f) any net gain or loss realized in connection with an asset sale that was deducted in computing net income (loss), (g) LCM inventory adjustments; (h) the impact of liquidation of inventory layers calculated using the LIFO method; and (i) all extraordinary, unusual or non-recurring items of gain or loss, or revenue or expense.

The Company manages its assets on a total company basis, not by segment. Therefore, management does not review any asset information by segment and, accordingly, the Company does not report asset information by segment.

Reportable segment information is as follows (in millions):

Year Ended December 31, 2020	Specialty Products	Fuel Products [1]	Corporate	Eliminations	Consolidated Total
Sales:					
External customers	$ 1,124.3	$ 1,143.9	$ —	$ —	$ 2,268.2
Inter-segment sales	57.4	32.2	—	(89.6)	—
Total sales	$ 1,181.7	$ 1,176.1	$ —	$ (89.6)	$ 2,268.2
Adjusted EBITDA	$ 238.0	$ (30.3)	$ (66.2)	$ —	$ 141.5
Reconciling items to net loss:					
Depreciation and amortization	43.7	68.3	7.7	—	119.7
LCM / LIFO loss	11.7	16.8	—	—	28.5
Loss on impairment and disposal of assets	1.5	0.1	5.2	—	6.8
Gain on sale of business, net	—	(1.0)	—	—	(1.0)
Interest (income) expense	(0.2)	1.0	125.1	—	125.9
Unrealized gain on derivatives	(0.6)	(2.2)	—	—	(2.8)
Other non-recurring expenses					2.4
Equity based compensation and other items					9.9
Income tax expense					1.1
Net loss					$ (149.0)

Year Ended December 31, 2019	Specialty Products	Fuel Products	Corporate	Eliminations	Consolidated Total
Sales:					
External customers	$ 1,354.1	$ 2,098.5	$ —	$ —	$ 3,452.6
Inter-segment sales	93.2	47.7	—	(140.9)	—
Total sales	$ 1,447.3	$ 2,146.2	$ —	$ (140.9)	$ 3,452.6
Income from unconsolidated affiliates	$ 3.8	$ —	$ —	$ —	$ 3.8
Adjusted EBITDA	$ 207.9	$ 152.5	$ (97.6)	$ —	$ 262.8
Reconciling items to net loss:					
Depreciation and amortization	47.1	74.7	7.6	—	129.4
LCM / LIFO gain	(12.3)	(29.5)	—	—	(41.8)
Loss on impairment and disposal of assets	—	11.6	25.4		37.0
Loss on sale of business, net	—	8.7	—	—	8.7
Interest expense	—	16.3	118.3	—	134.6
Debt extinguishment costs	—	—	2.2	—	2.2
Unrealized loss on derivatives	1.0	25.1	—	—	26.1
Gain on sale of unconsolidated affiliate	(1.2)	—	—	—	(1.2)
Other non-recurring expenses					3.5
Equity-based compensation and other items					7.4
Income tax expense					0.5
Net loss					$ (43.6)

(1) Adjusted EBITDA for the Fuel Products segment for the year ended December 31, 2019 included a $6.5 million gain recorded in cost of sales in the consolidated statements of operations for proceeds received under the Company's business interruption insurance policy. The Company incurred business losses due to increased costs arising from a 2012 pipeline rupture in northwest Louisiana. As a result, the Company filed a contingent business interruption claim. Specifically, the losses included a loss of throughput at the Shreveport refinery and additional crude transportation expenses.

Geographic Information

International sales accounted for less than 10% of consolidated sales in each of the years ended December 31, 2020 and 2019, respectively. Substantially all of the Company's long-lived assets are domestically located.

Product Information

The Company offers specialty products primarily in categories consisting of lubricating oils, solvents, waxes, packaged and synthetic specialty products and other. Fuel products categories primarily consist of gasoline, diesel, jet fuel, asphalt, heavy fuel oils and other. The following table sets forth the major product category sales for each segment (dollars in millions):

	Year Ended December 31,			
	2020		2019	
Specialty products:				
Lubricating oils	$ 473.4	20.9 %	$ 593.1	17.2 %
Solvents	236.2	10.4 %	325.9	9.4 %
Waxes	129.1	5.7 %	119.3	3.4 %
Packaged and synthetic specialty products	234.2	10.3 %	230.8	6.7 %
Other	51.4	2.3 %	85.0	2.5 %
Total	1,124.3	49.6 %	1,354.1	39.2 %
Fuel products:				
Gasoline	379.8	16.7 %	679.6	19.7 %
Diesel	475.8	21.0 %	859.1	24.9 %
Jet fuel	70.2	3.1 %	134.6	3.9 %
Asphalt, heavy fuel oils and other	218.1	9.6 %	425.2	12.3 %
Total	1,143.9	50.4 %	2,098.5	60.8 %
Consolidated sales	$ 2,268.2	100.0 %	$ 3,452.6	100.0 %

Major Customers

During the years ended December 31, 2020 and 2019, the Company had no customer that represented 10% or greater of consolidated sales.

Major Suppliers

During the years ended December 31, 2020 and 2019, the Company had two suppliers that supplied approximately 56.8% and 62.3%, respectively, of its crude oil supply.

21. Subsequent Events

As of March 1, 2021, the fair value of the Company's derivative liabilities have increased by approximately $7.1 million subsequent to December 31, 2020.

On February 12, 2021, the Company executed a sale leaseback transaction of its fuels terminal assets at its Shreveport refinery. The Company received gross proceeds of $70 million from the sale, with the leaseback having a term of 7 years. The Lease Agreement provides that, subject to certain conditions, Calumet Shreveport may terminate the lease and repurchase the leased assets after a term of six years for consideration of approximately $23.1 million. In connection with the transaction, the Company also executed various amendments to the Shreveport Supply and Offtake Agreement, including the Fourth Amendment to Supply and Offtake Agreement and Amendment to Storage Facilities Agreements. Also in connection with the transaction, the Company executed the Seventh Supplemental Indenture to the 2022 Notes and the Third Supplemental Indenture to the 2023 Notes, making conforming changes to bring those indentures' sale leaseback language in line with that of the 2024 Secured Notes and 2025 Notes.

On February 16, 2021, the Company announced plans to re-segment its financial reporting to allow each business strategy and performance to be presented transparently to investors. Starting in the first quarter of 2021, the Company's reportable segments will be composed of: (i) Montana / Renewables, (ii) Specialty Products & Solutions, (iii) Performance Brands (previously Finished Lubes and Chemicals), and (iv) Corporate.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective as of December 31, 2020 at the reasonable assurance level due to the material weakness in internal control over financial reporting described below. Notwithstanding this material weakness, management concluded that the consolidated financial statements included in this Annual Report present fairly, in all material respects, the financial position of the Company at December 31, 2020 in conformity with U.S. generally accepted accounting principles and our external auditors have issued an unqualified opinion on our consolidated financial statements as of and for the year ended December 31, 2020.

Management's Annual Report on Internal Control Over Financial Reporting

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

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020, based on criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("COSO"). During the quarter ended September 30, 2017, we implemented an enterprise resource planning ("ERP") system on a company-wide basis, to improve the efficiency of certain financial and related transaction processes.

As of December 31, 2020, the following material weakness exists:

- The untimely and insufficient operation of controls in the financial statement close process, including lack of timely account reconciliation, analysis and review related to all financial statement accounts.

This material weakness resulted in not having adequate automated and manual controls designed and in place and not achieving the intended operating effectiveness of those controls impacting all financial statement accounts and disclosures.

Given the material weakness that exists as of December 31, 2020, we have concluded that internal control over financial reporting remains ineffective as of December 31, 2020.

Ernst & Young LLP, an independent registered public accounting firm, has audited the Company's consolidated financial statements and has issued an adverse report on the effectiveness of internal control over financial reporting, which is included herein.

Update on Previously Reported Material Weakness

We have continued to make progress as it relates to the remediation efforts of the material weakness disclosed in our 2019 Annual Report on Form 10-K. The mitigation of the material weakness remains subject to ongoing review by our senior management, as well as oversight by the audit and finance committee of the board of directors, and we will continue to take the necessary measures to implement our remediation plans, as described below.

Remediation Efforts to Address the Remaining Material Weakness

In order to remediate the remaining material weakness, the untimely and insufficient operation of controls in the financial statement close process, including lack of timely account reconciliation, analysis and review related to all financial statement accounts, we continue to take steps to improve our overall processes and controls.

Remediation activities include, but are not limited to the following:

- Reviewing, analyzing and properly documenting account reconciliations and our processes related to internal controls over financial reporting.
- Continuing to design and implement effective review and approval controls. These controls will address the accuracy and completeness of the data used in the performance of the respective controls.

We continue to progress in the execution of our remediation plan and are committed to continuing to review and improve our internal control processes and financial reporting controls and procedures. When fully implemented and operational, we believe the measures described above will remediate the control deficiencies that led to the remaining material weakness identified above and strengthen our internal controls over financial reporting. As we continue to evaluate and work to improve our internal controls over financial reporting, we may determine to take additional measures to address control deficiencies or modify certain activities of the remediation measures described above.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended December 31, 2020, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors of Calumet GP, LLC
General Partner and the Partners of Calumet Specialty Products Partners, L.P.

Opinion on Internal Control over Financial Reporting

We have audited Calumet Specialty Products Partners, L.P.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Calumet Specialty Products Partners, L.P. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness related to the untimely and insufficient operation of controls in the financial statement close process, including lack of timely account reconciliations, analysis and review related to all financial statement accounts.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive loss, partners' capital (deficit) and cash flows for each of the two years in the period ended December 31, 2020, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report dated March 3, 2021, which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP
Indianapolis, Indiana
March 3, 2021

Item 9B. ***Other Information***

None.

PART III

Item 10. *Directors, Executive Officers of Our General Partner and Corporate Governance*

Management of Calumet Specialty Products Partners, L.P. and Director Independence

Our general partner, Calumet GP, LLC, manages our operations and activities. Unitholders are limited partners and are not entitled to elect the directors of our general partner or directly or indirectly participate in our management or operations. Our general partner owes certain contractual duties to our unitholders pursuant to various provisions of our partnership agreement as well as fiduciary duties to its owners.

The directors of our general partner oversee our operations. The owners of our general partner have appointed nine members to our general partner's board of directors. The directors of our general partner are generally elected by a majority vote of the owners of our general partner on an annual basis. However, as long as trusts established for the benefit of our former executive vice chairman of our general partner, F. William Grube, his family members or Permitted Transferees (as defined in our partnership agreement), continue to own at least 30% of the membership interests in our general partner, the Grube Family Group (as defined in our partnership agreement) has the right to appoint a member of Mr. Grube's family to serve as a director of our general partner. The directors of our general partner hold office until the earlier of their death, resignation, removal or disqualification or until their successors have been elected and qualified.

Pursuant to Section 4360 of the NASDAQ Stock Market, LLC Marketplace Rules ("NASDAQ Rules"), a listed limited partnership like us is not required to have a majority of independent directors on the board of directors of our general partner or to establish a compensation committee or a nominating/governance committee. However, three of our general partner's nine directors are "independent" as that term is defined in the NASDAQ Rules and Rule 10A-3 of the Exchange Act. In determining the independence of each director, our general partner has adopted standards that incorporate the NASDAQ Rules and Exchange Act standards. Our general partner's independent directors as determined in accordance with those standards are: James S. Carter, Robert E. Funk, and Daniel L. Sheets. The board of directors held four meetings during 2020.

The officers of our general partner manage the day-to-day affairs of our business. Officers serve at the discretion of the board of directors.

Directors and Executive Officers

The following table shows information regarding the directors and executive officers of Calumet GP, LLC as of March 3, 2021:

Name	Age	Position with Calumet GP, LLC
Fred M. Fehsenfeld, Jr.	70	Chairman of the Board
Stephen P. Mawer	56	Chief Executive Officer
L. Todd Borgmann	38	Executive Vice President — Chief Financial Officer
Bruce A. Fleming	64	Executive Vice President — Montana Renewables & Corporate Development
Scott Obermeier	48	Executive Vice President — Specialty Products & Solutions
Vincent Donargo	59	Chief Accounting Officer
James S. Carter	71	Director
Robert E. Funk	75	Director
Daniel J. Sajkowski	61	Director
Amy M. Schumacher	49	Director
Daniel L. Sheets	63	Director
Paul C. Raymond III	55	Director
Jennifer G. Straumins	47	Director

Each director's biographical information set forth below includes the particular experience and qualifications that led the board of directors to conclude that the director is qualified to serve in such capacity.

Fred M. Fehsenfeld, Jr. has served as the chairman of the board of our general partner since September 2005. Mr. Fehsenfeld also served as the vice chairman of the board of our Predecessor from 1990 until our initial public offering. Mr. Fehsenfeld has worked for The Heritage Group in various capacities since 1977 and has served as its managing trustee since 1980. Mr. Fehsenfeld received his B.S. in mechanical engineering from Duke University and his M.S. in management from the Massachusetts Institute of Technology Sloan School.

As co-founder of our Predecessor, Mr. Fehsenfeld has an extensive knowledge base regarding the Company's operations and has participated in all major strategic decision making for the Company and our Predecessor since their inception. In his role as managing trustee of The Heritage Group, Mr. Fehsenfeld serves in lead executive roles, including the role of chairman and chief executive officer, for a multitude of different companies within The Heritage Group, providing a breadth of experience in leadership and management across a wide variety of industries, including energy. Since 2008, Mr. Fehsenfeld has served as chairman of the board of directors of Heritage-Crystal Clean, Inc., a publicly-traded environmental services company which is owned in part by The Heritage Group. Mr. Fehsenfeld is the father of Amy M. Schumacher, member of the board of directors of our general partner.

Stephen P. Mawer has served as chief executive officer of our general partner since April 2020 and a board member of our general partner since March 2016. He retired as president of Koch Supply & Trading in 2014 following a 27-year career in commodities trading, risk management and refining operations. While at Koch, Mr. Mawer led global commodities trading and served as a senior member of the Koch Industries management team. Mr. Mawer holds Bachelor's and Master's degrees in chemical engineering from the University of Cambridge, England. Currently, he serves as a member of the Board of Directors at Zenith Energy Management, a midstream company, as well as chairman of ClimeCo Corporation, an environmental commodities development and management company. He also serves as a member of the advisory board of Heritage Environmental Services.

Mr. Mawer brings extensive knowledge of petroleum markets, refining economics, supply/marketing optimization and risk management.

L. Todd Borgmann has served as executive vice president - chief financial officer of our general partner since February 2021. Mr. Borgmann has over twelve years of experience with Calumet, serving the Company across a diverse set of management roles. For the five years preceding the appointment to his current position, Mr. Borgmann served as Senior Vice President - Chief Financial Officer, Senior Vice President - Interim Chief Financial Officer, Vice President of Supply & Trading, developing extensive knowledge of petroleum markets, refining operations and risk management. Mr. Borgmann has also served as Calumet's Vice President of Business Development and Director of the Partnership's White Oils and Petroleum sales. Mr. Borgmann earned a Bachelor of Science in Industrial Engineering from Purdue University and a Masters of Business Administration from the University of Notre Dame.

Bruce A. Fleming has served as executive vice president — Montana renewables & corporate development of our general partner since February 2021. From March 2016 until the appointment to his current position, Mr. Fleming served as executive vice president - strategy & growth of our general partner. Prior to joining the Company, Mr. Fleming served as the vice president of mergers & acquisitions at Tesoro Corporation and as an officer of Tesoro Companies Inc. since 2004. From 1997 through 2004, Mr. Fleming served as managing director of Hong Kong-based Orient Refining Ltd., and from 1981 through 1996 he held senior operations, business development and planning roles with Amoco Oil and Amoco Corporation where he was most recently vice president of China business development. Mr. Fleming earned a Ph.D. in chemical engineering from Princeton University and a B.S. in chemical engineering from the University of Delaware. He is a member of the Board of M&A Standards.

Scott Obermeier was named executive vice president — commercial in January 2020. Mr. Obermeier has been a vice president with the Company since November 2017 and has more than 20 years of experience in sales and marketing as well as general management roles focused on the specialty chemicals market. Prior to his work with Calumet, he spent 10 years with Univar Solutions Inc., most recently serving as vice president where he managed the global chemical distributor's organic chemicals business. Mr. Obermeier is a graduate of the University of Northern Iowa, with a degree in chemistry marketing.

Vincent Donargo joined Calumet as our interim Chief Accounting Officer in June 2020, before being appointed to Chief Accounting Officer in August 2020. Mr. Donargo also serves as the Chief Financial Officer of Novus Capital Corporation, a special purpose acquisition corporation, since its inception in March 2020. From December 2019 through March 2020, Mr. Donargo was providing financial advisory and consulting services to private clients. From May 2019 to December 2019, Mr. Donargo served as Executive Vice President and Chief Financial Officer of the Celadon Group Inc. From November 2017 to April 2019, he was Vice President and Chief Accounting Officer of the Celadon Group Inc., where he was brought in to assist with Celadon Group's financial restructuring. From August 2016 to November 2017, Mr. Donargo was Executive Vice President and Chief Financial Officer of Beaulieu Group LLC, a North American carpet and flooring manufacturing company, where he assisted the company with its financial restructuring process. Prior to joining Beaulieu Group, Mr. Donargo held senior finance positions at several publicly traded companies, including Executive Vice President and Chief Financial Officer of Brightstar Corporation from April 2014 to August 2016 and Executive Vice President, Chief Financial Officer and Treasurer of Brightpoint, Inc. from September 2005 until it was acquired by Ingram Macro Inc. in November 2012. From 1998 to 2005, Mr. Donargo was the strategic business unit controller, director of finance and corporate controller of Aearo Company, a safety product manufacturing company. Mr. Donargo holds a BA in Accounting from Rutgers University.

James S. Carter has served as a member of the board of directors of our general partner since January 2006. Mr. Carter worked in various operations, commercial and business analysis capacities at ExxonMobil including vice president of U.S. marketing and sales of fuels and specialty products, manager of U.S. refining and marketing planning and analysis, manager of U.S. distribution activities, analysis manager of ExxonMobil International, and advisor to ExxonMobil headquarters for European refining and marketing until his retirement in 2003. Mr. Carter is a board member of the Association of Audit Committee Members, Inc. He received his B.S. in mechanical engineering from Clemson University and his M.B.A. in finance and accounting from Tulane University.

Mr. Carter brings extensive managerial experience with one of the largest integrated energy companies in the world. He possesses a broad background in petroleum products marketing, with specific experience in the marketing of fuel products.

Robert E. Funk has served as a member of the board of directors of our general partner since January 2006. Mr. Funk previously served as vice president — corporate planning and economics of CITGO Petroleum Corporation, a refiner and marketer of transportation fuels, lubricants, petrochemicals, refined waxes, asphalt and other industrial products, from 1997 until his retirement in December 2004. Mr. Funk previously served CITGO or its predecessor, Cities Services Company, as general manager — facilities planning from 1988 to 1997, general manager — lubricants operations from 1983 to 1988 and manager — refinery east, Lake Charles refinery from 1982 to 1983. Mr. Funk received his B.S. in chemical engineering from the University of Kansas.

Mr. Funk has extensive refining industry experience including planning, operations and managerial roles for a large multinational refining company. His broad background of experience provides helpful insight to the Company in its implementation of strategic initiatives and its refinery operations in general.

Daniel J. Sajkowski has served as a member of the board of directors of our general partner since September 2014. Mr. Sajkowski has served as executive vice president, Growth and New Ventures of The Heritage Group since 2013. Prior to joining The Heritage Group, Mr. Sajkowski was the senior director — downstream technology at Sapphire Energy from 2010 until 2013. From 2004 to 2010, Mr. Sajkowski served as business unit leader at BP's Whiting, Indiana refinery. During his career with BP/Amoco, Mr. Sajkowski also held positions as the manager of integrated supply and trading from 2002 until 2004 and vice president of refining technology from 2000 until 2002. Mr. Sajkowski earned his B.S. and M.S. degrees in chemical engineering from the University of Michigan and a Ph.D. in chemical engineering from Stanford University. He also completed The General Manager Program at Harvard University.

Mr. Sajkowski has extensive refining industry experience including planning, operations and managerial roles for a large multinational refining company. His broad background of experience provides helpful insight to the Company in its implementation of strategic initiatives and its refinery operations in general.

Amy M. Schumacher has served as a member of the board of directors of our general partner since September 2014. Ms. Schumacher has served as the president of Monument Chemicals, Inc. and Haltermann Solutions since 2010. In addition, in July 2016, Ms. Schumacher assumed the role of president of The Heritage Group. Prior to joining Monument Chemicals, Inc. and Haltermann Solutions, Ms. Schumacher worked in various capacities for The Heritage Group leading a variety of growth projects from 2003 until 2010. From 1998 to 2003, Ms. Schumacher was a consultant with Accenture. Ms. Schumacher received her B.S. in civil engineering from Purdue University and her M.S. in management from the Massachusetts Institute of Technology Sloan School. Ms. Schumacher currently serves as a trustee for The Heritage Group and sits on a number of private subsidiary boards. Ms. Schumacher is the daughter of Fred M. Fehsenfeld, Jr., the chairman of the board of our general partner.

Ms. Schumacher has extensive managerial experience including planning and strategy. She possesses a broad background within the chemicals industry, with specific experience in strategic growth projects.

Daniel L. Sheets has served as a member of the board of directors of our general partner since October 2018. Mr. Sheets worked in various capacities at Lubrizol including president of Lubrizol Additives from 2009 through his retirement in 2018 and vice president from 2005 to 2008. Prior to that time, Mr. Sheets served as vice president for engine additives and served as global business manager for fuels, refinery and oilfield products at Lubrizol. Mr. Sheets received his B.S. in electrical engineering from Pennsylvania State University.

Mr. Sheets has extensive strategy, supply chain, sales and marketing and value capture experience. He possesses a broad background in petroleum products marketing, with specific experience in the marketing of lubricants, lubricant additives and specialty chemicals.

Paul C. Raymond III has served as a member of the board of directors of our general partner since November 2020. Mr. Raymond brings over three decades of industry experience, which includes serving in his current role of chief executive officer of Monument Chemical and previously as president and chief executive officer of Sonneborn, LLC. Mr. Raymond brings extensive specialty chemicals knowledge and strategic insights, and his impressive track record leading and growing similar businesses make him a terrific asset to the Partnership's board of directors. Mr. Raymond holds a B.S in chemical engineering from Rice University and earned his Ph.D. in chemical engineering from the University of Texas at Austin.

*Jennifer G. Straumin*s is the Chairman of Maverick Performance Products' Board of Directors and a Board member for Wincoram Asset Management. Prior to founding Maverick Performance Product's, Jennifer was an employee of Calumet Specialty Products Partners for 13 years holding various positions. Prior to joining Calumet, Jennifer held financial planning positions with Great Lakes Chemical Company and Exxon Chemical Company. Jennifer received her B.E. in Chemical Engineering from Vanderbilt University and her MBA from the University of Kansas.

Board of Directors Committees

Conflicts Committee

Two members of the board of directors of our general partner serve on a conflicts committee to review specific matters that the board believes may involve conflicts of interest. The conflicts committee determines if the resolution of the conflict of interest is fair and reasonable to us. The members of the conflicts committee may not be owners, officers or employees of our general partner or directors, officers, or employees of its affiliates, and must meet the independence and experience standards established by NASDAQ and the Exchange Act to serve on an audit committee of a board of directors, and certain other requirements. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our general partner of any duties it may owe us or our unitholders. The two independent board members who serve on the conflicts committee are Messrs. James S. Carter and Robert E. Funk. Mr. Funk serves as the chairman of the conflicts committee. The conflicts committee held three meetings during 2020.

Compensation Committee

The board of directors of our general partner also has a compensation committee which, among other responsibilities, has overall responsibility for evaluating and either approving or recommending to the board of directors the director, chief executive officer and senior executive compensation plans, policies and programs of the Company. NASDAQ does not require a limited partnership like us to have a compensation committee comprised entirely of independent directors. Accordingly, Messrs. Fred M. Fehsenfeld, Jr., Daniel L. Sheets and Ms. Amy M. Schumacher serve as members of our compensation committee. Mr. Sheets serves as the chairman of the compensation committee. Mr. Fehsenfeld and Ms. Schumacher are not independent members of the compensation committee. The compensation committee held four meetings during 2020.

The board of directors has adopted a written charter for the compensation committee which defines the scope of the committee's authority. The committee may form and delegate some or all of its authority to subcommittees comprised of committee members when it deems appropriate. The committee is responsible for reviewing and recommending to the board of directors for its approval the annual salary and other compensation components for the chief executive officer. The committee reviews and makes recommendations to the board of directors for its approval of any of the Company's equity compensation-based plans, including the Long-Term Incentive Plan, or any cash bonus or incentive compensation plans or programs. Also, the committee reviews and approves all annual salary and other compensation arrangements and components for the senior executives of the Company. Further, the compensation committee periodically reviews and makes a recommendation to the board of directors for changes in the compensation of all directors. The committee has the authority to retain or terminate any compensation consultant that assists it in the evaluation of director and senior executive compensation and to obtain independent advice and assistance from internal and external legal, accounting and other advisors. The committee did not engage an independent compensation consultant for the 2020 year.

Audit and Finance Committee

The board of directors of our general partner has an audit and finance committee comprised of three directors, Messrs. James S. Carter, Robert E. Funk, and Daniel L. Sheets, each of whom the board of directors of our general partner has determined meets the independence and experience standards established by NASDAQ and the SEC. In addition, the board of directors of our general partner has determined that Mr. Carter is an "audit committee financial expert" as defined by the SEC. Mr. Carter serves as the chairman of the audit and finance committee. The audit and finance committee held ten meetings during 2020.

The board of directors has adopted a written charter for the audit and finance committee. The audit and finance committee assists the board of directors in its oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements and corporate policies and controls. The audit and finance committee has the sole authority to retain and terminate our independent registered public accounting firm, approves all auditing services and related fees and the terms thereof and pre-approves any non-audit services to be rendered by our independent registered public accounting firm. The audit and finance committee is also responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm is given unrestricted access to the audit and finance committee.

Risk Committee

The board of directors of our general partner has established a risk committee which, among other responsibilities, oversees the Company's risk assessment practices. Messrs. Robert E. Funk, Daniel J. Sajkowski, Paul C. Raymond III and Ms. Jennifer G. Straumins serve as members of our risk committee. Mr. Sajkowski serves as the chairman of the risk committee. The board of directors has adopted a written charter for the risk committee which defines the scope of the committee's authority. The risk committee held four meetings during 2020.

Strategy and Growth Committee

The board of directors of our general partner has established a strategy and growth committee which, among other responsibilities, oversees our (i) long-term strategy, (ii) risks and opportunities relating to such strategy, (iii) strategic decisions regarding investments, mergers, acquisitions and divestitures, (iv) capitalization, (v) ownership structure and (vi) distribution policy. Messrs. Fred M. Fehsenfeld, Jr., Robert E. Funk, Paul C. Raymond III and Ms. Jennifer G. Straumins serve as members of the strategy and growth committee. The board of directors has adopted a written charter for the strategy and growth committee which defines the scope of the committee's authority. The strategy and growth committee held seven meetings during 2020.

Talent and Leadership Development Committee

The board of directors of our general partner has established a talent and leadership development committee which, among other responsibilities, monitors our strategic, long-term, and sustainable approach to talent and development issues relating to people. Messrs. Daniel J. Sajkowski, Daniel L. Sheets and Ms. Amy M. Schumacher serve as members of our talent and leadership development committee. Ms. Schumacher serves as the chairwoman of the talent and leadership development committee. The board of directors has adopted a written charter for the talent and leadership development committee which defines the scope of the committee's authority. The talent and leadership development committee held four meetings during 2020.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all directors, officers, employees and contractors.

Available on our website at www.calumetspecialty.com are copies of our board of director's committee charters and Code of Business Conduct and Ethics, all of which also will be provided to unitholders without charge upon their written request to: Investor Relations, Calumet Specialty Products Partners, L.P., 2780 Waterfront Parkway East Drive, Suite 200, Indianapolis, Indiana, 46214.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act, as amended, requires Calumet's directors and certain executive officers, as well as beneficial owners of ten percent or more of Calumet's common units, to report their holdings and transactions in Calumet's securities. Based on information furnished to Calumet and contained in reports filed pursuant to Section 16(a), as well as written representations that no other reports were required for 2020, Calumet's directors and executive officers filed all reports required by Section 16(a) with the exception of (i) one late filing related to the initial statement of beneficial ownership of securities on January 13, 2020 for H. Keith Jennings; (ii) one late filing related to the issuance of phantom unit awards on February 26, 2020 for Scott Obermeier; (iii) one late filing related to common unit purchases between February 28, 2020 through March 10, 2020 pursuant to a Rule 10b5-1 trading plan adopted by H. Keith Jennings; (iv) one late filing related to the issuance of phantom unit awards on February 26, 2020 for H. Keith Jennings; (v) one late filing related to common unit purchases on March 9, 2020 pursuant to a Rule 10b5-1 trading plan adopted by H. Keith Jennings; (vi) one late filing related to the issuance of phantom unit awards on November 6, 2019 for Daniel L. Sheets; (vii) one late filing related to the issuance of phantom unit awards on November 6, 2019 for Fred M. Fehsenfeld, Jr.; (viii) one late filing related to the issuance of phantom unit awards on November 6, 2019 for Amy M. Schumacher; (ix) one late filing related to the issuance of phantom unit awards on November 6, 2019 for Stephen P. Mawer; (x) one late filing related to the issuance of phantom unit awards on November 6, 2019 for Robert E. Funk; (xi) one late filing related to the issuance of phantom unit awards on November 6, 2019 for James S. Carter; (xii) one late filing related to the issuance of phantom unit awards on November 6, 2019 for Daniel J. Sajkowski; (xiii) one late filing related to the issuance of phantom unit awards on February 26, 2020 for F. William Grube; (xiv) one late filing for the issuance of phantom unit awards on May 19, 2020 for Daniel L. Sheets; (xv) one late filing for the issuance of phantom unit awards on May 19, 2020 for Fred M. Fehsenfeld, Jr.; (xvi) one late filing for the issuance of phantom unit awards on May 19, 2020 for Amy M. Schumacher; (xvii) one late filing for the issuance of phantom unit awards on May 19, 2020 for Stephen P. Mawer; (xviii) one late filing for the issuance of phantom unit awards on May 19, 2020 for Robert E. Funk; (xix) one late filing for the issuance of phantom unit awards on May 19, 2020 for James S. Carter; (xx) one late filing for the issuance and vesting of phantom units into common units delivered on May 15, 2020 for H. Keith Jennings.

Item 11. *Executive and Director Compensation*

Overview

We are currently considered a smaller reporting company for purposes of the SEC's executive compensation disclosure rules. In accordance with such rules, we are required to provide a Summary Compensation Table and an Outstanding Equity Awards at Fiscal Year-End Table as well as limited narrative disclosures. Further, our reporting obligations extend only to the individuals serving as our chief executive officer and our two other most highly compensated executive officers during the 2020 fiscal year (or individuals that would have been our most highly compensated executive officers had they been providing services at the end of the year). For purposes of this executive compensation discussion, the names and positions of our named executive officers for the 2020 fiscal year were:

- Stephen P. Mawer — Chief Executive Officer
- Timothy Go - Former Chief Executive Officer
- D. West Griffin — Former Executive Vice President — Chief Financial Officer
- Bruce A. Fleming — Executive Vice President — Montana Renewables & Corporate Strategy
- Scott Obermeier - Executive Vice President - Specialty Products & Solutions

Effective June 1, 2020, Mr. Go was no longer employed by Calumet. Because he served as the Chief Executive Officer during the 2020 fiscal year, he is deemed to be a "named executive officer" for the 2020 year for purposes of the compensation disclosures that follow. Mr. Mawer's appointment as Chief Executive Officer was effective April 3, 2020.

Effective January 2, 2020, Mr. Griffin was no longer employed by Calumet; however, he continued to serve in a consulting role until the close of the financial process for the 2019 year. Because he served as an executive officer during the 2020 fiscal year and would have been one of the highly compensated executive officers during the 2020 fiscal year, he is deemed to be a "named executive officer" for the purposes of the compensation disclosures that follow.

The compensation committee of the board of directors of our general partner oversees our compensation programs. Our general partner maintains compensation and benefits programs designed to allow us to attract, motivate and retain the best possible employees to manage us, including executive compensation programs designed to reward the achievement of both short-term and long-term goals necessary to promote growth and generate positive unitholder returns. Our general partner's executive compensation programs are based on a pay-for-performance philosophy, including measurement of our performance against the specified financial target of Adjusted EBITDA (as defined below). Our executive compensation programs include both long-term and short-term compensation elements which, together with base salary and employee benefits, constitute a total compensation package intended to be competitive with similar companies.

Under their collective authority, the compensation committee and the board of directors maintain the right to develop and modify compensation programs and policies as they deem appropriate. Factors they may consider in making decisions to materially increase or decrease compensation include our overall financial performance, our growth over time, our changes in complexity as well as individual executive job scope, complexity and performance, and changes in competitive compensation practices in our defined labor markets. In determining any forms of compensation other than the base salary for the senior executives, or in the case of the chief executive officer, the recommendation to the board of directors of the forms of compensation for the chief executive officer, the compensation committee considers our financial performance and relative unitholder return, the value of similar incentive awards to senior executives at comparable companies and the awards given to senior executives in past years.

Summary Compensation Table

The following table sets forth certain compensation information of our named executive officers for the years ended December 31, 2020, 2019 and 2018:

Summary Compensation Table for 2020

Name and Principal Position	Year	Salary	Bonus	Unit Awards (1)(2)	Non-Equity Incentive Plan Compensation (3)	Change in Non-Qualified Deferred Compensation Earnings	All Other Compensation (4)	Total
Stephen P. Mawer Chief Executive Officer	2020	$ 543,750	$ —	$ 61,270	$ —	$ —	$ 70,019	$ 675,039
Timothy Go Former Chief Executive Officer	2020	$ 304,830	$ —	$ —	$ —	$ —	$ 79,405	$ 384,235
	2019	$ 600,000	$ —	$ 435,000	$ 435,000	$ —	$ 16,139	$ 1,486,139
	2018	$ 537,450	$ —	$ 375,000	$ 237,300	$ —	$ 55,770	$ 1,205,520
D. West Griffin Former Executive Vice President - Chief Financial Officer	2020	$ —	$ —	$ —	$ —	$ —	$ 1,067,315	$ 1,067,315
	2019	$ 424,368	$ —	$ —	$ —	$ —	$ 187,386	$ 611,754
	2018	$ 412,088	$ —	$ 309,006	$ 232,785	$ —	$ 178,441	$ 1,132,320
Bruce A. Fleming Executive Vice President - Montana Renewables & Corporate Strategy	2020	$ 422,742	$ —	$ —	$ —	$ —	$ 19,553	$ 442,295
	2019	$ 410,429	$ —	$ 794,435	$ —	$ —	$ 18,299	$ 1,223,163
	2018	$ 398,475	$ —	$ 298,856	$ 225,000	$ —	$ 14,635	$ 936,966
Scott Obermeier Executive Vice President - Specialty Products & Solutions	2020	$ 333,000	$ 100,000	$ 1,120,126	$ —	$ —	$ 11,980	$ 1,565,106

(1) The amounts for 2020 would have included the aggregate grant date fair value of phantom unit awards made in connection with the applicable named executive officer's requirement to defer 50% of their cash incentive award under the Cash Incentive Plan into our Deferred Compensation Plan, or phantom unit awards granted directly pursuant to our Long-Term Incentive Plan, but we did not grant such awards in the ordinary course in 2020. With respect to Mr. Mawer, the amount in this column reflects the phantom unit award granted to him in connection with his services on our board of directors for the 2020 year, rather than in his executive officer capacity. With respect to Mr. Obermeier, amounts include the aggregate grant date fair value of (i) 223,713 phantom unit awards granted to Mr. Obermeier during the 2020 fiscal year, and (ii) 100,000 performance based phantom unit awards granted to Mr. Obermeier during the 2020 fiscal year, which are based on certain market and company performance criteria. Mr. Obermeier's 2020 performance based phantom unit awards were reflected at probable grant date fair values, which was the target amount on the grant date. The maximum value for Mr. Obermeier's 2020 awards would have been $367,000. The amounts reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, disregarding the estimate of forfeitures. Please read Note 14 to our consolidated financial statements for the fiscal year ending December 31, 2020 for a discussion of the assumptions used to determine the FASB ASC Topic 718 value of the awards.

(2) We have determined that the annual phantom units should be reported in the year to which the performance relates, as all decisions that needed to be made to determine the grant values were determined in the performance year, therefore the amounts reflected in the 2018 row have been modified from the original disclosures for the 2018 year to include the 2018 phantom units earned in the 2018 year but awarded in 2019. The annual phantom units reported in the 2019 row reflect the phantom units earned in the 2019 year but awarded in 2020.

(3) Represents amounts earned under our Cash Incentive Plan and not deferred into the Deferred Compensation Plan.

(4) The following table provides the aggregate "All Other Compensation" information for each of the named executive officers for the 2020 year:

	Stephen P. Mawer	Timothy Go	D. West Griffin	Bruce A. Fleming	Scott Obermeier
401(k) Plan Matching Contributions	$ 21,771	$ 21,855	$ 82	$ 14,727	$ 11,750
Relocation Expenses	28,189	—	—	—	—
HSA Plan Matching Contributions	—	1,000	—	—	—
Commuting and Living Expenses (1)	20,059	—	—	—	—
Long-Term Disability Insurance	—	780	—	1,872	(281)
Term Life Insurance	—	—	—	2,954	511
Severance	—	55,770	1,067,233	—	—
Equity Purchase Repayment	—	—	—	—	—
Total	$ 70,019	$ 79,405	$ 1,067,315	$ 19,553	$ 11,980

Outstanding Equity Awards at Fiscal Year-End

Our named executive officers had the following outstanding equity awards at December 31, 2020:

	Outstanding Unit Awards			
Name	Number of Units That Have Not Vested (#)(1)	Market Value of Units That Have Not Vested ($) (2)	Equity Incentive Plan Awards: Number of Unearned Units That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Units That Have Not Vested ($)
Stephen P. Mawer	17,197	$ 53,827	—	$ —
Timothy Go	—	$ —	—	$ —
D. West Griffin	—	$ —	—	$ —
Bruce A. Fleming	60,692	$ 189,966	—	$ —
Scott Obermeier	277,019	$ 867,069	—	$ —

(1) The phantom units in this column reflect time-based phantom units held by the named executive officers as of December 31, 2020. Each of the phantom units will vest in accordance with the following schedules or dates:

Vesting Date	Stephen P. Mawer	Timothy Go	D. West Griffin	Bruce A. Fleming	Scott Obermeier
July 1, 2021	2,910	—	—	15,173	—
December 31, 2021	7,103	—	—	—	27,027
July 1, 2022	2,910	—	—	15,173	—
December 31, 2022	—	—	—	—	249,992
July 1, 2023	2,910	—	—	15,173	—
July 1, 2024	1,364	—	—	15,173	—
	17,197	—	—	60,692	277,019

(2) Market value of phantom units reported in these columns is calculated by multiplying the closing market price of $3.13 of our common units at December 31, 2020 by the number of units outstanding.

Narrative Disclosure to Summary Compensation Table and Outstanding Unit Awards Table

Elements of Executive Compensation

The compensation committee believes the total compensation and benefits program for our named executive officers should consist of the following:

- base salary;
- annual incentive plan which includes short-term cash awards and also includes an optional deferred compensation element;
- long-term incentive compensation, including unit-based awards;
- retirement, health and welfare benefits; and

- perquisites.

These elements are designed to constitute an integrated executive compensation structure meant to incentivize a high level of individual executive officer performance in line with our financial and operating goals.

Base Salary

Design. Salaries provide executives with a base level of semi-monthly income as consideration for fulfillment of certain roles and responsibilities. The salary program assists us in achieving our objective of attracting and retaining the services of quality individuals who are essential for the growth and profitability of Calumet. Generally, changes in the base salary levels for our named executive officers are reviewed on an annual basis by the compensation committee of the board of directors and are effective at the beginning of the following fiscal year.

Short-Term Cash Bonus Awards

Under the Annual Bonus Program Cash Incentive Compensation Plan (the “Cash Incentive Plan”), short-term cash bonus awards are designed to aid us in retaining and motivating executives to assist us in meeting our financial performance objectives on an annual basis. Short-term cash awards are generally granted to named executive officers based on Adjusted EBITDA performance targets. We chose a performance metric that was applicable to all named executive officers. We believe this goal establishes a direct link between executive compensation and our financial performance.

The compensation committee established a minimum, target and stretch incentive opportunities for each executive officer and other key employees expressed as a percentage of base salary. For the 2020 award, the amount that could have been paid out was designed to be based on our achievement of a minimum, target, or stretch level of Adjusted EBITDA during the entire fiscal year. At the recommendation of the compensation committee, the board of directors approved Adjusted EBITDA targets for the performance period based on budgets prepared by management. When making the annual determination of the minimum goal, target goal and stretch goal levels of Adjusted EBITDA, the compensation committee and the board of directors considered the specific circumstances facing us during the year.

Generally, no awards are paid under the Cash Incentive Plan unless we achieve at least the minimum performance goal, as applicable. If the minimum, target or stretch level Adjusted EBITDA goal was achieved for 2020, participants in the plan could have received their minimum, target or stretch cash award opportunity, respectively. For fiscal year 2020, the minimum Adjusted EBITDA goal was set at $200.0 million. For the reasons described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations - 2020 Update,” we did not meet the minimum Adjusted EBITDA goal for 2020, as defined in the Cash Incentive Plan, therefore no awards were deemed to be earned for the 2020 year.

For Messrs. Mawer, Fleming, and Obermeier, any awards that would have been earned were designed to be paid 50% in cash and 50% in fully vested phantom unit awards that would have been deferred into our Deferred Compensation Plan. All phantom units granted will be granted with distribution equivalent rights (“DERs”).

Executive Deferred Compensation Plan

Design. The compensation committee allows for the participation of the executive officers in the Calumet Specialty Products Partners, L.P. Executive Deferred Compensation Plan (the “Deferred Compensation Plan”) to encourage the officers to save for retirement and to assist us in retaining our officers. Pursuant to the Deferred Compensation Plan, a select group of management, including the named executive officers, and all of the non-employee directors are eligible to participate by making an annual irrevocable election to defer, in the case of management, all or a portion of their annual cash incentive award under the Cash Incentive Plan, and, in the case of non-management directors, all or none of their annual cash retainer. With respect to the 2020 year, all of our actively employed named executive officers as of December 31, 2020, would have been required to defer 50% of any Cash Incentive Plan award into deferred phantom units within the Deferred Compensation Plan. This required deferral has been in place for certain named executive officers in past years, as reflected within the Summary Compensation Table above.

The deferred amounts are credited to participants’ accounts in the form of phantom units, with each such phantom unit representing a notional unit that entitles the holder to receive either an actual common unit or the cash value of a common unit (determined by using the fair market value of a common unit at the time a determination is needed). The phantom units credited to each participant’s account also receive distribution equivalent rights, which are credited to the participant’s account in the form of additional phantom units. In our sole discretion, we may make matching contributions of phantom units or purely discretionary contributions of phantom units, in amounts and at times as the compensation committee recommends and the board of directors approves.

Participants will at all times be 100% vested in amounts they have deferred; however, amounts we have contributed may be subject to a vesting schedule, as determined appropriate by the compensation committee. The participants' accounts are adjusted at least quarterly to determine the fair market value of our phantom units, as well as any DERs that may have been credited in that time period. Distributions from the Deferred Compensation Plan are payable on the earlier of the date specified by each participant and the participant's termination of employment. Death, disability, normal retirement or a change in control (as such terms are defined within the Long-Term Incentive Plan) require automatic distribution of the Deferred Compensation Plan benefits, and will also accelerate at that time the vesting of any portion of a participant's account that has not already become vested. Benefits will be distributed to participants in the form of our common units, cash or a combination of common units and cash at the election of the compensation committee. In the event that accounts are paid in common units, such units will be distributed pursuant to the Long-Term Incentive Plan. Unvested portions of a participant's account will be forfeited in the event that a distribution was due to a participant's voluntary resignation or a termination for cause. To ensure compliance with Section 409A of the Code, distributions to participants that are considered "key employees" (as defined in Code Section 409A of the Code) may be delayed for a period of six months following such key employees' termination of employment with us.

Results. We did not make any discretionary matching contributions of phantom units to the accounts of those participants in the Deferred Compensation Plan during 2020.

Long-Term Unit-Based Awards

Design. Long-term unit-based awards may consist of any type of award allowed pursuant to our Long-Term Incentive Plan, including phantom units, restricted units, unit options, substitution awards and DERs. In recent years we have granted phantom units to our named executive officers, both time-based and performance-based.

Results. There were no equity-based awards under the Long-Term Incentive Plan provided to Messrs. Mawer, Go, Griffin, or Fleming in 2020. The equity-based awards granted to Mr. Obermeier in 2020 were awarded under the Long-Term Incentive Plan at the discretion of the compensation committee as part of his promotion to the position he currently holds with the Company. Under the Long-Term Incentive Plan, phantom units are generally granted upon our achievement of specified levels of Adjusted EBITDA, with adjustments for individual performance, as discretionary awards, or as part of a sign on award. When granted, phantom units are subject to further time-based vesting criteria specified in the grant. Upon satisfaction of the time-based vesting criteria specified in the grant, phantom units convert into common units (or cash equivalent). Accordingly, these awards established a direct link between executive compensation and our financial performance. This component of executive compensation, when coupled with an extended cliff vesting period as compared to cash awards, further aligns the interests of applicable executives with our unitholders in the longer-term and reinforces unit ownership levels among executives.

Health and Welfare Benefits

We offer a variety of health and welfare benefits to all eligible employees of our general partner. These benefits are consistent with the types of benefits provided by our peer group and provided so as to ensure that we are able to maintain a competitive position in terms of attracting and retaining executive officers and other employees. In addition, the health and welfare programs are intended to protect employees against catastrophic loss and encourage a healthy lifestyle. The named executive officers generally are eligible for the same benefit programs on the same basis as the rest of our employees. Our health and welfare programs include medical, pharmacy, dental, life and accidental death and dismemberment insurance coverages. In addition, all employees working over 30 hours per week are eligible for long-term disability coverage. Long-term disability coverage benefits specific to the named executive officers provide for a compensation allowance, which is grossed up for the payment of taxes, to allow them to purchase long-term disability coverage on an after-tax basis at no net cost to them. As structured, these long-term disability benefits will pay 60% of monthly earnings, as defined by the policy, up to a maximum of $15,000 per month during a period of continuing disability up to normal retirement age, as defined by the policy. Executive officers and other key employees are also eligible to obtain annual executive physical examinations which are paid for by us. Decisions made with respect to this compensation element do not significantly factor into or affect decisions made with respect to other compensation elements.

Retirement Benefits

We provide the Calumet GP, LLC Retirement Savings Plan (the "401(k) Plan") to assist our eligible officers and employees in providing for their retirement. Named executive officers participate in the same retirement savings plan as other eligible employees subject to ERISA limits. We match 100% of each 1% of eligible compensation contribution by the participant up to 4% and 50% of each additional 1% of eligible compensation contribution up to 6%, for a maximum contribution by us of 5% of eligible compensation contributions per participant. These contributions are provided as a reward for prior contributions and future efforts toward our success and growth.

Perquisites

We provide executive officers with perquisites and other personal benefits that we believe are reasonable and consistent with our overall compensation programs and philosophy. These benefits are provided in order to enable us to attract and retain these executives. Decisions made with respect to this compensation element do not significantly factor into or affect decisions made with respect to other compensation elements.

All named executive officers are provided with all, or certain of, the following benefits as a supplement to their other compensation:

- *Executive Physical Program:* Generally, on an annual basis, we pay for a complete and professional personal physical exam for each named executive officer appropriate for their age to improve their health and productivity.
- *Spousal and Family Travel:* On an occasional basis, we pay expenses related to travel of the spouses or certain family members of our named executive officers in order to accompany the named executive officer to business-related events.
- *Long-Term Disability Insurance:* We provide compensation to allow each named executive officer to purchase long-term disability insurance on an after-tax basis at no net cost to them.
- *Use of Company Aircraft:* On an occasional basis, our named executive officers may be eligible to use a leased aircraft for personal use and the incremental cost to us is treated as and reflected in the tables below as compensation to the applicable officer for purposes of these disclosures. The items that we use to determine the incremental cost to us of these flights include the variable costs for personal use of aircraft that were charged to us by the vendor that operates the leased aircraft for contracted hourly costs, fuel charges, and taxes.
- *Commuting and Living Expenses:* In order for us to attract top executive talent, we must not be limited to those individuals residing in the Indianapolis metropolitan area and in some cases must be willing to offer payment or reimbursement for an agreed upon amount of relocation, commuting, temporary housing and other related costs.

The compensation committee periodically reviews the perquisite program to determine if adjustments are appropriate and noted the addition of payment of legal expenses was appropriate.

Employment Agreements

As of December 31, 2020, there were no active employment agreements between our general partner and a named executive officer. We provide offer letters to newly hired or promoted employees that set forth the general terms of their employment with us as of the offer letter date, but those letters do not provide for severance, change in control or other post-termination benefits.

Transition and Separation Agreement

We entered into a Transition and Separation Agreement with Mr. Go on March 11, 2020 (the “Separation Agreement”), which governed certain aspects of his employment with us until June 1, 2020 (the “Separation Date”), as well as the separation payments and benefits that he was entitled to receive in connection with his separation from service with us. For more details regarding the Separation Agreement, please see the section below titled “Potential Payments Upon Termination or Change in Control.”

Severance Arrangements

We entered into a Transitional Severance Agreement and General Release with Mr. Griffin on October 27, 2019 (the “Severance Agreement”), which governed certain aspects of his employment with us for the remainder of the 2019 year and until January 2, 2020 (the “Separation Date”), as well as the severance benefits that he was entitled to receive in connection with his separation from service with us. For more details regarding the Severance Agreement, please see the section below titled “Potential Payments Upon Termination or Change in Control.”

Potential Payments Upon Termination or Change in Control

We provide certain of our named executive officers with certain severance and change in control benefits in order to provide them with assurances against certain types of terminations without cause or resulting from change in control transactions where the terminations were not based upon cause. This type of protection is intended to provide the executive with a basis for keeping focus and functioning in the unitholders’ interests at all times.

Change of Control and Certain Terminations Pursuant to Long-Term Incentive Plan

Upon a Change of Control, all outstanding awards granted pursuant to the Long-Term Incentive Plan shall automatically vest and be payable at their maximum target level or become exercisable in full, as the case may be, or any restricted periods connected to the award shall terminate and all performance criteria, if any, shall be deemed to have been achieved at the maximum level. We provided these "single-trigger" change of control benefits because we believed such benefits were important retention tools for us, as providing for accelerated vesting of awards under the Long-Term Incentive Plan upon a Change of Control enables employees, including the named executive officers, to realize value from these awards in the event that we go through a change of control transaction. In addition, we believed that it was important to provide the named executive officers with a sense of stability, both in the middle of transactions that may create uncertainty regarding their future employment and post-termination as they seek future employment. Whether or not a change of control results in a termination of our officers' employment with us or a successor entity, we wanted to provide our officers with certain guarantees regarding the importance of equity incentive compensation awards they were granted prior to that change of control. Further, we believe that change of control protection allows management to focus their attention and energy on the business transaction at hand without any distractions regarding the effects of a change of control. Also, we believe that such protection maximizes unitholder value by encouraging the named executive officers to review objectively any proposed transaction in determining whether such proposed transaction is in the best interest of our unitholders, whether or not the executive will continue to be employed.

For purposes of the Long-Term Incentive Plan, a Change of Control shall be deemed to have occurred upon one or more of the following events: (i) any person or group, other than a person or group who is our affiliate, becomes the beneficial owner, by way of merger, consolidation, recapitalization, reorganization or otherwise, of fifty percent (50%) or more of the voting power of our outstanding equity interests; (ii) a person or group, other than our general partner or one of our general partner's affiliates, becomes our general partner; or (iii) the sale or other disposition, including by liquidation or dissolution, of all or substantially all of our assets or the assets of our general partner in one or more transactions to any person or group other than an a person or group who is our affiliate. However, in the event that an award is subject to Code Section 409A, a Change of Control shall have the same meaning as such term in the regulations or other guidance issued with respect to Code Section 409A for that particular award.

Under the Long-Term Incentive Plan, awards that were outstanding as of December 31, 2020, will also accelerate upon a termination due to death, disability or a normal retirement upon or after reaching the age of 66. The board of directors has the final authority to determine if a disability is permanent or of a long-term duration resulting in termination from us. A "disability" per the terms of the Long-Term Incentive Plan grant means (i) a participant's inability to engage in any substantial gainful activity by reason of a physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of 12 months, or (ii) the participant is, by reason of a physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of 12 months, receiving income replacement benefits for a period of not less than 3 months under one of our accident and health plans. We have determined that providing acceleration of the Long-Term Incentive Plan awards upon a death or disability is appropriate because the termination of a participant's employment with us due to such an occurrence is often an unexpected event, and it is our belief that providing an immediate value to the participant or his family, as appropriate, in such a situation is a competitive retention tool. We also believe that providing for acceleration upon a normal retirement is appropriate due to the fact that the definition of a normal retirement requires an executive to remain employed with us until late in his career, and the acceleration of their equity awards upon such an event provides the executives with a reassurance that they will receive value for their awards at the end of their career. We have determined that it is in the unitholders' best interest to provide such retention tools with respect to our equity compensation awards due to the fact that we strive to retain a high level of executive talent while competing in a very aggressive industry.

Transition and Separation Agreement with Mr. Go

We entered into a Transition and Separation Agreement with Mr. Go on March 11, 2020 (the “Separation Agreement”), which governed certain aspects of his employment with us until June 1, 2020 (the “Separation Date”), as well as the separation payments and benefits that he was entitled to receive in connection with his separation from service with us. We have provided all payments and benefits to Mr. Go that we believe he is entitled to receive pursuant to the Separation Agreement.

As part of the Separation Agreement, Mr. Go was entitled to receive the following benefits, as long as he remained continually employed by the Company and compliant with the other terms of the Agreement:

- A prorated 2020 annual bonus award, either based on actual achievement during the 2020 year as if Mr. Go had remained employed with the Company for 2020 or, in the event that the Company places Mr. Go on Reassignment (as defined in the Separation Agreement), at the target bonus amount of 150% of Mr. Go’s base salary, in each case prorated to reflect the number of days during the 2020 bonus year that Mr. Go was employed by the Company and paid at the same time that annual bonuses are paid to active employees of the Company. Notwithstanding the foregoing, in lieu of providing such prorated 2020 bonus award, the parties may mutually agree to alternatively provide Mr. Go with a prorated 2020 bonus payment based on the expected performance achievement during the remainder of the 2020 year, to be paid to Mr. Go within thirty (30) days following the Separation Date.
- A cash bonus payment of up to $1,000,000 if (i) an agreement is executed regarding the sale of the Partnership’s refinery located in Great Falls, Montana (the “Potential Transaction”) by December 31, 2020 and (ii) the Company successfully completes the Potential Transaction.
- The Company will waive certain non-competition restrictions currently applicable to Mr. Go (contained within Section 11(b)(i) through 11(b)(iv) of the Employment, Confidentiality, and Non-Compete Agreement previously entered into between Mr. Go and the Company effective as of September 14, 2015 (“Employment Agreement”)).
- All unvested equity-based awards held by Mr. Go on the Separation Date will be forfeited without any consideration, but any vested equity-based awards held by Mr. Go on the Separation Date will continue to be governed by the terms of the applicable equity compensation plan agreements.

Severance Arrangement with Mr. Griffin

We entered into a Transitional Severance Agreement and General Release with Mr. Griffin on October 27, 2019 (the “Severance Agreement”), which governed certain aspects of his employment with us until January 2, 2020 (the “Separation Date”), as well as the severance benefits that he was entitled to receive upon his separation from service with us.

The Severance Agreement provided Mr. Griffin with cash payments totaling $1,065,000, which were paid in three separate installments through July 2020, the amount of which was equal to 12 months of his 2019 base salary plus his 2019 target bonus amount. All outstanding phantom unit awards that Mr. Griffin held at the time of his separation from service were treated in accordance with the terms of our Long-Term Incentive Plan and the grant agreements governing those awards.

The Severance Agreement requires Mr. Griffin to comply with standard confidentiality and non-disparagement provisions. The Severance Agreement has no impact on any restrictive covenants that were contained within any agreement previously entered into between the parties (including any employment agreements).

Change of Control with Respect to Deferred Compensation Plan Participants

The Deferred Compensation Plan provides the executives with the opportunity to defer all or a portion of their eligible compensation each year. At the time of their deferral election, the executive may choose a day in the future in which a payout from the plan will occur with regard to their vested account balance, or, if earlier, the payout of vested accounts will occur upon the executive’s termination from service for any reason. Despite the executive’s payout election date, however, the Deferred Compensation Plan accounts will also receive accelerated vesting and a pay out in the event of the executive’s termination from service due to death, disability or normal retirement, or upon the occurrence of a Change of Control.

A “disability” under the Deferred Compensation Plan means (i) a participant’s inability to engage in any substantial gainful activity by reason of a physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of 12 months, or (ii) the participant is, by reason of a physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of 12 months, receiving income replacement benefits for a period of not less than 3 months under one of our accident and health plans. A “normal retirement” means a participant’s termination of employment on or after the date that he or she reaches the age of 66.

There are various connections between the Deferred Compensation Plan and the Long-Term Incentive Plan. A "Change of Control" for the Deferred Compensation Plan shall have the same definition as that term within the Long-Term Incentive Plan noted above. Our compensation committee also has the discretion to pay Deferred Compensation Plan accounts in either cash or our common units. In the event that a Deferred Compensation Plan account is settled in our common units, those units will be issued pursuant to the Long-Term Incentive Plan. Please note that the compensation committee's decision regarding such a settlement could not be determined with any certainty until such an event actually occurred.

Compensation of Directors

Officers or employees of our general partner who also serve as directors do not receive additional compensation for their service as a director of our general partner. Each director who is not an officer or employee of our general partner receives an annual fee as well as compensation for attending meetings of the board of directors and board committee meetings. Non-employee directors were entitled to fees and equity awards for 2020 that consisted of the following:

- an annual fee of $70,000;
- an annual equity award in the form of restricted or phantom units, valued at approximately $100,000;
- an audit and finance committee chair annual fee of $20,000;
- a non-chair audit and finance committee member annual fee of $10,000;
- a strategy and growth committee chair annual fee of $10,000;
- a non-chair strategy and growth committee annual fee of $5,000;
- a conflicts committee and compensation committee chair annual fee of $8,000;
- a non-chair conflicts committee and compensation committee annual fee of $4,000;
- all other committee chair annual fee of $5,000; and
- all other committee member annual fee of $2,500.

In addition, we reimburse each non-employee director for his or her out-of-pocket expenses incurred in connection with attending meetings of the board of directors or board committees. Under certain circumstances, we will also indemnify each director for his or her actions associated with being a director to the fullest extent permitted under Delaware law.

As a named executive officer, compensation that Mr. Mawer received with respect to his director services prior to his appointment as our Chief Executive Officer are reported above within the Summary Compensation Table. The following table sets forth certain compensation information of our non-employee directors for the year ended December 31, 2020:

	Director Compensation Table for 2020		
Name	Fees Earned or Paid in Cash	Unit Awards [(1)]	Total
Fred M. Fehsenfeld, Jr.	$ —	$ 203,349	$ 203,349
James S. Carter	$ —	$ 222,975	$ 222,975
Robert E. Funk	$ 47,752	$ 162,469	$ 210,221
Daniel J. Sajkowski	$ 58,125	$ 123,886	$ 182,011
Amy M. Schumacher	$ —	$ 203,349	$ 203,349
Daniel L. Sheets	$ —	$ 207,928	$ 207,928
Paul C. Raymond III	$ —	$ 24,997	$ 24,997

(1) The amounts in this column are calculated based on the aggregate grant date fair value of (i) annual phantom unit awards issued to non-employee directors serving on the board on the date the awards were granted, (ii) cash fees paid in the form of phantom unit awards ("Director Fee" awards) and (iii) matching phantom unit awards granted to those non-employee directors who deferred all, or a portion of, the fees they earned in 2020 pursuant to the Deferred Compensation Plan ("Matching Units"). The amounts reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718, disregarding the estimate of forfeitures. Please read Note 14 to our consolidated financial statements for the fiscal year ending December 31, 2020 for a discussion of the assumptions used to determine the FASB ASC Topic 718 value of the awards. As of December 31, 2020, the following directors each held outstanding phantom units as follows: Mr. Fehsenfeld, 188,750; Mr. Carter, 217,243; Mr. Funk, 173,802; Mr. Sajkowski, 144,603; Ms. Schumacher, 178,576; Mr. Sheets, 73,935; and Mr. Raymond, 6,963.

(2) Mr. Raymond was appointed to the board of directors on November 3, 2020.

Deferred Compensation Plan

Our directors were eligible to defer their fees earned into the Deferred Compensation Plan. When directors elect to defer any portion of their compensation into the plan, these deferred amounts are credited to the participant in the form of phantom units, and will receive DERs to be credited to the participant's account in the form of additional phantom units on the corresponding dates of our distributions to our unitholders. The compensation committee may recommend a matching contribution for the deferred fees at its discretion. Phantom units credited to a participant's account pursuant to matching contributions also carry DERs to be credited to the participant's account in the form of additional phantom units.

Compensation Committee Interlocks and Insider Participation

The members of our compensation committee are Daniel L. Sheets, Fred M. Fehsenfeld, Jr. and Amy M. Schumacher. Mr. Fehsenfeld, Jr. is the chairman of the board of our general partner. Mr. Sheets is a member of the board of our general partner. Ms. Schumacher is a member of the board of our general partner. Please read Item 13 "Certain Relationships and Related Transactions and Director Independence" for descriptions of our transactions in fiscal year 2020 with certain entities related to Messrs. Fehsenfeld and Sheets and Ms. Schumacher. Mr. Fehsenfeld and Ms. Schumacher are not independent members of the compensation committee. No executive officer of our general partner served as a member of the compensation committee of another entity that had an executive officer serving as a member of our board of directors or compensation committee.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters*

The following table sets forth the beneficial ownership of our units as of March 2, 2021, held by:

- each person who beneficially owns 5% or more of our outstanding units;
- each director of our general partner;
- each named executive officer of our general partner; and
- all directors and executive officers of our general partner as a group.

The amounts and percentages of units beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he or she has no economic interest.

Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all units shown as beneficially owned by them, subject to community property laws where applicable. Except as indicated by footnote, the address for the beneficial owners listed below is 2780 Waterfront Parkway East Drive, Suite 200, Indianapolis, Indiana, 46214.

Name of Beneficial Owner	Common Units Beneficially Owned	Percentage of Total Units Beneficially Owned
The Heritage Group [(1)(2)]	11,867,533	15.09 %
Calumet, Incorporated [(2)]	1,934,287	2.46 %
Adams Asset Advisors, LLC [(3)]	4,555,224	5.79 %
James S. Carter	293,830	*
Fred M. Fehsenfeld, Jr. [(1)(2)(4)(5)]	867,869	1.10 %
Bruce A. Fleming	321,839	*
Robert E. Funk	246,145	*
Timothy Go	286,271	*
D. West Griffin	97,860	*
Scott Obermeier	27,967	*
Stephen P. Mawer	140,367	*
Daniel J. Sajkowski	151,036	*
Amy M. Schumacher [(1)(5)(6)]	162,532	*
Daniel L. Sheets	27,816	*
Paul C. Raymond III	—	*
Jennifer G. Straumins	—	*
All directors and executive officers as a group (13 persons)	2,623,532	3.34 %

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* = less than 1 percent.

(1) Twenty-nine grantor trusts indirectly own all of the outstanding general partner interests in The Heritage Group, an Indiana general partnership. The direct or indirect beneficiaries of the grantor trusts are members of the Fehsenfeld family. Each of the grantor trusts has five trustees, Fred M. Fehsenfeld, Jr., James C. Fehsenfeld, Nicholas J. Rutigliano, William S. Fehsenfeld and Amy M. Schumacher, each of whom exercises equivalent voting rights with respect to each such trust. Each of Fred M. Fehsenfeld, Jr. and Amy M. Schumacher, who are directors of our general partner, disclaims beneficial ownership of all of the common units owned by The Heritage Group, and none of these units are shown as being beneficially owned by such directors in the table above. Of these common units, 367,197 are owned by The Heritage Group Investment Company, LLC (“Investment LLC”). Investment LLC is under common ownership with The Heritage Group. The Heritage Group, although not the owner of the common units, serves as the Manager of Investment LLC, and in that capacity has sole voting and investment power over the common units. The Heritage Group disclaims beneficial ownership of the common units owned by Investment LLC except to the extent of its pecuniary interest therein. The address for The Heritage Group is 5400 W. 86th St., Indianapolis, Indiana, 46268.

(2) The common units of Calumet, Incorporated are indirectly owned 45.8% by The Heritage Group and 5.1% by Fred M. Fehsenfeld, Jr. personally. Fred M. Fehsenfeld, Jr. is also a director of Calumet, Incorporated. Accordingly, 885,294 of the common units owned by Calumet, Incorporated are also shown as being beneficially owned by The Heritage Group in the table above, and 97,971 of the common units owned by Calumet, Incorporated are also shown as being beneficially owned by Fred M. Fehsenfeld, Jr. in the table above. The Heritage Group and Fred M. Fehsenfeld, Jr. disclaim beneficial ownership of all of the common units owned by Calumet, Incorporated in excess of their respective pecuniary interests in such units. The address of Calumet, Incorporated is 5400 W. 86th St., Indianapolis, Indiana, 46268.

(3) As noted in the Schedule 13G filed with the SEC on January 6, 2021, the filing person has indicated that it has or shares beneficial ownership of such units. The address for Adams Asset Advisors, LLC is 8150 N. Central Expwy #M1120, Dallas, Texas 75206.

(4) Includes common units that are owned by the spouse and certain children of Fred M. Fehsenfeld, Jr., for which he disclaims beneficial ownership.

(5) Does not include a total of 1,979,804 common units owned by two trusts, the direct or indirect beneficiaries of which are members of the Fred M. Fehsenfeld, Jr. family. Each of the trusts has five trustees, Fred M. Fehsenfeld, Jr., James C. Fehsenfeld, Nicholas J. Rutigliano, William S. Fehsenfeld and Amy M. Schumacher, each of whom exercises equivalent voting rights with respect to each such trust. Each of Fred M. Fehsenfeld, Jr. and Amy M. Schumacher, who are directors of our general partner, disclaims beneficial ownership of all of the common units owned by the trusts, and none of these units are shown as being beneficially owned by such directors in the table above.

(6) Includes common units that are owned by the spouse and children of Amy M. Schumacher, for which she disclaims beneficial ownership.

Equity Compensation Plan Information

The following table summarizes information about our equity compensation plans as of December 31, 2020:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)(2)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Long-Term Incentive Plan	773,557	$ —	290,384
Total	773,557	$ —	290,384

(1) The Long-Term Incentive Plan contemplates the issuance or delivery of up to 3,883,960 common units to satisfy awards under the plan. The number of units presented in column (a) assumes that all outstanding grants may be satisfied by the issuance of new units or the purchase of existing units on the open market upon vesting. In fact, some portion of the phantom units may be settled in cash and some portion will be withheld for taxes. Any units not issued upon vesting will become “available for future issuance” under Column (c). For more information on our Long-Term Incentive Plan, please read Item 11 “Executive and Director Compensation — Narrative Disclosure to Summary Compensation Table and Outstanding Phantom Unit Awards Table — Long-Term Unit-Based Awards.”

Item 13. *Certain Relationships and Related Transactions and Director Independence*

Distributions and Payments to Our General Partner and its Affiliates

Owners of our general partner and their affiliates own 16,653,293 common units representing an approximately 20.8% limited partner interest in us. In addition, our general partner owns a 2% general partner interest in us and all of the incentive distribution rights. Our general partner is entitled to receive incentive distributions if the amount we distribute with respect to any quarter exceeds levels specified in our partnership agreement. Under the quarterly incentive distribution provisions, generally our general partner is entitled, without duplication, to 15% of amounts we distribute in excess of $0.495 ($1.98 annualized) per unit, 25% of the amounts we distribute in excess of $0.563 ($2.25 annualized) per unit and 50% of amounts we distribute in excess of $0.675 ($2.70 annualized) per unit. We suspended distributions in April 2016. Please read Part II, Item 5 “Market for Registrant’s Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities — Cash Distribution Policy” for additional information related to our distribution policy and the incentive distribution rights.

Our general partner does not receive any management fee or other compensation for its management of our partnership; however, our general partner and its affiliates are reimbursed for all expenses incurred on our behalf. These expenses include the cost of employee, officer and director compensation and benefits properly allocable to us and all other expenses necessary or appropriate to the conduct of our business and allocable to us. The partnership agreement provides that our general partner determines the expenses that are allocable to us. There is no limit on the amount of expenses for which our general partner and its affiliates may be reimbursed.

Omnibus Agreement

We entered into an omnibus agreement, dated January 31, 2006, with The Heritage Group and certain of its affiliates pursuant to which The Heritage Group and its controlled affiliates agreed not to engage in, whether by acquisition or otherwise, the business of refining or marketing specialty lubricating oils, solvents and wax products as well as gasoline, diesel and jet fuel products in the continental U.S. (“restricted business”) for so long as The Heritage Group controls us. This restriction does not apply to:

- any business owned or operated by The Heritage Group or any of its affiliates as of January 31, 2006;
- the refining and marketing of asphalt and asphalt-related products and related product development activities;
- the refining and marketing of other products that do not produce “qualifying income” as defined in the Internal Revenue Code;
- the purchase and ownership of up to 9.9% of any class of securities of any entity engaged in any restricted business;
- any restricted business acquired or constructed that The Heritage Group or any of its affiliates acquires or constructs that has a fair market value or construction cost, as applicable, of less than $5.0 million;
- any restricted business acquired or constructed that has a fair market value or construction cost, as applicable, of $5.0 million or more if we have been offered the opportunity to purchase it for fair market value or construction cost and we decline to do so with the concurrence of the conflicts committee of the board of directors of our general partner; and
- any business conducted by The Heritage Group with the approval of the conflicts committee of the board of directors of our general partner.

Employee Costs

Our general partner employs all of our employees and we reimburses the general partner for certain of its expenses.

Product Sales and Related Purchases

During 2020, we made ordinary course sales of certain specialty products to Monument Chemicals, Inc. (“Monument Chemicals”), a specialty chemical company owned in part by The Heritage Group. Paul C. Raymond III is the Chief Executive Officer of Monument Chemicals and Amy M. Schumacher is the president of Monument Chemicals. The total purchases made by us from Monument Chemicals in 2020 for product purchases were approximately $0.1 million. The total sales made by us to Monument Chemicals in 2020 were approximately $5.4 million. As of December 31, 2020, there was approximately $0.8 million due to us from Monument Chemicals related to these products sales. We anticipate that we will continue to sell products to Monument Chemicals in the future. We believe that the product sales prices and credit terms offered to Monument Chemicals are comparable to prices and terms offered to non-affiliated third-party customers.

During 2020, we made ordinary course purchases of certain services from Heritage-Crystal Clean Inc. (“Crystal Clean”), a cleaning and waste removal company owned in part by The Heritage Group and Fred M. Fehsenfeld, Jr. as an individual. The total purchases made by us from Crystal Clean in 2020 for cleaning and waste removal services were approximately $0.8 million. As of December 31, 2020, there was an immaterial amount due from us to Crystal Clean related to these purchases. We expect that we will continue to utilize these services from Crystal Clean in the future. During 2020, we made ordinary course sales of certain specialty products to Crystal Clean. We made an immaterial amount of sales to Crystal Clean in 2020. We anticipate that we will continue to sell products to Crystal Clean in the future. We believe that the product sales prices and credit terms offered to Crystal Clean are comparable to prices and terms offered to non-affiliated third-party customers.

During 2020, we made ordinary course purchases from Heritage Environmental Services (“Heritage Environmental”), a cleaning and waste removal company owned in part by The Heritage Group and Fred M. Fehsenfeld, Jr. as an individual. Total purchases made by us from Heritage Environmental in 2020 for cleaning and waste removal services were approximately $10.4 million. As of December 31, 2020, there was a $1.4 million balance due from us to Heritage Environmental related to these purchases. We expect that we will continue to utilize these services from Heritage Environmental in the future.

During 2020, we made ordinary course sales of certain specialty products to Heritage Advanced Products, LLC (“Heritage Advanced”), a specialty chemical company owned in part by The Heritage Group. The total sales made by us to Heritage Advanced in 2020 were approximately $0.7 million. As of December 31, 2020, there was an immaterial balance due to us from Heritage Advanced related to these products sales. We anticipate that we will continue to sell products to Heritage Advanced in the future. We believe that the product sales prices and credit terms offered to Heritage Advanced are comparable to prices and terms offered to non-affiliated third-party customers.

During 2020, we made ordinary course sales of certain fuel products to Asphalt Materials of $5.6 million. As of December 31, 2020, there was an approximately $0.1 million balance due to us from Asphalt Materials related to these products sales. We anticipate that we will continue to sell products to Asphalt Materials in the future. We believe that the product sales prices and credit terms offered to Asphalt Materials are comparable to prices and terms offered to non-affiliated third-party customers.

During 2020, we made ordinary course sales of certain fuel products to Western States Asphalt, Inc., an affiliate of The Heritage Group ("Western States"). The Heritage Group sold it's ownership interest in Western States in April 2020. The total sales made by us to Western Asphalt through April 2020 was $4.7 million. We had no balances due to us from Western Asphalt or payable by us to Western Asphalt as of December 31, 2020. We believe that the product sales prices and credit terms offered to Western States for our transactions with Western Asphalt through April 2020 were comparable to prices and terms offered to non-affiliated third-party customers.

Product Collaboration

During 2019, the Company entered into a Master Reimbursement Agreement with The Heritage Group whereby The Heritage Group may incur or pay certain fees, expenses or obligations on behalf of the Company, and the Company shall reimburse The Heritage Group for such incurrences or payments in either cash or common units of the Company, subject to a limit of 4.0 million units valued at $3.60 per unit. As of December 31, 2019, the Company accrued approximately $3.8 million for expenses incurred by The Heritage Group on behalf of the Company in accounts payable in the consolidated balance sheets. The Heritage Group elected cash reimbursement, with no further payment obligations in regard to the Master Reimbursement Agreement. Consistent with The Heritage Group's election, this triggered the obligation to be settled based upon the terms of the agreement in January 2020.

Acquisition

On March 23, 2018, we along with The Heritage Group acquired Biosynthetic Technologies, LLC ("Biosynthetic Technologies"), a startup company which developed an intellectual property portfolio for the manufacture of renewable-based and biodegradable esters for $7.0 million. The purchase price was split 50/50 between us and The Heritage Group. We intend to develop and commercialize the renewable esters and is designing a commercial scale test at our existing esters manufacturing plant in Missouri.

In March 2019, the Company sold its investment in Biosynthetic Technologies to The Heritage Group for total proceeds of $5.0 million which was recorded in the "other" component of other income (expense) on the consolidated statements of operations.

Intellectual Property Rights Agreement

On January 6, 2012, the Partnership acquired all of the membership interests of TruSouth Oil, LLC ("TruSouth"). As part of the transaction, TruSouth, the Partnership and the sellers of TruSouth, which included The Heritage Group, entered into an Intellectual Property Rights Agreement dated January 6, 2012 ("IPRA"). In the IPRA, TruSouth (now known as Calumet Branded Products, LLC ("Calumet Branded")) agreed to pay the sellers a royalty on each qualified gallon of engineered fuel sold to third parties. In 2020, Calumet Branded paid The Heritage Group a total of $0.7 million in royalties under the IPRA.

Procedures for Review and Approval of Related Person Transactions

Effective February 9, 2007, to further formalize the process by which related person transactions are analyzed and approved or disapproved, the board of directors of our general partner has adopted the Calumet Specialty Products Partners, L.P. Related Person Transactions Policy (the "Policy") to be followed in connection with all related person transactions (as defined by the Policy) involving the Company and its subsidiaries. The Policy was adopted to provide guidelines and procedures for the application of the partnership agreement to related person transactions and to further supplement the conflict resolution policies already set forth therein.

The Policy defines a "related person transaction" to mean any transaction since the beginning of the Company's last fiscal year (or any currently proposed transaction) in which: (i) the Company or any of its subsidiaries was or is to be a participant; (ii) the amount involved exceeds $120,000 (including any series of similar transactions exceeding such amount on an annual basis); and (iii) any related person (as defined in the Policy) has or will have a direct or indirect material interest. Under the terms of the policy, our general partner's chief executive officer ("CEO") has the authority to approve a related person transaction (considering any and all factors as the CEO determines in his sole discretion to be relevant, reasonable or appropriate under the circumstances) so long as it is:

(a) in the normal course of the Company's business;

(b) not one in which the CEO or any of his immediate family members has a direct or indirect material interest; and

(c) on terms no less favorable to the Company than those generally being provided to or available from unrelated third parties or fair to the Company, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Company).

The CEO does not have the authority to approve the issuances of equity or grants of awards under the Company's Long-Term Incentive Plan, except as provided in that plan. Pursuant to the Policy, any other related person transaction must be approved by the conflicts committee acting in accordance with the terms and provisions of its charter.

A copy of the Policy is available on our website at www.calumetspecialty.com and will be provided to unitholders without charge upon their written request to: Investor Relations, Calumet Specialty Products Partners, L.P., 2780 Waterfront Parkway E. Drive, Suite 200, Indianapolis, Indiana, 46214.

Please read Item 10 "Directors, Executive Officers of Our General Partner and Corporate Governance" for a discussion of director independence matters.

Item 14. *Principal Accounting Fees and Services*

The following table details the aggregate fees billed for professional services rendered by our independent auditor during 2020 and 2019 (in millions):

	Year Ended December 31,	
	2020	2019
Audit fees	$ 4.0	$ 6.2
Audit-related fees	—	—
Non-audit services	0.2	—
Total	$ 4.2	$ 6.2

"Audit fees" above include those related to our annual audit and quarterly review procedures.

"Audit-related fees" primarily relate to securities offerings.

Pre-Approval Policy

The audit and finance committee of our general partner's board of directors has adopted an audit and finance committee charter, which is available on our website at http://www.calumetspecialty.com. The charter requires the audit and finance committee to pre-approve all audit and non-audit services to be provided by our independent registered public accounting firm. The audit and finance committee does not delegate its pre-approval responsibilities to management or to an individual member of the audit and finance committee. Services for the audit, tax and all other fee categories above were pre-approved by the audit and finance committee.

PART IV

Item 15. *Exhibits*

(a)(1) *Consolidated Financial Statements*

The consolidated financial statements of Calumet Specialty Products Partners, L.P. are included in Part II, Item 8 “Financial Statements and Supplementary Data.”

(a)(2) *Financial Statement Schedules*

All schedules are omitted because they are not applicable, or the required information is shown in the consolidated financial statements or notes thereto.

(a)(3) *Exhibits*

See Index to Exhibits of this Annual Report.

Index to Exhibits

Exhibit Number		Description
2.1	—	Membership Interest Purchase Agreement, dated as of August 11, 2017, by and between Calumet Lubricants Co., Calumet Specialty Products Partners, L.P. and Husky Superior Refining Holding Corp. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on August 14, 2017 (File No. 000-51734)).
2.2	—	Membership Interest Purchase Agreement, dated as of November 21, 2017, by and among Anchor Drilling Fluids USA, LLC, Calumet Operating LLC, Q'Max Solutions Inc. and Q'Max America Inc. (Incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on November 28, 2017 (File No. 000-51734)).
2.3	—	Membership Interest Purchase Agreement, dated November 10, 2019, by and between Calumet Refining, LLC and Starlight Relativity Acquisition Company LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on November 12, 2019 (File No. 000-51734)).
3.1	—	Certificate of Limited Partnership of Calumet Specialty Products Partners, L.P. (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed with the Commission on October 7, 2005 (File No. 333-128880)).
3.2	—	Amended and Restated Limited Partnership Agreement of Calumet Specialty Products Partners, L.P. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on February 13, 2006 (File No. 000-51734)).
3.3	—	Amendment No. 1 to the First Amended and Restated Agreement of Limited Partnership of Calumet Specialty Products Partners, L.P. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on July 11, 2006 (File No. 000-51734)).
3.4	—	Amendment No. 2 to First Amended and Restated Agreement of Limited Partnership of Calumet Specialty Products Partners, L.P. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on April 18, 2008 (File No. 000-51734)).
3.5	—	Amendment No. 3 to First Amended and Restated Agreement of Limited Partnership of Calumet Specialty Products Partners, L.P. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on January 4, 2018 (File No. 000-51734)).
3.6	—	Certificate of Formation of Calumet GP, LLC (incorporated by reference to Exhibit 3.3 to the Registrant's Registration Statement on Form S-1 filed with the Commission on October 7, 2005 (File No. 333-128880)).
3.7	—	Amended and Restated Limited Liability Company Agreement of Calumet GP, LLC (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Commission on February 13, 2006 (File No. 000-51734)).
4.1	—	Specimen Unit Certificate representing common units (incorporated by reference to Exhibit 3.7 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 4, 2010 (File No. 000-51734)).
4.2	—	Indenture, dated November 26, 2013, by and among Calumet Specialty Products, L.P., Calumet Finance Corp., certain subsidiary guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Commission on November 26, 2013 (File No. 000-51734)).
4.3	—	Indenture, dated March 31, 2014, by and among Calumet Specialty Products, L.P., Calumet Finance Corp., certain subsidiary guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Commission on March 31, 2014 (File No. 000-51734)).
4.4	—	Indenture, dated March 27, 2015, by and among Calumet Specialty Products, L.P., Calumet Finance Corp., certain subsidiary guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Commission on March 30, 2015 (File No. 000-51734)).
4.5	—	Indenture, dated October 11, 2019, by and among Calumet Specialty Products Partners, L.P., Calumet Finance Corp., certain subsidiary guarantors named therein and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Commission on October 11, 2019 (File No. 000-51734)).
4.6	—	Description of Common Units (incorporated by reference to Exhibit 4.6 to the Registrant's Annual Report on Form 10-K filed with the Commission on March 5, 2020 (File No. 000-51734)).

Exhibit Number		Description
4.7	—	Indenture, dated as of August 5, 2020, by and among the Partnership, Calumet Finance Corp., the guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Commission on August 5, 2020 (File No. 000-51734)).
4.8	—	Form of 9.25% Senior Secured First Lien Note due 2024 (included in Exhibit 4.7).
10.1	—	Amended Crude Oil Sale Contract, effective April 1, 2008, between Plains Marketing, L.P. and Calumet Shreveport Fuels, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on March 20, 2008 (File No. 000-51734)).
10.2†	—	Calumet Specialty Products Partners, L.P. Executive Deferred Compensation Plan, dated December 18, 2008 and effective January 1, 2009 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on December 22, 2008 (File No. 000-51734)).
10.3†	—	Form of Phantom Unit Grant Agreement (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the Commission on January 28, 2009 (File No. 000-51734)).
10.4	—	Omnibus Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on February 13, 2006 (File No. 000-51734)).
10.5†	—	Form of Unit Option Grant (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1/A filed with the Commission on November 16, 2005 (File No. 333-128880)).
10.6	—	Temporary Waiver Under Supply and Offtake Agreement, dated as of November 14, 2017, between Macquarie Energy North America Trading Inc. and Calumet Shreveport Refining LLC (incorporated by reference to Exhibit 10.20 to the Registrant's Annual Report on Form 10-K filed with the Commission on April 2, 2018 (File No. 000-51734)).
10.7	—	Temporary Waiver Under Supply and Offtake Agreement, dated as of December 12, 2017, between Macquarie Energy North America Trading Inc. and Calumet Shreveport Refining, LLC (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K filed with the Commission on April 2, 2018 (File No. 000-51734)).
10.8	—	Consent Letter under the Second Amended and Restated Credit Agreement, dated as of November 13, 2017, by and among Calumet Specialty Products Partners, L.P. and certain of its subsidiaries as Borrowers, certain of its subsidiaries as Guarantors, the Lenders, Bank of America, N.A., as Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Capital Finance, LLC, as Co-Syndication Agents, U.S. Bank National Association and Deutsche Bank Trust Company Americas, as Co-Documentation Agents and Bank of America, N.A., J.P. Morgan Securities LLC and Wells Fargo Capital Finance, LLC, as Joint Lead Arrangers and Joint Book Runners (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed with the Commission on April 2, 2018 (File No. 000-51734)).
10.9	—	Consent Letter under the Second Amended and Restated Credit Agreement, dated as of November 27, 2017, by and among Calumet Specialty Products Partners, L.P. and certain of its subsidiaries as Borrowers, certain of its subsidiaries as Guarantors, the Lenders, Bank of America, N.A., as Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Capital Finance, LLC, as Co-Syndication Agents, U.S. Bank National Association and Deutsche Bank Trust Company Americas, as Co-Documentation Agents and Bank of America, N.A., J.P. Morgan Securities LLC and Wells Fargo Capital Finance, LLC, as Joint Lead Arrangers and Joint Book Runners (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed with the Commission on April 2, 2018 (File No. 000-51734)).
10.10	—	Third Amended and Restated Credit Agreement, dated as of February 23, 2018, by and among Calumet Specialty Products Partners, L.P. and certain of its subsidiaries as Borrowers, certain of its subsidiaries as Guarantors, the Lenders, Bank of America, N.A., as Agent, JPMorgan Chase Bank, N.A and Wells Fargo Bank, N.A., as Co-Syndication Agents (incorporated by reference from exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the commission on March 1, 2018 (File-No. 000-51734)).
10.11	—	First Amendment to Third Amended and Restated Credit Agreement, dated as of September 4, 2019, by and among Calumet Specialty Products Partners, L.P. and certain of its subsidiaries as Borrowers, certain of its subsidiaries as Guarantors, the Lenders, Bank of America, N.A., as Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, N.A., as Co-Syndication Agents (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on September 6, 2019 (File No. 000-51734)).
10.12	—	Amended and Restated Collateral Trust Agreement, dated as of April 20, 2016, among Calumet Specialty Products Partners, L.P., the obligors party thereto, the secured hedge counterparties party thereto and Wilmington Trust, National Association, as Trustee and Collateral Trustee (incorporated by reference to exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the commission on April 21, 2016 (File No. 000-51734)).

Exhibit Number		Description
10.13	—	Second Amended and Restated Intercreditor Agreement, dated April 20, 2016, by and among the Collateral Trustee, Bank of America, N.A., as administrative agent, and the obligors named therein (incorporated by reference to exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the commission on April 21, 2016 (File No. 000-51734)).
10.14†	—	Amended and Restated Long-Term Incentive Plan, effective as of December 10, 2015 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on December 11, 2015 (File No. 000-51734)).
10.15	—	Supply and Offtake Agreement, dated as of June 19, 2017, between Macquarie Energy North America Trading Inc., Calumet Shreveport Fuels, LLC and Calumet Shreveport Lubricants & Waxes, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on August 7, 2017 (File No. 000-51734)).
10.16	—	First Amendment to Supply and Offtake Agreement, dated March 28, 2018 between Macquarie Energy North America Trading Inc. and Calumet Shreveport Refining, LLC formerly known as Calumet Shreveport Lubricants and Waxes, LLC and successor by merger to Calumet Shreveport Fuels, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 15, 2015 (File No. 000-51734)).
10.17	—	Second Amendment to Supply and Offtake Agreement, dated December 21, 2018 between Macquarie Energy North America Trading Inc. and Calumet Shreveport Refining, LLC formerly known as Calumet Shreveport Lubricants and Waxes, LLC and successor by merger to Calumet Shreveport Fuels, LLC (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed with the Commission on March 7, 2019 (File No. 000-51734)).
10.18	—	Third Amendment to Supply and Offtake Agreement, dated May 9, 2019, between Macquarie Energy North America Trading Inc. and Calumet Shreveport Refining, LLC formerly known as Calumet Shreveport Lubricants and Waxes, LLC and successor by merger to Calumet Shreveport Fuels, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on May 10, 2019 (File No. 000-51734)).
10.19†	—	Calumet GP, LLC Annual Bonus Plan, dated February 23, 2017 and effective January 1, 2017 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on August 7, 2017 (File No. 000-51734)).
10.20†	—	Form of Award Agreement (incorporated by reference to Exhibit 10.4 (included as an attachment to Exhibit 10.3) to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on August 7, 2017 (File No. 000-51734)).
10.21†	—	First Amendment to the Form of Award Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on December 28, 2017 (File No. 000-51734)).
10.22	—	Buyer Parent Guaranty, dated as of August 11, 2017, by and between Husky Oil Operations Limited and Calumet Lubricants Co., Limited Partnership (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on August 14, 2017 (File No. 000-51734)).
10.23	—	H. Keith Jennings Offer Addendum, dated effective May 2, 2020, between Calumet GP, LLC and H. Keith Jennings (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 7, 2020 (File No. 000-51734)).
10.24	—	Transition and Separation Agreement, dated effective March 11, 2020, between Calumet GP, LLC and Timothy Go (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 7, 2020 (File No. 000-51734)).
10.25	—	Employment Letter, effective as of April 3, 2020, by and between Calumet GP, LLC and Stephen P. Mawer (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on June 2, 2020 (File No. 000-51734)).
10.26	—	Todd Borgmann Promotion Letter, effective as of September 1, 2020, between Calumet GP, LLC and Todd Borgmann (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 6, 2020 (File No. 000-51734)).
10.27	—	Amendment No. 1 to Amended and Restated Collateral Trust Agreement, dated as of July 31, 2020, by and among the Partnership, the obligors party thereto and Wilmington Trust, National Association, as collateral trustee (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on August 5, 2020 (File No. 000-51734)).

Exhibit Number		Description
10.28	—	Consent to Third Amended and Restated Credit Agreement, dated July 3, 2020, by and among Calumet Specialty Products Partners, L.P. and certain of its subsidiaries, as Borrowers, the Lenders party thereto and Bank of America, N.A., as Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on July 6, 2020 (File No. 000-51734)).
10.29+	—	Support Agreement, dated July 6, 2020, among Calumet Specialty Products Partners, L.P., Calumet Finance Corp. and the Holders party thereto (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the commission on July 6, 2020 (File No. 000-51734)).
10.30	—	Third Supplemental Indenture, dated as of February 11, 2021, by and among the Partnership, Finance Corp., the guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the commission on February 16, 2021 (File No. 000-51734)).
10.31	—	Seventh Supplemental Indenture, dated as of February 11, 2021, by and among the Partnership, Finance Corp., the guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the commission on February 16, 2021 (File No. 000-51734)).
10.32	—	Master Lease Agreement, together with Property Schedule No. 1 thereto, each dated as of February 12, 2021, and each by and between Stonebriar Commercial Finance LLC and Calumet Shreveport Refining, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the commission on February 16, 2021 (File No. 000-51734)).
21.1*	—	List of Subsidiaries of Calumet Specialty Products Partners, L.P.
23.1*	—	Consent of Ernst & Young, LLP, independent registered public accounting firm.
31.1*	—	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	—	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	—	Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
100.INS*	—	XBRL Instance Document.
101.SCH*	—	XBRL Taxonomy Extension Schema Document.
101.CAL*	—	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	—	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	—	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	—	XBRL Taxonomy Extension Presentation Linkbase Document.

† Identifies management contract and compensatory plan arrangements.

* Filed herewith.

** Furnished herewith.

+ Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished to the Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.

By: CALUMET GP, LLC
its general partner

By: /s/ Stephen P. Mawer
Stephen P. Mawer
Chief Executive Officer

Date: March 3, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title		Date
/s/ Stephen P. Mawer Stephen P. Mawer	Chief Executive Officer of Calumet GP, LLC (Principal Executive Officer)	Date:	March 3, 2021
/s/ L. Todd Borgmann L. Todd Borgmann	Executive Vice President and Chief Financial Officer of Calumet GP, LLC (Principal Financial Officer)	Date:	March 3, 2021
/s/ Vincent Donargo Vincent Donargo	Chief Accounting Officer of Calumet GP, LLC (Principal Accounting Officer)	Date:	March 3, 2021
/s/ Fred M. Fehsenfeld, Jr. Fred M. Fehsenfeld, Jr.	Director and Chairman of the Board of Calumet GP, LLC	Date:	March 3, 2021
/s/ James S. Carter James S. Carter	Director of Calumet GP, LLC	Date:	March 3, 2021
/s/ Robert E. Funk Robert E. Funk	Director of Calumet GP, LLC	Date:	March 3, 2021
/s/ Paul C. Raymond III Paul C. Raymond III	Director of Calumet GP, LLC	Date:	March 3, 2021
/s/ Daniel J. Sajkowski Daniel J. Sajkowski	Director of Calumet GP, LLC	Date:	March 3, 2021
/s/ Amy M. Schumacher Amy M. Schumacher	Director of Calumet GP, LLC	Date:	March 3, 2021
/s/ Daniel L. Sheets Daniel L. Sheets	Director of Calumet GP, LLC	Date:	March 3, 2021
/s/ Jennifer G. Straumins Jennifer G. Straumins	Director of Calumet GP, LLC	Date:	March 3, 2021

Exhibit 21.1

SUBSIDIARIES OF CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.

(As of December 31, 2020)

Name of Subsidiary	**Jurisdiction of Organization**
Calumet Operating, LLC	Delaware
Calumet Refining, LLC	Delaware
Calumet Shreveport Refining, LLC	Delaware
Calumet Finance Corp.	Delaware
Calumet Karns City Refining, LLC	Delaware
Calumet Dickinson Refining, LLC	Delaware
Calumet Missouri, LLC	Delaware
Calumet Montana Refining, LLC	Delaware
Calumet Branded Products, LLC	Delaware
Bel-Ray Company, LLC	Delaware
Kurlin Company, LLC	Delaware
Calumet Mexico, LLC	Delaware
Calumet Specialty Oils de Mexico, S. de R.L. de C.V.	Mexico
Calumet Princeton Refining, LLC	Delaware
Calumet Cotton Valley Refining, LLC	Delaware
Calumet Specialty Products Canada, ULC	Canada
Calumet International, Inc.	Delaware
Calumet Paralogics, Inc.	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements:

(1) Registration Statement (Form S-8 No. 333-226740) of Calumet Specialty Products Partners, L.P.,
(2) Registration Statement (Form S-8 No. 333-208511) of Calumet Specialty Products Partners, L.P.,
(3) Registration Statement (Form S-8 No. 333-186961) of Calumet Specialty Products Partners, L.P., and
(4) Registration Statement (Form S-8 No. 333-138767) of Calumet Specialty Products Partners, L.P..

of our reports dated March 3, 2021, with respect to the consolidated financial statements of Calumet Specialty Products Partners, L.P., and the effectiveness of internal control over financial reporting of Calumet Specialty Products Partners, L.P. included in this Annual Report (Form 10-K) for the year ended December 31, 2020.

/s/ Ernst & Young LLP
Indianapolis, Indiana
March 3, 2021

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Stephen P. Mawer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Calumet Specialty Products Partners, L.P. (the “registrant”);

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 officer 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 officer 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.

Date:	March 3, 2021	/s/ Stephen P. Mawer
		Stephen P. Mawer
		Chief Executive Officer of Calumet GP, LLC, general partner of Calumet Specialty Products Partners, L.P. (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, L. Todd Borgmann, certify that:

1. I have reviewed this Annual Report on Form 10-K of Calumet Specialty Products Partners, L.P. (the “registrant”);

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 officer 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 officer 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.

Date: March 3, 2021

/s/ L. Todd Borgmann

L. Todd Borgmann
Executive Vice President and Chief Financial Officer of Calumet GP, LLC, general partner of Calumet Specialty Products Partners, L.P.
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the Annual Report of Calumet Specialty Products Partners, L.P. (the "Company") on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of Calumet GP, LLC, the general partner of the Company, does hereby certify that:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 3, 2021	/s/ Stephen P. Mawer
	Stephen P. Mawer Chief Executive Officer of Calumet GP, LLC, general partner of Calumet Specialty Products Partners, L.P (Principal Executive Officer)
March 3, 2021	/s/ L. Todd Borgmann
	L. Todd Borgmann Executive Vice President and Chief Financial Officer of Calumet GP, LLC, general partner of Calumet Specialty Products Partners, L.P (Principal Financial Officer)