Calumet Specialty Products Partners, L.P.
Form 10-Q
November 10, 2008

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

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the quarterly period ended September 30, 2008.**

**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR THE SECURITIES EXCHANGE ACT OF 1934**
**FOR THE TRANSITION PERIOD FROM TO**

**Commission File Number: 000-51734**
**Calumet Specialty Products Partners, L.P.**
*(Exact Name of Registrant as Specified in Its Charter)*

| | |
|---|---|
| **Delaware** | **37-1516132** |
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(I.R.S. Employer Identification Number)* |
| **2780 Waterfront Pkwy E. Drive, Suite 200 Indianapolis, Indiana** | **46214** |
| (Address of principal executive officers) | (Zip code) |

Registrant s telephone number including area code **(317) 328-5660**

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

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

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

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

At October 31, 2008, the registrant had 19,166,000 common units and 13,066,000 subordinated units outstanding.

**CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.**
**FORM 10-Q September 30, 2008 QUARTERLY REPORT**
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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements can be identified by the use of forward-looking terminology including may, believe, expect, anticipate, intend, forecast, estimate, continue, or other similar words. The statements regarding (i) the Shreveport refinery expansion project s resulting increases in production levels, (ii) expected settlements with the Louisiana Department of Environmental Quality ( LDEQ ) or other environmental and regulatory liabilities, (iii) the future benefits and risks of the Penreco acquisition, (iv) future anticipated levels of inventory, (v) our anticipated levels of use of derivatives to mitigate our exposure to crude oil price changes and fuel products price changes and (vi) future compliance with our debt covenants, as well as other matters discussed in this Form 10-Q that are not purely historical data, are forward-looking statements. These statements discuss future expectations or state other forward-looking information and involve risks and uncertainties many of which are beyond our control. When considering these forward-looking statements, unitholders should keep in mind the risk factors and other cautionary statements included in this Form 10-Q, in our Form 10-Q for the three and six months ended June 30, 2008, filed on August 11, 2008, and in our Annual Report on Form 10-K for the year ended December 31, 2007, filed on March 4, 2008. These risk factors and cautionary statements noted throughout this Form 10-Q could cause our actual results to differ materially from those contained in any forward-looking statement. These factors include, but are not limited to:

- the overall demand for specialty hydrocarbon products, fuels and other refined products;
- our ability to produce specialty products and fuels that meet our customers unique and precise specifications;
- the impact of crude oil and crack spread price fluctuations and rapid increases or decreases including the impact on our liquidity;
- the results of our hedging and other risk management activities;
- risks associated with our Shreveport expansion project;
- difficulties in successfully integrating the operations and employees of Penreco and the timing of such integration;
- our ability to comply with the financial covenants contained in our credit agreements;
- the availability of, and our ability to consummate, acquisition or combination opportunities;
- labor relations;
- our access to capital to fund expansions, acquisitions and our working capital needs and our ability to obtain debt or equity financing on satisfactory terms;
- successful integration and future performance of acquired assets or businesses;
- environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves;
- maintenance of our credit ratings and ability to receive open credit from our suppliers and hedging counterparties;
- demand for various grades of crude oil and resulting changes in pricing conditions;

fluctuations in refinery capacity;

the effects of competition;

continued creditworthiness of, and performance by, counterparties;

the impact of current and future laws, rulings and governmental regulations;

shortages or cost increases of power supplies, natural gas, materials or labor;

hurricane and other weather interference with business operations or project construction;

fluctuations in the debt and equity markets;

accidents or other unscheduled shutdowns; and

general economic, market or business conditions.

Other factors described herein, or factors that are unknown or unpredictable, could also have a material adverse effect on future results. Our forward looking statements are not guarantees of future performance, and actual results and future performance may differ materially from those suggested in any forward looking statement. Please read Part I Item 3 Quantitative and Qualitative Disclosures About Market Risk. We will not update these statements unless securities laws require us to do so.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the foregoing. We undertake no obligation to publicly release the results of any revisions to any such forward-looking statement that may be made to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

References in this Form 10-Q to Calumet, the Company, we, our, us or like terms refer to Calumet Specialty Products Partners, L.P. and its subsidiaries. References in this quarterly report on Form 10-Q to our general partner refer to Calumet GP, LLC.

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## PART I

**Item 1.** ***Financial Statements***

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

| | September 30, 2008 (Unaudited) | December 31, 2007 |
|---|---|---|
| | (In thousands) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 107 | $ 35 |
| Accounts receivable: | | |
| Trade | 218,698 | 109,501 |
| Other | 438 | 4,496 |
| | 219,136 | 113,997 |
| Inventories | 89,450 | 107,664 |
| Prepaid expenses and other current assets | 3,017 | 7,588 |
| Total current assets | 311,710 | 229,284 |
| Property, plant and equipment, net | 666,654 | 442,882 |
| Goodwill | 48,336 | |
| Other intangible assets, net | 52,915 | 2,460 |
| Other noncurrent assets, net | 11,875 | 4,231 |
| Total assets | $ 1,091,490 | $ 678,857 |
| **LIABILITIES AND PARTNERS CAPITAL** | | |
| Current liabilities: | | |
| Accounts payable | $ 157,518 | $ 167,977 |
| Accrued salaries, wages and benefits | 10,143 | 2,745 |
| Taxes payable | 8,211 | 6,215 |
| Other current liabilities | 7,743 | 4,882 |
| Current portion of long-term debt | 4,842 | 943 |
| Derivative liabilities | 117,835 | 57,503 |
| Total current liabilities | 306,292 | 240,265 |
| Pension and postretirement benefit obligations | 4,720 | |
| Long-term debt, less current portion | 451,295 | 38,948 |
| Total liabilities | 762,307 | 279,213 |
| Commitments and contingencies Partners capital: | | |
| Common unitholders (19,166,000 units issued and outstanding) | 361,669 | 375,925 |
| Subordinated unitholders (13,066,000 units issued and outstanding) | 34,295 | 43,996 |
| General partner s interest | 17,858 | 19,364 |
| Accumulated other comprehensive loss | (84,639) | (39,641) |
| Total partners capital | 329,183 | 399,644 |

| | | |
|---|---|---|
| Total liabilities and partners capital | $ 1,091,490 | $ 678,857 |

See accompanying notes to unaudited condensed consolidated financial statements.

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

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | (In thousands, except per unit data) | | (In thousands, except per unit data) | |
| Sales | $ 724,371 | $ 428,084 | $ 1,990,315 | $ 1,200,923 |
| Cost of sales | 647,397 | 390,209 | 1,817,625 | 1,047,542 |
| Gross profit | 76,974 | 37,875 | 172,690 | 153,381 |
| Operating costs and expenses: | | | | |
| Selling, general and administrative | 11,995 | 4,235 | 29,666 | 16,069 |
| Transportation | 21,656 | 13,218 | 66,685 | 40,835 |
| Taxes other than income taxes | 1,324 | 923 | 3,386 | 2,719 |
| Other | 393 | 2,220 | 957 | 2,562 |
| Operating income | 41,606 | 17,279 | 71,996 | 91,196 |
| Other income (expense): | | | | |
| Interest expense | (10,670) | (1,346) | (24,373) | (3,474) |
| Interest income | 23 | 290 | 346 | 1,849 |
| Debt extinguishment costs | | (347) | (898) | (347) |
| Realized loss on derivative instruments | (12,621) | (3,870) | (12,971) | (9,658) |
| Unrealized loss on derivative instruments | (30,892) | (2,445) | (13,866) | (3,937) |
| Gain on sale of mineral rights | | | 5,770 | |
| Other | 187 | (9) | 205 | (145) |
| Total other expense | (53,973) | (7,727) | (45,787) | (15,712) |
| Net income (loss) before income taxes | (12,367) | 9,552 | 26,209 | 75,484 |
| Income tax expense | 148 | 96 | 308 | 401 |
| Net income (loss) | $ (12,515) | $ 9,456 | $ 25,901 | $ 75,083 |
| Minimum quarterly distribution to common unitholders | (8,625) | (7,365) | (25,875) | (22,095) |
| General partner s incentive distribution rights | | | (10,658) | (14,102) |
| General partner s interest in net (income) loss | 250 | (189) | (8) | (783) |
| Common unitholders share of net income in excess of minimum quarterly distribution | | | (9,704) | (13,592) |
| Subordinated unitholders interest in net income (loss) | $ (20,890) | $ 1,902 | $ (20,344) | $ 24,511 |

| | | | | |
|---|---|---|---|---|
| Basic and diluted net income (loss) per limited partner unit: | | | | |
| Common | $ 0.45 | $ 0.45 | $ 1.86 | $ 2.18 |
| Subordinated | $ (1.60) | $ 0.15 | $ (1.55) | $ 1.88 |
| Weighted average limited partner common units outstanding basic | 19,166 | 16,366 | 19,166 | 16,366 |
| Weighted average limited partner subordinated units outstanding basic | 13,066 | 13,066 | 13,066 | 13,066 |
| Weighted average limited partner common units outstanding diluted | 19,166 | 16,369 | 19,166 | 16,369 |
| Weighted average limited partner subordinated units outstanding diluted | 13,066 | 13,066 | 13,066 | 13,066 |
| Cash distributions declared per common and subordinated unit | $ 0.45 | $ 0.63 | $ 1.53 | $ 1.86 |

See accompanying notes to unaudited condensed consolidated financial statements.

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**CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS CAPITAL**

| | Accumulated Other Comprehensive Loss | Partners' Capital | | | |
|---|---|---|---|---|---|
| | | General Partner | Limited Partners | | Total |
| | | | Common | Subordinated | |
| | | | (In thousands) | | |
| Balance at December 31, 2007 | $ (39,641) | $ 19,364 | $ 375,925 | $ 43,996 | $ 399,644 |
| Comprehensive loss: | | | | | |
| Net income | | 518 | 15,093 | 10,290 | 25,901 |
| Cash flow hedge loss reclassified to net income | 10,993 | | | | 10,993 |
| Change in fair value of cash flow hedges | (55,991) | | | | (55,991) |
| Comprehensive loss | | | | | (19,097) |
| Common units repurchased for phantom unit grants | | | (115) | | (115) |
| Amortization of phantom units | | | 90 | | 90 |
| Distributions to partners | | (2,024) | (29,324) | (19,991) | (51,339) |
| Balance at September 30, 2008 | $ (84,639) | $ 17,858 | $ 361,669 | $ 34,295 | $ 329,183 |

See accompanying notes to unaudited condensed consolidated financial statements.

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

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | 2008 | 2007 |
| | (In thousands) | |
| **Operating activities** | | |
| Net income | $ 25,901 | $ 75,083 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 42,369 | 10,978 |
| Amortization of turnaround costs | 1,041 | 2,586 |
| Provision for doubtful accounts | 1,320 | |
| Non-cash debt extinguishment costs | 898 | 347 |
| Unrealized loss on derivative instruments | 13,866 | 3,937 |
| Gain on sale of mineral rights | (5,770) | |
| Other non-cash activities | 1,223 | 205 |
| Changes in operating assets and liabilities, net of business acquisition: | | |
| Accounts receivable | (64,410) | (18,159) |
| Inventories | 84,606 | 9,605 |
| Prepaid expenses and other current assets | 4,641 | 1,773 |
| Derivative activity | 7,510 | 1,079 |
| Intangible assets | (1,438) | |
| Other noncurrent assets | (547) | (5,461) |
| Accounts payable | (39,473) | 44,975 |
| Accrued salaries, wages and benefits | 1,621 | (1,077) |
| Taxes payable | 1,996 | 361 |
| Other current liabilities | 518 | (473) |
| Other non-current liabilities | (193) | |
| Net cash provided by operating activities | 75,679 | 125,759 |
| **Investing activities** | | |
| Additions to property, plant and equipment | (161,811) | (165,460) |
| Acquisition of Penreco, net of cash acquired | (269,118) | |
| Settlement of derivative instruments | (6,042) | |
| Proceeds from sale of mineral rights | 6,065 | |
| Proceeds from disposal of property, plant and equipment | 24 | 61 |
| Net cash used in investing activities | (430,882) | (165,399) |
| **Financing activities** | | |
| Proceeds from borrowings, net revolving credit facility | 85,933 | 34,020 |
| Repayments of borrowings prior term loan credit facility | (30,099) | (19,327) |
| Proceeds from borrowings, net new term loan credit facility | 367,600 | |
| Debt issuance costs | (9,633) | |
| Repayments of borrowings new term loan credit facility | (8,953) | |
| Payments on capital lease obligations | (309) | |
| Change in bank overdraft | 2,190 | 1,216 |
| Purchase of common units for unit grants | (115) | |
| Distributions to partners | (51,339) | (57,196) |

| | | | | |
|---|---|---|---|---|
| Net cash provided by (used in) financing activities | | 355,275 | | (41,287) |
| Net increase (decrease) in cash | | 72 | | (80,927) |
| Cash at beginning of period | | 35 | | 80,955 |
| Cash at end of period | $ | 107 | $ | 28 |
| **Supplemental disclosure of cash flow information** | | | | |
| Interest paid | $ | 24,180 | $ | 6,285 |
| Income taxes paid | $ | 19 | $ | 120 |

See accompanying notes to unaudited condensed consolidated financial statements.

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**CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.**
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(In thousands, except operating, unit, per unit and per barrel data)**

**1. Partnership Organization and Basis of Presentation**

Calumet Specialty Products Partners, L.P. (Calumet, Partnership, or the Company) is a Delaware limited partnership. The general partner is Calumet GP, LLC, a Delaware limited liability company. On January 31, 2006, the Partnership completed the initial public offering of its common units. At that time, substantially all of the assets and liabilities of Calumet Lubricants Co., Limited Partnership and its subsidiaries were contributed to Calumet. On July 5, 2006 and November 20, 2007, the Partnership completed follow-on public offerings of its common units. As of September 30, 2008, Calumet had 19,166,000 common units, 13,066,000 subordinated units, and 657,796 general partner equivalent units outstanding. The general partner owns 2% of Calumet while the remaining 98% is owned by limited partners. On January 3, 2008 the Company closed on the acquisition of Penreco, a Texas general partnership, for approximately $269,118. See Note 4 for further discussion of this acquisition. As a result, the assets and liabilities and results of the operation of these assets are included within the Company s unaudited condensed consolidated balance sheet as of September 30, 2008 and the unaudited condensed consolidated statements of operations for the three and nine months ended September 30, 2008. Calumet is engaged in the production and marketing of crude oil-based specialty lubricating oils, white mineral oils, solvents, petrolatums, waxes and fuels. Calumet owns facilities located in Princeton, Louisiana, Cotton Valley, Louisiana, Shreveport, Louisiana, Karns City, Pennsylvania, and Dickinson, Texas, and a terminal located in Burnham, Illinois.

The unaudited condensed consolidated financial statements of the Company as of September 30, 2008 and for the three and nine months ended September 30, 2008 and 2007 included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the following disclosures are adequate to make the information presented not misleading. These unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the results of operations for the interim periods presented. All adjustments are of a normal nature, unless otherwise disclosed. The results of operations for the three and nine months ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. These unaudited condensed consolidated financial statements should be read in conjunction with the Company s Annual Report on Form 10-K for the year ended December 31, 2007 filed on March 4, 2008.

**2. New Accounting Pronouncements**

In April 2007, the FASB issued FASB Staff Position No. FIN 39-1, *Amendment of FASB Interpretation No. 39* (the Position ), which amends certain aspects of FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*. The Position permits companies to offset fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting arrangement. The Position is effective for fiscal years beginning after November 15, 2007. The Company adopted the Position on January 1, 2008 and the adoption did not have a material effect on its financial position, results of operations, or cash flows.

In December 2007, the FASB issued FASB Statement No. 141(R), *Business Combinations* (the Statement ). The Statement applies to the financial accounting and reporting of business combinations. The Statement is effective for business combination transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company anticipates that the Statement will not have a material effect on its financial position, results of operations, or cash flows.

In March 2008, the FASB issued FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* ( SFAS 161 ). SFAS 161 requires entities that utilize derivative instruments to provide qualitative disclosures about their objectives and strategies for using such instruments, as well as any details of credit-risk-related contingent features contained within derivatives. SFAS 161 also requires entities to disclose additional information about the amounts and location of derivatives located within the financial statements, how the provisions of SFAS 133 have been applied, and the impact that hedges have on an entity s financial position, results of operations, and cash flows. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company currently provides an abundance of information about its hedging activities and use of derivatives in its quarterly and annual filings with the SEC, including many of the disclosures contained within SFAS 161. Thus, the Company currently does not anticipate the adoption of SFAS 161 will have a material impact on the disclosures already provided.

In March 2008, FASB issued Emerging Issues Task Force Issue No. 07-4, *Application of the Two-Class Method under FASB Statement No. 128 to Master Limited Partnerships* ( EITF 07-4 ). EITF 07-4 requires master limited partnerships to treat 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 pay IDRs. EITF 07-4 requires that undistributed earnings be allocated to the partnership interests based on the allocation of earnings to capital accounts as specified in the respective partnership agreement. When distributions exceed earnings, EITF 07-4 requires that net income be reduced by the actual distributions with the resulting net loss being allocated to capital accounts as specified in the respective partnership agreement. EITF 07-4 is effective for fiscal years and interim periods beginning after December 15, 2008. The Company is evaluating the potential impacts of EITF 07-4.

In April 2008, the FASB issued FASB Staff Position No. 142-3, *Determination of the Useful Life of Intangible Assets*, ( FSP No. 142-3 ) that amends the factors considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* ( SFAS No. 142 ). FSP No. 142-3 requires a consistent approach between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of an asset under SFAS No. 141(R), *Business Combinations*. FSP No. 142-3 also requires enhanced disclosures when an intangible asset s expected future cash flows are affected by an entity s intent and/or ability to renew or extend the arrangement. FSP No. 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and is applied prospectively. Early adoption is prohibited. The Company does not expect the adoption of FSP No. 142-3 to have a material impact on its consolidated results of operations or financial condition.

**3. Inventories**

The cost of inventories is determined using the last-in, first-out ( LIFO ) method. Inventories are valued at the lower of cost or market value.

Inventories consist of the following:

| | September 30, 2008 | December 31, 2007 |
|---|---|---|
| Raw materials | $ 10,010 | $ 20,887 |
| Work in process | 34,388 | 21,325 |
| Finished goods | 45,052 | 65,452 |
| | $ 89,450 | $ 107,664 |

The replacement cost of these inventories, based on current market values, would have been $113,198 and $107,885 higher at September 30, 2008 and December 31, 2007, respectively. For the nine months ended September 30, 2008 and 2007, the Company recorded a reduction to cost of sales of $50,826 and $5,053, respectively, in the unaudited condensed consolidated statements of operations due to the liquidation of lower cost inventory layers as a result of the Company s working capital reduction initiative.

**4. Acquisition of Penreco**

On January 3, 2008 the Company closed on the acquisition of Penreco, a Texas general partnership, for $269,118, net of the cash balance in Penreco s accounts at closing. Penreco was owned by ConocoPhillips Company and M.E. Zukerman Specialty Oil Corporation. Penreco manufactures and markets highly-refined products and specialty solvents, including white mineral oils, petrolatums, natural petroleum sulfonates, cable-filling compounds, refrigeration oils, food-grade compressor lubricants and gelled products. The acquisition included facilities in Karns City, Pennsylvania and Dickinson, Texas, as well as several long-term supply agreements with ConocoPhillips Company.

The Company believes that this acquisition provides several key strategic benefits, including market synergies within its solvents and lubricating oil product lines, additional operational and logistical flexibility and overhead cost reductions resulting from the acquisition. The acquisition also broadens the Company s customer base and gives the

Company access to new markets.

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As a result of the acquisition, the assets and liabilities previously held by Penreco and results of the operation of these assets have been included in the Company s unaudited condensed consolidated balance sheet and unaudited condensed consolidated statements of operations since the date of acquisition. The unaudited pro forma summary results of operations for the three and nine months ended September 30, 2007 below, combines the results of operations of Calumet and Penreco as if the acquisition had occurred on January 1, 2007.

| | For the Three Months Ended September 30, 2007 (Unaudited) | For the Nine Months Ended September 30, 2007 (Unaudited) |
|---|---|---|
| Sales | $ 540,140 | $ 1,516,492 |
| Net income | $ 13,803 | $ 91,390 |
| Basic and diluted net income per limited partner unit | $ 0.46 | $ 2.40 |

The Company is negotiating the final settlement with ConocoPhillips Company and M.E. Zukerman Specialty Oil Corporation for working capital adjustments, which the Company believes is unlikely to result in a material change to the purchase price. The Company recorded $48,336 of goodwill as a result of this acquisition, all of which was recorded within the Company s specialty products segment. The preliminary allocation of the aggregate purchase price, which is preliminary pending the final working capital adjustments, is as follows:

| | |
|---|---|
| Accounts receivable | $ 42,049 |
| Inventories | 66,392 |
| Prepaid expenses and other current assets | 70 |
| Property, plant and equipment | 91,790 |
| Other noncurrent assets | 288 |
| Intangible assets | 59,325 |
| Goodwill | 48,336 |
| Accounts payable | (29,014) |
| Other current liabilities | (5,930) |
| Other noncurrent liabilities | (4,188) |
| Total purchase price, net of cash acquired | $ 269,118 |

The components of intangible assets listed in the table above as of January 3, 2008, based upon a third party appraisal, were as follows:

| | Amount | Life |
|---|---|---|
| Customer relationships | $ 28,482 | 20 |
| Supplier agreements | 21,519 | |