

Edgar Filing: ICAHN ENTERPRISES L.P. - Form 10-Q

ICAHN ENTERPRISES L.P.
 Form 10-Q
 November 03, 2017
 UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2017

(Commission File Number)	(Exact Name of Registrant as Specified in Its Charter) (Address of Principal Executive Offices) (Zip Code) (Telephone Number)	(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
1-9516	ICAHN ENTERPRISES L.P. 767 Fifth Avenue, Suite 4700 New York, NY 10153 (212) 702-4300	Delaware	13-3398766
333-118021-01	ICAHN ENTERPRISES HOLDINGS L.P. 767 Fifth Avenue, Suite 4700 New York, NY 10153 (212) 702-4300	Delaware	13-3398767

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.

Icahn Enterprises L.P. Yes No Icahn Enterprises Holdings L.P. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Icahn Enterprises L.P. Yes No Icahn Enterprises Holdings L.P. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or 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 (Check One):

Icahn Enterprises L.P.	Icahn Enterprises Holdings L.P.
Large Accelerated Filer <input checked="" type="checkbox"/> Accelerated Filer <input type="checkbox"/>	Large Accelerated Filer <input type="checkbox"/> Accelerated Filer <input type="checkbox"/>
Non-accelerated Filer <input type="checkbox"/> Smaller Reporting Company <input type="checkbox"/>	Non-accelerated Filer <input checked="" type="checkbox"/> Smaller Reporting Company <input type="checkbox"/>
Emerging Growth Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>

Edgar Filing: ICAHN ENTERPRISES L.P. - Form 10-Q

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Icahn Enterprises L.P. Yes No Icahn Enterprises Holdings L.P. Yes No

As of November 3, 2017, there were 169,083,315 of Icahn Enterprises' depositary units outstanding.

ICAHN ENTERPRISES L.P.
ICAHN ENTERPRISES HOLDINGS L.P.
TABLE OF CONTENTS

	Page No.
PART I. FINANCIAL INFORMATION	
<u>Item 1. Financial Statements.</u>	<u>1</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>41</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>57</u>
<u>Item 4. Controls and Procedures.</u>	<u>58</u>
PART II. OTHER INFORMATION	
<u>Item 1. Legal Proceedings.</u>	<u>59</u>
<u>Item 1A. Risk Factors.</u>	<u>59</u>
<u>Item 5. Other Information.</u>	<u>59</u>
<u>Item 6. Exhibits.</u>	<u>59</u>

EXPLANATORY NOTE

This Quarterly Report on Form 10-Q (this "Report") is a joint report being filed by Icahn Enterprises L.P. and Icahn Enterprises Holdings L.P. Each registrant hereto is filing on its own behalf all of the information contained in this Report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except unit amounts)

	September 30, 2017	December 31, 2016
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$ 2,038	\$ 1,833
Cash held at consolidated affiliated partnerships and restricted cash	999	804
Investments	9,748	9,881
Due from brokers	1,006	1,482
Accounts receivable, net	1,853	1,609
Inventories, net	3,256	2,983
Property, plant and equipment, net	9,631	10,122
Goodwill	1,199	1,136
Intangible assets, net	1,072	1,116
Assets held for sale	410	1,366
Other assets	1,605	1,039
Total Assets	\$ 32,817	\$ 33,371
LIABILITIES AND EQUITY		
Accounts payable	\$ 2,093	\$ 1,765
Accrued expenses and other liabilities	3,566	3,034
Deferred tax liability	1,678	1,613
Securities sold, not yet purchased, at fair value	1,258	1,139
Due to brokers	603	3,725
Post-retirement benefit liability	1,210	1,180
Liabilities held for sale	13	1,779
Debt	11,198	11,119
Total liabilities	21,619	25,354
Commitments and contingencies (Note 16)		
Equity:		
Limited partners: Depository units: 169,083,315 units issued and outstanding at September 30, 2017 and 144,741,149 units issued and outstanding at December 31, 2016	5,026	2,448
General partner	(242	) (294
Equity attributable to Icahn Enterprises	4,784	2,154
Equity attributable to non-controlling interests	6,414	5,863
Total equity	11,198	8,017
Total Liabilities and Equity	\$ 32,817	\$ 33,371

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per unit amounts)

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	2016	2017	2016	2017
	(Unaudited)			
Revenues:				
Net sales	\$4,292	\$3,904	\$12,893	\$11,546
Other revenues from operations	427	537	1,389	1,506
Net income (loss) from investment activities	420	418	604	(826)
Interest and dividend income	37	27	99	97
Gain (loss) on disposition of assets, net	446	(1)	1,966	10
Other income, net	58	14	60	43
	5,680	4,899	17,011	12,376
Expenses:				
Cost of goods sold	3,679	3,378	11,094	9,949
Other expenses from operations	254	342	786	902
Selling, general and administrative	633	603	1,883	1,736
Restructuring, net	5	8	14	29
Impairment	5	93	82	670
Interest expense	207	222	648	665
	4,783	4,646	14,507	13,951
Income (loss) before income tax expense	897	253	2,504	(1,575)
Income tax expense	(68)	(15)	(110)	(81)
Net income (loss)	829	238	2,394	(1,656)
Less: net income (loss) attributable to non-controlling interests	232	254	262	(734)
Net income (loss) attributable to Icahn Enterprises	\$597	\$(16)	\$2,132	\$(922)
Net income (loss) attributable to Icahn Enterprises allocable to:				
Limited partners	\$586	\$(16)	\$2,090	\$(904)
General partner	11	—	42	(18)
	\$597	\$(16)	\$2,132	\$(922)
Basic and diluted income (loss) per LP unit	\$3.53	\$(0.12)	\$13.23	\$(6.70)
Basic and diluted weighted average LP units outstanding	166	139	158	135
Cash distributions declared per LP unit	\$1.50	\$1.50	\$4.50	\$4.50

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Three Months Ended September 30, 2017 2016		Nine Months Ended September 30, 2017 2016	
	(Unaudited)			
Net income (loss)	\$829	\$238	\$2,394	\$(1,656)
Other comprehensive income (loss), net of tax:				
Post-employment benefits	7	7	17	17
Hedge instruments	(4	) 1	(1	) 2
Translation adjustments and other	(1	) 3	107	(10
Other comprehensive income, net of tax	2	11	123	9
Comprehensive income (loss)	831	249	2,517	(1,647)
Less: Comprehensive income (loss) attributable to non-controlling interests	235	257	274	(727)
Comprehensive income (loss) attributable to Icahn Enterprises	\$596	\$(8	) \$2,243	\$(920)
Comprehensive income (loss) attributable to Icahn Enterprises allocable to:				
Limited partners	\$584	\$(8	) \$2,198	\$(902)
General partner	12	—	45	(18)
	\$596	\$(8	) \$2,243	\$(920)

Accumulated other comprehensive loss was \$1,461 million and \$1,584 million at September 30, 2017 and December 31, 2016, respectively.

See notes to condensed consolidated financial statements.

3

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions, Unaudited)

	Equity Attributable to Icahn Enterprises				Total Equity
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	
Balance, December 31, 2016	\$(294)	\$2,448	\$2,154	\$ 5,863	\$8,017
Net income	42	2,090	2,132	262	2,394
Other comprehensive income	3	108	111	12	123
Partnership distributions	(1)	(60)	(61)	—	(61)
Partnership contributions	12	600	612	—	612
Investment segment contributions	—	—	—	600	600
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(38)	(38)
Cumulative effect adjustment from adoption of accounting principle	(1)	(46)	(47)	—	(47)
Changes in subsidiary equity and other	(3)	(114)	(117)	(285)	(402)
Balance, September 30, 2017	\$(242)	\$5,026	\$4,784	\$ 6,414	\$11,198

	Equity Attributable to Icahn Enterprises				Total Equity
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	
Balance, December 31, 2015	\$(257)	\$4,244	\$3,987	\$ 6,046	\$10,033
Net loss	(18)	(904)	(922)	(734)	(1,656)
Other comprehensive income	—	2	2	7	9
Partnership distributions	(2)	(79)	(81)	—	(81)
Partnership contributions	1	—	1	—	1
Investment segment contributions	—	—	—	505	505
Investment segment distributions	—	—	—	(7)	(7)
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(74)	(74)
LP Unit issuance	—	35	35	—	35
Changes in subsidiary equity and other	(11)	(523)	(534)	567	33
Balance, September 30, 2016	\$(287)	\$2,775	\$2,488	\$ 6,310	\$8,798

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Nine Months Ended September 30, 2017 2016 (Unaudited)	
Cash flows from operating activities:		
Net income (loss)	\$2,394	\$(1,656)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Net gain from securities transactions	(1,852)	(257)
Purchases of securities	(704)	(1,440)
Proceeds from sales of securities	2,292	6,863
Purchases to cover securities sold, not yet purchased	(692)	(227)
Proceeds from securities sold, not yet purchased	1,222	589
Changes in receivables and payables relating to securities transactions	(2,702)	(5,087)
Gain on disposition of assets, net	(1,966)	(10)
Depreciation and amortization	759	753
Impairment	82	670
Equity earnings from non-consolidated affiliates	(53)	(48)
Deferred taxes	7	—
Other, net	24	80
Changes in cash held at consolidated affiliated partnerships and restricted cash	(196)	583
Changes in other operating assets and liabilities	276	509
Net cash (used in) provided by operating activities	(1,109)	1,322
Cash flows from investing activities:		
Capital expenditures	(692)	(615)
Acquisition of businesses, net of cash acquired	(105)	(1,045)
Purchase of additional interests in consolidated subsidiaries	(349)	(2)
Proceeds from disposition of assets	1,461	20
Purchases of investments	(5)	(97)
Proceeds from sale of investments	11	66
Other, net	13	6
Net cash provided by (used in) investing activities	334	(1,667)
Cash flows from financing activities:		
Investment segment contributions from non-controlling interests	600	505
Investment segment distributions to non-controlling interests	—	(7)
Partnership contributions	612	1
Partnership distributions	(61)	(81)
Dividends and distributions to non-controlling interests in subsidiaries	(38)	(74)
Proceeds from Holding Company senior unsecured notes	1,190	—
Repayments of Holding Company senior unsecured notes	(1,175)	—
Proceeds from subsidiary borrowings	2,369	1,905
Repayments of subsidiary borrowings	(2,606)	(1,959)
Other, net	(33)	(11)
Net cash provided by financing activities	858	279
Effect of exchange rate changes on cash and cash equivalents	5	(22)
Add back decrease in cash of assets held for sale	117	12
Net increase (decrease) in cash and cash equivalents	205	(76)

Edgar Filing: ICAHN ENTERPRISES L.P. - Form 10-Q

Cash and cash equivalents, beginning of period	1,833	2,078
Cash and cash equivalents, end of period	\$2,038	\$2,002
See notes to condensed consolidated financial statements.		

5

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

	September 30, 2017	December 31, 2016
ASSETS	(Unaudited)	
Cash and cash equivalents	\$ 2,038	\$ 1,833
Cash held at consolidated affiliated partnerships and restricted cash	999	804
Investments	9,748	9,881
Due from brokers	1,006	1,482
Accounts receivable, net	1,853	1,609
Inventories, net	3,256	2,983
Property, plant and equipment, net	9,631	10,122
Goodwill	1,199	1,136
Intangible assets, net	1,072	1,116
Assets held for sale	410	1,366
Other assets	1,635	1,067
Total Assets	\$ 32,847	\$ 33,399
LIABILITIES AND EQUITY		
Accounts payable	\$ 2,093	\$ 1,765
Accrued expenses and other liabilities	3,566	3,034
Deferred tax liability	1,678	1,613
Securities sold, not yet purchased, at fair value	1,258	1,139
Due to brokers	603	3,725
Post-retirement benefit liability	1,210	1,180
Liabilities held for sale	13	1,779
Debt	11,202	11,122
Total liabilities	21,623	25,357
Commitments and contingencies (Note 16)		
Equity:		
Limited partner	5,101	2,496
General partner	(291	) (317
Equity attributable to Icahn Enterprises Holdings	4,810	2,179
Equity attributable to non-controlling interests	6,414	5,863
Total equity	11,224	8,042
Total Liabilities and Equity	\$ 32,847	\$ 33,399

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions)

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	2017	2016	2017	2016
	(Unaudited)			
Revenues:				
Net sales	\$4,292	\$3,904	\$12,893	\$11,546
Other revenues from operations	427	537	1,389	1,506
Net income (loss) from investment activities	420	418	604	(826)
Interest and dividend income	37	27	99	97
Gain on disposition of assets, net	446	(1)	1,966	10
Other income, net	58	14	60	43
	5,680	4,899	17,011	12,376
Expenses:				
Cost of goods sold	3,679	3,378	11,094	9,949
Other expenses from operations	254	342	786	902
Selling, general and administrative	633	603	1,883	1,736
Restructuring, net	5	8	14	29
Impairment	5	93	82	670
Interest expense	207	222	647	664
	4,783	4,646	14,506	13,950
Income (loss) before income tax expense	897	253	2,505	(1,574)
Income tax expense	(68)	(15)	(110)	(81)
Net income (loss)	829	238	2,395	(1,655)
Less: net income (loss) attributable to non-controlling interests	232	254	262	(734)
Net income (loss) attributable to Icahn Enterprises Holdings	\$597	\$(16)	\$2,133	\$(921)
Net income (loss) attributable to Icahn Enterprises Holdings allocable to:				
Limited partner	\$591	\$(16)	\$2,112	\$(912)
General partner	6	—	21	(9)
	\$597	\$(16)	\$2,133	\$(921)

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	2017	2016	2017	2016
Net income (loss)	\$829	\$238	\$2,395	\$(1,655)
Other comprehensive income (loss), net of tax:				
Post-employment benefits	7	7	17	17
Hedge instruments	(4)	1	(1)	2
Translation adjustments and other	(1)	3	107	(10)
Other comprehensive income, net of tax	2	11	123	9
Comprehensive income (loss)	831	249	2,518	(1,646)
Less: Comprehensive income (loss) attributable to non-controlling interests	235	257	274	(727)
Comprehensive income (loss) attributable to Icahn Enterprises Holdings	\$596	\$(8)	\$2,244	\$(919)
Comprehensive income (loss) attributable to Icahn Enterprises Holdings allocable to:				
Limited partner	\$590	\$(8)	\$2,222	\$(910)
General partner	6	—	22	(9)
	\$596	\$(8)	\$2,244	\$(919)

Accumulated other comprehensive loss was \$1,461 million and \$1,584 million at September 30, 2017 and December 31, 2016, respectively.

See notes to condensed consolidated financial statements.

8

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions, Unaudited)

	Equity Attributable to Icahn Enterprises Holdings				Total Equity
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partner's Equity	Non-controlling Interests	
Balance, December 31, 2016	\$(317)	\$2,496	\$2,179	\$ 5,863	\$8,042
Net income	21	2,112	2,133	262	2,395
Other comprehensive income	1	110	111	12	123
Partnership distributions	(1)	(60)	(61)	—	(61)
Partnership contribution	6	606	612	—	612
Investment segment contributions	—	—	—	600	600
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(38)	(38)
Cumulative effect adjustment from adoption of accounting principle	—	(47)	(47)	—	(47)
Changes in subsidiary equity and other	(1)	(116)	(117)	(285)	(402)
Balance, September 30, 2017	\$(291)	\$5,101	\$4,810	\$ 6,414	\$11,224

	Equity Attributable to Icahn Enterprises Holdings				Total Equity
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partner's Equity	Non-controlling Interests	
Balance, December 31, 2015	\$(299)	\$4,310	\$4,011	\$ 6,046	\$10,057
Net loss	(9)	(912)	(921)	(734)	(1,655)
Other comprehensive income	—	2	2	7	9
Partnership distributions	(1)	(80)	(81)	—	(81)
Partnership contributions	1	—	1	—	1
Investment segment contributions	—	—	—	505	505
Investment segment distributions	—	—	—	(7)	(7)
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(74)	(74)
LP Unit issuance	—	35	35	—	35
Changes in subsidiary equity and other	(6)	(528)	(534)	567	33
Balance, September 30, 2016	\$(314)	\$2,827	\$2,513	\$ 6,310	\$8,823

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Nine Months Ended September 30, 2017 2016 (Unaudited)	
Cash flows from operating activities:		
Net income (loss)	\$2,395	\$(1,655)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Net gain from securities transactions	(1,852)	(257)
Purchases of securities	(704)	(1,440)
Proceeds from sales of securities	2,292	6,863
Purchases to cover securities sold, not yet purchased	(692)	(227)
Proceeds from securities sold, not yet purchased	1,222	589
Changes in receivables and payables relating to securities transactions	(2,702)	(5,087)
Gain on disposition of assets, net	(1,966)	(10)
Depreciation and amortization	758	752
Impairment	82	670
Equity earnings from non-consolidated affiliates	(53)	(48)
Deferred taxes	7	—
Other, net	24	80
Changes in cash held at consolidated affiliated partnerships and restricted cash	(196)	583
Changes in other operating assets and liabilities	276	509
Net cash (used in) provided by operating activities	(1,109)	1,322
Cash flows from investing activities:		
Capital expenditures	(692)	(615)
Acquisition of businesses, net of cash acquired	(105)	(1,045)
Purchase of additional interests in consolidated subsidiaries	(349)	(2)
Proceeds from disposition of assets	1,461	20
Purchases of investments	(5)	(97)
Proceeds from sale of investments	11	66
Other, net	13	6
Net cash provided by (used in) investing activities	334	(1,667)
Cash flows from financing activities:		
Investment segment contributions from non-controlling interests	600	505
Investment segment distributions to non-controlling interests	—	(7)
Partnership contributions	612	1
Partnership distributions	(61)	(81)
Dividends and distributions to non-controlling interests in subsidiaries	(38)	(74)
Proceeds from Holding Company senior unsecured notes	1,190	—
Repayments of Holding Company senior unsecured notes	(1,175)	—
Proceeds from subsidiary borrowings	2,369	1,905
Repayments of subsidiary borrowings	(2,606)	(1,959)
Other, net	(33)	(11)
Net cash provided by financing activities	858	279
Effect of exchange rate changes on cash and cash equivalents	5	(22)
Add back decrease in cash of assets held for sale	117	12
Net increase (decrease) in cash and cash equivalents	205	(76)

Edgar Filing: ICAHN ENTERPRISES L.P. - Form 10-Q

Cash and cash equivalents, beginning of period	1,833	2,078
Cash and cash equivalents, end of period	\$2,038	\$2,002
See notes to condensed consolidated financial statements.		

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Description of Business.

Overview

Icahn Enterprises L.P. ("Icahn Enterprises") owns a 99% limited partner interest in Icahn Enterprises Holdings L.P. ("Icahn Enterprises Holdings"). Icahn Enterprises G.P. Inc. ("Icahn Enterprises GP"), which is owned and controlled by Mr. Carl C. Icahn, owns a 1% general partner interest in each of Icahn Enterprises and Icahn Enterprises Holdings as of September 30, 2017. Icahn Enterprises Holdings and its subsidiaries own substantially all of the assets and liabilities of Icahn Enterprises and conduct substantially all of its operations. Therefore, the financial results of Icahn Enterprises and Icahn Enterprises Holdings are substantially the same, with differences relating primarily to allocations of the general partner interest, which is reflected as an aggregate 1.99% general partner interest in the financial statements of Icahn Enterprises, as well as due to the carrying amount of deferred financing costs related to our senior unsecured notes. In addition to the above, Mr. Icahn and his affiliates owned approximately 90.8% of Icahn Enterprises' outstanding depositary units as of September 30, 2017.

References to "we," "our" or "us" herein include both Icahn Enterprises and Icahn Enterprises Holdings and their subsidiaries, unless the context otherwise requires.

Description of Operating Businesses

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Automotive, Energy, Railcar, Gaming, Metals, Mining, Food Packaging, Real Estate and Home Fashion. We also report the results of our Holding Company, which includes the results of certain subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings (unless otherwise noted), and investment activity and expenses associated with our Holding Company. See Note 12, "Segment Reporting," for a reconciliation of each of our reporting segment's results of operations to our consolidated results. Certain additional information with respect to our segments are discussed below.

Investment

Our Investment segment is comprised of various private investment funds ("Investment Funds") in which we have general partner interests and through which we invest our proprietary capital. We and certain of Mr. Icahn's wholly owned affiliates are the only investors in the Investment Funds. As general partner, we provide investment advisory and certain administrative and back office services to the Investment Funds but do not provide such services to any other entities, individuals or accounts. Interests in the Investment Funds are not offered to outside investors. We had interests in the Investment Funds with a fair value of approximately \$2.9 billion and \$1.7 billion as of September 30, 2017 and December 31, 2016, respectively.

Automotive

We conduct our Automotive segment through our wholly owned subsidiaries Federal-Mogul LLC ("Federal-Mogul") and Icahn Automotive Group LLC ("Icahn Automotive"), which is the parent company of IEH Auto Parts Holding LLC and The Pep Boys - Manny, Moe & Jack ("Pep Boys"). During January 2017, we increased our ownership in Federal-Mogul from 82.0% to 100% through a tender offer for the remaining shares of Federal-Mogul common stock not already owned by us and a subsequent short form merger for an aggregate purchase price of \$305 million. Federal-Mogul is engaged in the manufacture and distribution of automotive parts. Icahn Automotive is engaged in the distribution of automotive parts in the aftermarket as well as providing automotive services to its customers.

Energy

We conduct our Energy segment through our majority ownership in CVR Energy, Inc. ("CVR Energy"). CVR Energy is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries through its holdings in CVR Refining L.P. ("CVR Refining") and CVR Partners L.P. ("CVR Partners"), respectively. CVR Refining is an independent petroleum refiner and marketer of high value transportation fuels. CVR Partners produces and markets nitrogen fertilizers in the form of urea ammonium nitrate and ammonia. As of September 30, 2017, CVR Energy owned 100% of each of the general partners of CVR Refining and CVR Partners

and approximately 66% and 34% of the common units of CVR Refining and CVR Partners, respectively. As of September 30, 2017, we owned approximately 82.0% of the total outstanding common stock of CVR Energy. In addition, as of September 30, 2017, we directly owned approximately 3.9% of the total outstanding common units of CVR Refining.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

Railcar

We conduct our Railcar segment through our majority ownership in American Railcar Industries, Inc. ("ARI") and, prior to June 1, 2017, our wholly owned subsidiary American Railcar Leasing, LLC ("ARL"). As of September 30, 2017, we owned approximately 62.2% of the total outstanding common stock of ARI. As discussed below, we sold ARL, along with a majority of its railcar lease fleet, on June 1, 2017. As of September 30, 2017, through a wholly owned subsidiary of ours, we continued to own 4,551 remaining railcars previously owned by ARL.

ARI is a North American designer and manufacturer of hopper and tank railcars. ARI provides its railcar customers with integrated solutions through a comprehensive set of high-quality products and related services through its manufacturing, leasing and railcar services operations. ARI's manufacturing consists of railcar manufacturing and railcar and industrial component manufacturing. ARI's railcar leasing business consists of railcars built by ARI leased to third parties under operating leases. ARI's railcar services consist of railcar repair, engineering and field services. On December 19, 2016, Icahn Enterprises entered into a definitive agreement to sell ARL to SMBC Rail Services, LLC ("SMBC Rail"), a wholly owned subsidiary of Sumitomo Mitsui Banking Corporation, for cash based on (i) a value of approximately \$2.8 billion (subject to certain adjustments) and (ii) a fleet of approximately 29,000 railcars (the "ARL Initial Sale"). The ARL Initial Sale closed on June 1, 2017. After repaying, or assigning to SMBC Rail, applicable indebtedness of ARL, we received cash consideration of approximately \$1.3 billion in connection with the ARL Initial Sale, resulting in a pretax gain on disposition of assets for our Railcar segment of approximately \$1.5 billion. For a period of three years after the closing of the ARL Initial Sale, and upon satisfaction of certain conditions, we have an option to sell, and SMBC Rail has an option to buy, the 4,551 remaining railcars owned by a wholly owned subsidiary of ours. The majority of these remaining railcars were sold subsequent to September 30, 2017.

Gaming

We conduct our Gaming segment through our majority ownership in Tropicana Entertainment Inc. ("Tropicana") and our wholly owned subsidiary Trump Entertainment Resorts Inc. ("TER"), which we acquired out of bankruptcy in 2016. During August 2017, we increased our ownership in Tropicana from 72.5% to 83.9% through a tender offer for additional shares of Tropicana common stock not already owned by us for an aggregate purchase price of \$95 million. In addition, Tropicana repurchased and retired shares of its common stock in connection with this tender offer for an aggregate purchase price of \$36 million.

Tropicana is an owner and operator of regional casino and entertainment properties located in the United States and one hotel, timeshare and casino resort located on the island of Aruba. TER owned the Trump Taj Mahal Casino Resort, which closed and ceased its casino and hotel operations in October 2016, and was subsequently sold on March 31, 2017. TER also owns Trump Plaza Hotel and Casino, which ceased operations in September 2014, prior to our obtaining a controlling interest in TER.

Metals

We conduct our Metals segment through our indirect wholly owned subsidiary, PSC Metals, Inc. ("PSC Metals"). PSC Metals is principally engaged in the business of collecting, processing and selling ferrous and non-ferrous metals, as well as the processing and distribution of steel pipe and plate products. PSC Metals collects industrial and obsolete scrap metal, processes it into reusable forms and supplies the recycled metals to its customers.

Mining

We conduct our Mining segment through our majority ownership in Ferrous Resources Ltd. ("Ferrous Resources"). As of September 30, 2017, we owned approximately 77.2% of the total outstanding common stock of Ferrous Resources. Ferrous Resources acquired certain rights to iron ore mineral resources in Brazil and develops mining operations and related infrastructure to produce and sell iron ore products to the global steel industry.

Food Packaging

We conduct our Food Packaging segment through our majority ownership in Viskase Companies, Inc. ("Viskase"). As of September 30, 2017, we owned approximately 74.6% of the total outstanding common stock of Viskase. Viskase is a producer of cellulosic, fibrous and plastic casings used to prepare and package processed meat products.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Real Estate

Our Real Estate operations consist of rental real estate, property development and associated club activities. Our rental real estate operations consist primarily of office and industrial properties leased to single corporate tenants. Our property development operations are run primarily through a real estate investment, management and development subsidiary that focuses primarily on the construction and sale of single-family and multi-family homes, lots in subdivisions and planned communities and raw land for residential development. Our property development locations also operate golf and club operations as well.

In August 2017, our Real Estate segment sold a development property in Las Vegas, Nevada for \$600 million, resulting in a pretax gain on disposition of assets of \$456 million. The transaction included cash proceeds from the sale of \$225 million and two tranches of seller financing totaling \$375 million (including a \$345 million first-lien mortgage and a \$30 million second-lien mortgage), which is included in other assets in our condensed consolidated balance sheet as of September 30, 2017.

Home Fashion

We conduct our Home Fashion segment through our indirect wholly owned subsidiary, WestPoint Home LLC ("WPH"). WPH's business consists of manufacturing, sourcing, marketing, distributing and selling home fashion consumer products.

2. Basis of Presentation and Summary of Significant Accounting Policies.

We conduct and plan to continue to conduct our activities in such a manner as not to be deemed an investment company under the Investment Company Act of 1940, as amended (the "40 Act"). Therefore, no more than 40% of our total assets can be invested in investment securities, as such term is defined in the '40 Act. In addition, we do not invest or intend to invest in securities as our primary business. We intend to structure our investments to continue to be taxed as a partnership rather than as a corporation under the applicable publicly traded partnership rules of the Internal Revenue Code, as amended.

The accompanying condensed consolidated financial statements and related notes should be read in conjunction with our consolidated financial statements and related notes contained in our Annual Report on Form 10-K for the year ended December 31, 2016. The condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") related to interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. The financial information contained herein is unaudited; however, management believes all adjustments have been made that are necessary to present fairly the results for the interim periods. All such adjustments are of a normal and recurring nature.

Principles of Consolidation

As of September 30, 2017, our condensed consolidated financial statements include the accounts of (i) Icahn Enterprises and Icahn Enterprises Holdings and (ii) the wholly and majority owned subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings, in addition to variable interest entities ("VIEs") in which we are the primary beneficiary. In evaluating whether we have a controlling financial interest in entities that we consolidate, we consider the following: (1) for voting interest entities, including limited partnerships and similar entities that are not VIEs, we consolidate these entities in which we own a majority of the voting interests; and (2) for VIEs, we consolidate these entities in which we are the primary beneficiary. See below for a discussion of our VIEs. Kick-out rights, which are the rights underlying the limited partners' ability to dissolve the limited partnership or otherwise remove the general partners, held through voting interests of partnerships and similar entities that are not VIEs are considered the equivalent of the equity interests of corporations that are not VIEs.

Except for our Investment segment, for those investments in which we own 50% or less but greater than 20%, we generally account for such investments using the equity method, while investments in affiliates of 20% or less are

accounted for under the cost method.

Variable Interest Entities

Icahn Enterprises Holdings

We determined that Icahn Enterprises Holdings is a VIE because it lacks both substantive kick-out and participating rights. Icahn Enterprises is the primary beneficiary of Icahn Enterprises Holdings principally based on its 99% limited partner interest in Icahn Enterprises Holdings and therefore continues to consolidate Icahn Enterprises Holdings. The condensed consolidated financial statements of Icahn Enterprises Holdings are included in this Report. The balances with respect to Icahn Enterprises Holdings' consolidated VIEs are discussed below, comprising the Investment Funds, CVR Refining and CVR Partners.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
 ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
 Notes to Condensed Consolidated Financial Statements (Unaudited)

Investment

We determined that each of the Investment Funds are considered VIEs because these limited partnerships lack both substantive kick-out and participating rights. Because we have a general partner interest in each of the Investment Funds and have significant limited partner interests in each of the Investment Funds, coupled with our significant exposure to losses and benefits in each of the Investment Funds, we are the primary beneficiary of each of the Investment Funds and therefore continue to consolidate each of the Investment Funds.

Energy

CVR Refining and CVR Partners are each considered VIEs because each of these limited partnerships lack both substantive kick-out and participating rights. In addition, CVR Energy also concluded that, based upon its general partner's roles and rights in CVR Refining and CVR Partners as afforded by their respective partnership agreements, coupled with its exposure to losses and benefits in each of CVR Refining and CVR Partners through its significant limited partner interests, intercompany credit facilities and services agreements, it is the primary beneficiary of both CVR Refining and CVR Partners. Based upon this evaluation, CVR Energy continues to consolidate both CVR Refining and CVR Partners.

The following table includes balances of assets and liabilities of VIE's included in Icahn Enterprises Holdings' condensed consolidated balance sheets.

	September 30, 2017	December 31, 2016
	(in millions)	
Cash and cash equivalents	\$ 630	\$ 370
Cash held at consolidated affiliated partnerships and restricted cash	951	752
Investments	9,022	9,219
Due from brokers	1,006	1,482
Property, plant and equipment, net	3,215	3,331
Inventories	340	349
Intangible assets, net	303	318
Other assets	69	110
Accounts payable, accrued expenses and other liabilities	2,302	1,769
Securities sold, not yet purchased, at fair value	1,258	1,139
Due to brokers	603	3,725
Debt	1,166	1,165

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, cash held at consolidated affiliated partnerships and restricted cash, accounts receivable, due from brokers, accounts payable, accrued expenses and other liabilities and due to brokers are deemed to be reasonable estimates of their fair values because of their short-term nature. See Note 4, "Investments and Related Matters," and Note 5, "Fair Value Measurements," for a detailed discussion of our investments and other non-financial assets and/or liabilities.

The fair value of our long-term debt is based on the quoted market prices for the same or similar issues or on the current rates offered to us for debt of the same remaining maturities. The carrying value and estimated fair value of our long-term debt as of September 30, 2017 was approximately \$11.2 billion and \$11.5 billion, respectively. The carrying value and estimated fair value of our long-term debt as of December 31, 2016 was approximately \$11.1 billion and \$11.2 billion, respectively.

Restricted Cash

Our restricted cash balance was \$866 million and \$686 million as of September 30, 2017 and December 31, 2016, respectively.

Accounts Receivable, net

Transfers of receivables relate primarily to our Automotive segment. Federal-Mogul's subsidiaries in Brazil, France, Germany, Italy, Canada and the United States are party to accounts receivable factoring and securitization facilities.
Gross

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

accounts receivable transferred under these facilities were \$607 million and \$487 million as of September 30, 2017 and December 31, 2016, respectively. Of those gross amounts, \$600 million and \$485 million, respectively, qualify as sales in accordance with U.S. GAAP. The remaining transferred receivables were pledged as collateral and accounted for as secured borrowings and recorded in the condensed consolidated balance sheets within accounts receivable, net and debt. Under the terms of these facilities, Federal-Mogul is not obligated to draw cash immediately upon the transfer of accounts receivable. As of September 30, 2017 and December 31, 2016, Federal-Mogul did not have any undrawn cash related to such transferred receivables.

Proceeds from the transfers of accounts receivable qualifying as sales were \$424 million and \$311 million for the three months ended September 30, 2017 and 2016, respectively, and approximately \$1.3 billion and \$1.2 billion for the nine months ended September 30, 2017 and 2016, respectively. Expenses associated with transfers of receivables were \$2 million and \$2 million for the three months ended September 30, 2017 and 2016, respectively, and \$10 million and \$9 million for the nine months ended September 30, 2017 and 2016, respectively. Such expenses were recorded in the condensed consolidated statements of operations within other income (loss), net. Where Federal-Mogul receives a fee to service and monitor these transferred receivables, such fees are sufficient to offset the costs and as such, a servicing asset or liability is not incurred as a result of such activities.

Held For Sale

As of December 31, 2016, assets and liabilities held for sale primarily consisted of property plant and equipment and debt, respectively, and related primarily to our pending ARL Initial Sale as of December 31, 2016. On June 1, 2017, we closed on the ARL Initial Sale and disposed of such assets and liabilities previously classified as held for sale. During 2017, we identified additional assets and liabilities that meet the criteria to be classified as held for sale. As of September 30, 2017, assets held for sale primarily consisted of the remaining railcars previously owned by ARL that we continued to own subsequent to the ARL Initial Sale.

Reclassifications

Certain reclassifications from the prior year presentation have been made to conform to the current year presentation.

Adoption of New Accounting Standards

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-11, Simplifying the Measurement of Inventory, which amends FASB Accounting Standards Codification ("ASC") Topic 330, Inventory. This ASU requires entities to measure inventory at the lower of cost or net realizable value and eliminates the option that currently exists for measuring inventory at market value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This ASU is effective beginning with our interim period beginning January 1, 2017. The adoption of this guidance was applied prospectively and had minimal impact on our consolidated financial statements. In March 2016, the FASB issued ASU No. 2016-07, Simplifying the Transition to the Equity Method of Accounting, which amends FASB ASC Topic 323, Investments - Equity Method and Joint Ventures. This ASU eliminates the retroactive adjustment of an investment that qualifies for the equity method as a result of an increase in the level of ownership or degree of influence as if the equity method had been in effect during all previous periods that the investment had been held. This ASU is effective beginning with our interim period beginning January 1, 2017. The adoption of this guidance had minimal impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which amends FASB ASC Topic 718, Compensation - Stock Compensation. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This ASU is effective beginning with our interim period beginning January 1, 2017. During the first quarter of 2017, the board of directors of the general partner of Icahn Enterprises unanimously approved and adopted the Icahn Enterprises L.P. 2017 Long Term Incentive Plan (the "2017 Incentive Plan"), which became effective during the first quarter of 2017 subject to the approval by holders of a majority of Icahn Enterprises depositary units. The 2017 Incentive Plan permits us to issue depositary

units and grant options, restricted units or other unit-based awards to all of our, and our affiliates', employees, consultants, members and partners, as well as the three non-employee directors of our general partner. One million of Icahn Enterprises' depository units are initially available under the 2017 Incentive Plan. Prior to the adoption of the 2017 Incentive Plan, accounting for unit-based payments did not apply to us. Therefore, the adoption of this guidance in 2017 was the result of the adoption of the 2017 Incentive Plan and which had a minimal impact on our consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

In October 2016, the FASB issued ASU No. 2016-16, Intra-Entity Transfers of Assets Other Than Inventory, which amends FASB ASC Topic 740, Income Taxes. This ASU requires the recognition of income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Current U.S. GAAP prohibits the recognition of current and deferred incomes taxes for an intra-entity asset transfer until the asset has been sold to an outside party. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We have elected to early adopt this guidance in the first quarter of 2017. The impact of early adopting this guidance on our consolidated financial statements is a cumulative effect adjustment to decrease our equity attributable to Icahn Enterprises and Icahn Enterprises Holdings as of January 1, 2017 by \$47 million to reverse previously deferred charges and recognize them in equity.

In January 2017, the FASB issued ASU No. 2017-01, Clarifying the Definition of a Business, which amends FASB ASC Topic 805, Business Combinations. This ASU provides guidance on what constitutes a business for purposes of applying FASB ASC Topic 805. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We have elected to early adopt this guidance in the first quarter of 2017. We did not have any material transactions affected by this guidance and therefore, the adoption of this guidance did not have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Simplifying the Test for Goodwill Impairment, which amends FASB ASC Topic 350, Intangibles - Goodwill and Other. This ASU simplifies the subsequent measurement of goodwill by eliminating "Step 2" from the goodwill impairment test which, prior to adoption of this ASU, requires comparing the implied fair value of goodwill with its carrying value. By eliminating "Step 2" from the goodwill impairment test, the quantitative analysis of goodwill will result in an impairment loss for the amount that the carrying value of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to the tested reporting unit. While this ASU reduces the complexity and cost of our goodwill impairment tests, it may result in significant differences in the recognition of goodwill impairment. For example, should our reporting units fail "Step 1" of the impairment tests but pass the current "Step 2" impairment tests, we may have more impairments of goodwill under the new guidance. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted beginning for interim and annual goodwill impairment tests performed on testing dates after January 1, 2017. We have elected to early adopt this guidance for our interim and annual goodwill impairment tests to be performed on testing dates beginning in 2017. This ASU principally affects our Automotive segment as substantially all of our goodwill balance pertains to our Automotive segment as of September 30, 2017. We did not perform any interim goodwill impairment analysis in 2017 and therefore, the adoption of this guidance had no impact on our consolidated financial statements.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, creating a new topic, FASB ASC Topic 606, Revenue from Contracts with Customers, superseding revenue recognition requirements in FASB ASC Topic 605, Revenue Recognition. This ASU requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In addition, an entity is required to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU was amended by ASU No. 2015-14, issued in August 2015, which deferred the original effective date by one year; the effective date of this ASU is for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017, using one of two retrospective application methods. In addition, the FASB issued other amendments during 2016 and 2017 to FASB ASC Topic 606 that include implementation guidance to principal versus agent considerations, guidance to identifying performance obligations and licensing guidance and other narrow scope improvements. We have developed an implementation plan to adopt this new ASU. We will adopt these new standards on January 1, 2018 using the modified retrospective application method which will require a cumulative effect adjustment recognized in equity at such date. No adjustment to revenue for periods prior to adoption

will be required. To date, we have not identified any material differences in our existing revenue recognition methods that would require modification under the new standards. Additionally, although we anticipate our internal controls to be modified as necessary, we do not anticipate our internal control framework to materially change as a result of the adoption of these new standards. The assessment of the impact of this new standard on our business processes, business and accounting systems, and consolidated financial statements and related disclosures will continue as we proceed with the design and implementation phases of the plan.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall, which amends FASB ASC Topic 825, Financial Instruments. This ASU requires that equity investments (except those accounted for under the equity method of accounting or those that result in the consolidation of the investee) to be measured at fair value with changes recognized in earnings. However, an entity may choose to measure equity investments that do not have readily determinable fair values at

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

cost minus impairment. In addition, there were other amendments to certain disclosure and presentation matters pertaining to financial instruments, including the requirement of an entity to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. This ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The amendments in this ASU should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values should be applied prospectively to equity investments that exist as of the date of adoption. Early application is permitted for certain matters only. We are currently evaluating the impact of this guidance on our consolidated financial statements. In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes FASB ASC Topic 840, Leases. This ASU requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. In addition, among other changes to the accounting for leases, this ASU retains the distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous guidance. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The amendments in this ASU should be applied using a modified retrospective approach. Early application is permitted. We anticipate our assessment and implementation plan to be ongoing during the remainder of 2017 and into 2018 and are currently unable to reasonably estimate the impact of this guidance on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, which amends FASB ASC Topic 326, Financial Instruments - Credit Losses. This ASU requires financial assets measured at amortized cost to be presented at the net amount to be collected and broadens the information, including forecasted information incorporating more timely information, that an entity must consider in developing its expected credit loss estimate for assets measured. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted for fiscal years beginning after December 15, 2018. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments, which amends FASB ASC Topic 230, Statement of Cash Flows. This ASU seeks to reduce the diversity currently in practice by providing guidance on the presentation of eight specific cash flow issues in the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We are currently evaluating the impact of this guidance on our consolidated statements of cash flows.

In November 2016, the FASB issued ASU No. 2016-18, Restricted Cash, which amends FASB ASC Topic 230, Statement of Cash Flows. This ASU requires that the statement of cash flows explain the change during the period total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which amends FASB ASC Topic 715, Compensation - Retirement Benefits. This ASU requires entities to present the service cost component of net periodic benefit cost in the same line item or items in the financial statements as other compensation costs arising from services rendered by the pertinent employees during the period. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, Scope of Modification Accounting, which amends FASB ASC Topic 718, Compensation - Stock Compensation. This ASU provides updated guidance about which changes to the terms and conditions of a share-based payment award require an entity to apply modification accounting in Topic 718.

This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, Targeting Improvements to Accounting for Hedging Activities, which amends FASB ASC Topic 815, Derivatives and Hedging. This ASU includes amendments to existing guidance to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

3. Related Party Transactions.

Our amended and restated agreement of limited partnership expressly permits us to enter into transactions with our general partner or any of its affiliates, including, without limitation, buying or selling properties from or to our general partner and any of its affiliates and borrowing and lending money from or to our general partner and any of its affiliates, subject to limitations contained in our partnership agreement and the Delaware Revised Uniform Limited Partnership Act. The indentures governing our indebtedness contain certain covenants applicable to transactions with affiliates.

Investment

During the nine months ended September 30, 2017 and 2016, Mr. Icahn and his affiliates (excluding us) invested \$600 million and \$498 million, respectively, in the Investment Funds, net of redemptions. As of September 30, 2017 and December 31, 2016, the total fair market value of investments in the Investment Funds made by Mr. Icahn and his affiliates (excluding us) was approximately \$4.6 billion and \$3.7 billion, respectively, representing approximately 61% and 69% of the Investment Funds' assets under management as of each respective date.

We pay for expenses pertaining to the operation, administration and investment activities of our Investment segment for the benefit of the Investment Funds (including salaries, benefits and rent). Effective April 1, 2011, based on an expense-sharing arrangement, certain expenses borne by us are reimbursed by the Investment Funds. For the three months ended September 30, 2017 and 2016, \$2 million and \$21 million, respectively, was allocated to the Investment Funds based on this expense-sharing arrangement and for the nine months ended September 30, 2017 and 2016, such allocation was \$7 million and \$28 million, respectively.

Automotive

As discussed in Note 4, "Investments and Related Matters," the Investment Funds have an investment in the common stock of Hertz Global Holdings, Inc. ("Hertz") measured at fair value that would have otherwise been subject to the equity method of accounting beginning in the fourth quarter of 2016. Pep Boys provides services to Hertz in the ordinary course of business. For the three and nine months ended September 30, 2017, revenue from Hertz was \$5 million and \$10 million, respectively. Additionally, Federal-Mogul had payments to Hertz in the ordinary course of business of \$2 million for the nine months ended September 30, 2017.

Railcar

ARL

On February 29, 2016, Icahn Enterprises entered into a contribution agreement with an affiliate of Mr. Icahn to acquire the remaining 25% economic interest in ARL not already owned by us. Pursuant to this contribution agreement, we contributed 685,367 newly issued depositary units of Icahn Enterprises to such affiliate in exchange for the remaining 25% economic interest in ARL. As a result of the transaction, we owned a 100% economic interest in ARL. This transaction was authorized by the independent committee of the board of directors of the general partner of Icahn Enterprises. The independent committee was advised by independent counsel and retained an independent financial advisor which rendered a fairness opinion.

Transactions with ACF

Our Railcar segment has certain transactions with ACF Industries LLC ("ACF"), an affiliate of Mr. Icahn, under various agreements, as well as on a purchase order basis. ACF is a manufacturer and fabricator of specialty railcar parts and miscellaneous steel products. Agreements and transactions with ACF include the following:

- Railcar component purchases from ACF
- Railcar parts purchases from and sales to ACF
- Railcar purchasing and engineering services agreement with ACF
- Lease of certain intellectual property to ACF
- Railcar repair services and support for ACF
- Railcar purchases from ACF (prior to June 1, 2017)

Purchases from ACF were \$1 million and \$4 million for the three and nine months ended September 30, 2017, respectively, and \$2 million and \$4 million for the three and nine months ended September 30, 2016, respectively. For each of the three and nine months ended September 30, 2017 and 2016, revenues from ACF were not material.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Insight Portfolio Group LLC

Insight Portfolio Group LLC ("Insight Portfolio Group") is an entity formed and controlled by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services and tangible and intangible property at negotiated rates. Icahn Enterprises Holdings has a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. In addition to the minority equity interest held by Icahn Enterprises Holdings, certain subsidiaries of ours, including Federal-Mogul, CVR Energy, PSC Metals, ARI, ARL (prior to June 1, 2017), Tropicana, Viskase and WPH also acquired minority equity interests in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. A number of other entities with which Mr. Icahn has a relationship also have minority equity interests in Insight Portfolio Group and also agreed to pay certain of Insight Portfolio Group's operating expenses. For each of the three months ended September 30, 2017 and 2016, we and certain of our subsidiaries paid certain of Insight Portfolio Group's operating expenses of less than \$1 million. For each of the nine months ended September 30, 2017 and 2016, we and certain of our subsidiaries paid \$2 million in respect to certain of Insight Portfolio Group's operating expenses.

4. Investments and Related Matters.

Investment

Investments and securities sold, not yet purchased consist of equities, bonds, bank debt and other corporate obligations, all of which are reported at fair value in our condensed consolidated balance sheets. These investments are considered trading securities. In addition, our Investment segment has certain derivative transactions which are discussed in Note 6, "Financial Instruments." The carrying value and detail by security type, including business sector for equity securities, with respect to investments and securities sold, not yet purchased held by our Investment segment consist of the following:

	September 30, December 31, 2017 2016	
	(in millions)	
Assets		
Investments:		
Equity securities:		
Basic materials	\$867	\$ 963
Consumer, non-cyclical	2,459	2,677
Energy	1,178	1,278
Financial	2,111	2,385
Technology	908	911
Other	1,020	809
	8,543	9,023
Corporate debt securities	473	190
	\$9,016	\$ 9,213
Liabilities		
Securities sold, not yet purchased, at fair value:		
Equity securities:		
Consumer, non-cyclical	\$219	\$ —
Consumer, cyclical	798	968
Energy	94	19
Industrial	102	100
	1,213	1,087

Corporate debt securities	45	52
	\$1,258	\$ 1,139

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
 ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
 Notes to Condensed Consolidated Financial Statements (Unaudited)

The portion of trading gains that relates to trading securities still held by our Investment segment was \$635 million and \$754 million for the three months ended September 30, 2017 and 2016, respectively, and approximately \$1.2 billion and \$626 million for the nine months ended September 30, 2017 and 2016, respectively.

As of September 30, 2017, the Investment Funds owned approximately 28.0% of the outstanding common stock of Hertz. Beginning in the fourth quarter of 2016, this investment would have become subject to the equity method of accounting however, our Investment segment elected to continue to apply the fair value option to this investment. Our Investment segment recorded net gains of \$254 million and \$19 million for the three and nine months ended September 30, 2017, respectively, with respect to its investment in Hertz. As of September 30, 2017 and December 31, 2016, the aggregate fair value of our Investment segment's investment in Hertz was \$524 million and \$505 million, respectively.

The Investment Funds also owned approximately 21.0% of the outstanding common stock of Herbalife Ltd. ("Herbalife") as of September 30, 2017. Beginning in the third quarter of 2016, this investment would have become subject to the equity method of accounting, after considering additional ownership in Herbalife by an affiliate of Mr. Icahn as well as the collective representation on the board of directors of Herbalife, however, our Investment segment elected to continue to apply the fair value option to this investment. Our Investment segment recorded net (losses) gains of \$(64) million and \$359 million for the three and nine months ended September 30, 2017, respectively, with respect to its investment in Herbalife, and for the three and nine months ended September 30, 2016, such gains were \$52 million and \$119 million, respectively. As of September 30, 2017 and December 31, 2016, the aggregate fair value of our Investment segment's investment in Herbalife was approximately \$1.2 billion and \$867 million, respectively.

Other Segments

With the exception of certain equity method investments at our operating subsidiaries disclosed in the table below, our investments are measured at fair value in our condensed consolidated balance sheets. The carrying value of investments held by our other segments and our Holding Company consist of the following:

	September 30, 2017		December 31, 2016	
	2017	2016	2017	2016
	(in millions)			
Equity method investments	\$ 332	\$ 302		
Other investments (measured at fair value)	400	366		
	\$ 732	\$ 668		

5. Fair Value Measurements.

U.S. GAAP requires enhanced disclosures about investments and non-recurring non-financial assets and liabilities that are measured and reported at fair value and has established a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments or non-financial assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments and non-financial assets and/or liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments and non-financial assets and/or liabilities as of the reporting date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies where all significant inputs are observable.

Level 3 - Pricing inputs are unobservable for the investment and non-financial asset and/or liability and include situations where there is little, if any, market activity for the investment or non-financial asset and/or liability. The inputs into the determination of fair value require significant management judgment or estimation. Fair value is determined using comparable market transactions and other valuation methodologies, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
 ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
 Notes to Condensed Consolidated Financial Statements (Unaudited)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, investments', non-financial assets' and/or liabilities' level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the investment. Significant transfers, if any, between the levels within the fair value hierarchy are recognized at the beginning of the reporting period when changes in circumstances require such transfers.

Assets Measured at Fair Value on a Recurring Basis

The following table summarizes the valuation of our assets and liabilities by the above fair value hierarchy levels measured on a recurring basis as of September 30, 2017 and December 31, 2016:

	September 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Investments (Note 4)	\$8,544	\$587	\$265	\$9,396	\$9,033	\$306	\$212	\$9,551
Derivative contracts, at fair value (Note 6) ⁽¹⁾	9	1	—	10	—	23	—	23
	\$8,553	\$588	\$265	\$9,406	\$9,033	\$329	\$212	\$9,574
Liabilities								
Securities sold, not yet purchased (Note 4)	\$1,213	\$45	\$—	\$1,258	\$1,087	\$52	\$—	\$1,139
Other liabilities	—	127	—	127	—	187	—	187
Derivative contracts, at fair value (Note 6) ⁽²⁾	—	1,683	—	1,683	—	1,139	—	1,139
	\$1,213	\$1,855	\$—	\$3,068	\$1,087	\$1,378	\$—	\$2,465

⁽¹⁾ Amounts are classified within other assets in our condensed consolidated balance sheets.

⁽²⁾ Amounts are classified within accrued expenses and other liabilities in our condensed consolidated balance sheets.

Assets Measured at Fair Value on a Recurring Basis for Which We Use Level 3 Inputs to Determine Fair Value

The changes in investments measured at fair value on a recurring basis for which we use Level 3 inputs to determine fair value are as follows:

	Nine Months Ended	
	September 30, 2017	September 30, 2016
	(in millions)	
Balance at January 1	\$212	\$283
Net realized and unrealized gains ⁽¹⁾	51	10
Purchases	5	50
Transfers out	(6)	(127)
Transfers in	3	6
Balance at September 30	\$265	\$222

⁽¹⁾ Includes net unrealized gains (losses) of \$51 million and \$(6) million for the nine months ended September 30, 2017 and 2016, respectively, relating to investments still held at September 30 of each respective period and which are included in net gain (loss) from investment activities in the condensed consolidated statements of operations.

Transfers out of Level 3 during the nine months ended September 30, 2016 primarily relates to our previously held corporate debt investment in TER of \$126 million. The investment was transferred out of Level 3 following TER's emergence from bankruptcy on February 26, 2016 and subsequently becoming a wholly owned consolidated subsidiary of ours upon the extinguishment of their debt and its conversion to equity in TER. Purchases during the

nine months ended September 30, 2016 relates to an increase in a certain investment classified as trading securities which is considered a Level 3 investment due to unobservable market data and is measured at fair value on a recurring basis. We determined the fair value of this investment

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

using the Black-Scholes option pricing model and other valuation techniques. As of September 30, 2017 and December 31, 2016, the fair value of this investment was \$258 million and \$207 million, respectively. Assets Measured at Fair Value on a Non-Recurring Basis for Which We Use Level 3 Inputs to Determine Fair Value Certain assets measured at fair value using Level 3 inputs on a nonrecurring basis have been impaired. During the three months ended September 30, 2016, we recorded impairment charges of \$79 million relating to property, plant and equipment. During the nine months ended September 30, 2017 and 2016, we recorded impairment charges of \$2 million and \$82 million, respectively, relating to property, plant and equipment. We determined the fair value of property, plant and equipment by applying probability weighted, expected present value techniques to the estimated future cash flows using assumptions a market participant would utilize. In addition, during the nine months ended September 30, 2017, we recorded a loss of \$6 million from marking inventory down to net realizable value at our Automotive segment. Additionally, in connection with our reclassification of certain assets from held and used to assets held for sale at our Railcar and Automotive segments, we recorded aggregate impairment charges of \$6 million and \$74 million for the three and nine months ended September 30, 2017, which represents the difference between the carrying value and fair value less cost to sell of such assets. Refer to Note 8, "Goodwill and Intangible Assets, Net," for discussion of our goodwill and intangible asset impairments. Refer to Note 12, "Segment Reporting," for total impairment recorded by each of our segments.

6. Financial Instruments.

Overview

Investment

In the normal course of business, the Investment Funds may trade various financial instruments and enter into certain investment activities, which may give rise to off-balance-sheet risks, with the objective of capital appreciation or as economic hedges against other securities or the market as a whole. The Investment Funds' investments may include futures, options, swaps and securities sold, not yet purchased. These financial instruments represent future commitments to purchase or sell other financial instruments or to exchange an amount of cash based on the change in an underlying instrument at specific terms at specified future dates. Risks arise with these financial instruments from potential counterparty non-performance and from changes in the market values of underlying instruments.

Credit concentrations may arise from investment activities and may be impacted by changes in economic, industry or political factors. The Investment Funds routinely execute transactions with counterparties in the financial services industry, resulting in credit concentration with respect to the financial services industry. In the ordinary course of business, the Investment Funds may also be subject to a concentration of credit risk to a particular counterparty. The Investment Funds seek to mitigate these risks by actively monitoring exposures, collateral requirements and the creditworthiness of its counterparties.

The Investment Funds have entered into various types of swap contracts with other counterparties. These agreements provide that they are entitled to receive or are obligated to pay in cash an amount equal to the increase or decrease, respectively, in the value of the underlying shares, debt and other instruments that are the subject of the contracts, during the period from inception of the applicable agreement to its expiration. In addition, pursuant to the terms of such agreements, they are entitled to receive or obligated to pay other amounts, including interest, dividends and other distributions made in respect of the underlying shares, debt and other instruments during the specified time frame. They are also required to pay to the counterparty a floating interest rate equal to the product of the notional amount multiplied by an agreed-upon rate, and they receive interest on any cash collateral that they post to the counterparty at the federal funds or LIBOR rate in effect for such period.

The Investment Funds may trade futures contracts. A futures contract is a firm commitment to buy or sell a specified quantity of a standardized amount of a deliverable grade commodity, security, currency or cash at a specified price and specified future date unless the contract is closed before the delivery date. Payments (or variation margin) are

made or received by the Investment Funds each day, depending on the daily fluctuations in the value of the contract, and the whole value change is recorded as an unrealized gain or loss by the Investment Funds. When the contract is closed, the Investment Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The Investment Funds may utilize forward contracts to seek to protect their assets denominated in foreign currencies and precious metals holdings from losses due to fluctuations in foreign exchange rates and spot rates. The Investment Funds' exposure to credit risk associated with non-performance of such forward contracts is limited to the unrealized gains or losses inherent in such contracts, which are recognized in other assets and accrued expenses and other liabilities in our condensed consolidated balance sheets.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

The Investment Funds may also enter into foreign currency contracts for purposes other than hedging denominated securities. When entering into a foreign currency forward contract, the Investment Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed-upon future date unless the contract is closed before such date. The Investment Funds record unrealized gains or losses on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into such contracts and the forward rates at the reporting date.

The Investment Funds may also purchase and write option contracts. As a writer of option contracts, the Investment Funds receive a premium at the outset and then bear the market risk of unfavorable changes in the price of the underlying financial instrument. As a result of writing option contracts, the Investment Funds are obligated to purchase or sell, at the holder's option, the underlying financial instrument. Accordingly, these transactions result in off-balance-sheet risk, as the Investment Funds' satisfaction of the obligations may exceed the amount recognized in our condensed consolidated balance sheets.

Certain terms of the Investment Funds' contracts with derivative counterparties, which are standard and customary to such contracts, contain certain triggering events that would give the counterparties the right to terminate the derivative instruments. In such events, the counterparties to the derivative instruments could request immediate payment on derivative instruments in net liability positions. The aggregate fair value of all of the Investment Funds' derivative instruments with credit-risk-related contingent features that are in a liability position at September 30, 2017 and December 31, 2016 was \$7 million and \$39 million, respectively.

Automotive

Federal-Mogul is exposed to market risk, such as fluctuations in foreign currency exchange rates, commodity prices and changes in interest rates, which may result in cash flow risks. To manage the volatility relating to these exposures, Federal-Mogul aggregates the exposures on a consolidated basis to take advantage of natural offsets. For exposures not offset within its operations, Federal-Mogul enters into various derivative transactions pursuant to its risk management policies, which prohibit holding or issuing derivative financial instruments for speculative purposes, and designation of derivative instruments is performed on a transaction basis to support hedge accounting. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged. Federal-Mogul assesses the initial and ongoing effectiveness of its hedging relationships in accordance with its documented policy.

Energy

CVR Refining enters into commodity swap contracts in order to fix the margin on a portion of future production. Additionally, CVR Refining may enter into price and basis swaps in order to fix the price on a portion of its commodity purchases and product sales. The physical volumes are not exchanged and these contracts are net settled with cash. The contract fair value of the commodity swaps is reflected on the condensed consolidated balance sheets with changes in fair value currently recognized in the condensed consolidated statements of operations. Quoted prices for similar assets or liabilities in active markets (Level 2) are considered to determine the fair values for the purpose of marking to market the hedging instruments at each period end. At September 30, 2017 and December 31, 2016, CVR Refining had open commodity swap instruments consisting of 16.2 million and 4.0 million barrels of crack spreads, respectively, primarily to fix the margin on a portion of its future gasoline and distillate production.

Consolidated Derivative Information

Certain derivative contracts executed by the Investment Funds with a single counterparty, by our Automotive segment with a single counterparty or by our Energy segment with a single counterparty are reported on a net-by-counterparty basis where a legal right of offset exists under an enforceable netting agreement. Values for the derivative financial instruments, principally swaps, forwards, over-the-counter options and other conditional and exchange contracts, are reported on a net-by-counterparty basis. As a result, the net exposure to counterparties is reported in either other assets or accrued expenses and other liabilities in our condensed consolidated balance sheets.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
 ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
 Notes to Condensed Consolidated Financial Statements (Unaudited)

The following table presents the consolidated fair values of our derivatives that are not designated as hedging instruments in accordance with U.S GAAP:

Derivatives Not Designated as Hedging Instruments	Asset Derivatives ⁽¹⁾		Liability Derivatives ⁽²⁾	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
	(in millions)			
Equity contracts	\$21	\$ 15	\$1,676	\$ 1,104
Credit contracts	—	17	7	39
Commodity contracts	5	2	17	11
Sub-total	26	34	1,700	1,154
Netting across contract types ⁽³⁾	(17)	(15)	(17)	(15)
Total ⁽³⁾	\$9	\$ 19	\$1,683	\$ 1,139

⁽¹⁾ Net asset derivatives are located within other assets in our condensed consolidated balance sheets.

⁽²⁾ Net liability derivatives are located within accrued expenses and other liabilities in our condensed consolidated balance sheets.

Excludes netting of cash collateral received and posted. The total collateral posted at September 30, 2017 and December 31, 2016 was \$818 million and \$634 million, respectively, across all counterparties, which are included in cash held at consolidated affiliated partnerships and restricted cash on the condensed consolidated balance sheets.

The following table presents the amount of gain (loss) recognized in the condensed consolidated statements of operations for our derivatives not designated as hedging instruments:

Derivatives Not Designated as Hedging Instruments	Gain (Loss) Recognized in Income ⁽¹⁾			
	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(in millions)			
Equity contracts	\$(350)	\$(448)	\$(1,185)	\$(1,106)
Foreign exchange contracts	—	(7)	—	(21)
Credit contracts	(15)	(44)	(32)	87
Interest rate contracts	—	—	—	(12)
Commodity contracts	(20)	32	(36)	(36)
	\$(385)	\$(467)	\$(1,253)	\$(1,088)

Gains (losses) recognized on derivatives are classified in net gain (loss) from investment activities in our condensed consolidated statements of operations for our Investment segment and are included in other income (loss), net for all other segments.

The volume of our derivative activities based on their notional exposure, categorized by primary underlying risk, is as follows:

Primary underlying risk: (in millions)	September 30, 2017		December 31, 2016	
	Notional Exposure	Notional Exposure	Notional Exposure	Notional Exposure
	Long	Short	Long	Short

Edgar Filing: ICAHN ENTERPRISES L.P. - Form 10-Q

Equity contracts	\$183	\$ 12,376	\$112	\$ 14,094
Credit contracts ⁽¹⁾	—	326	202	472
Commodity contracts	20	1,247	16	754

(1) The short notional amount on our credit default swap positions was approximately \$1.9 billion and \$2.6 billion as of September 30, 2017 and December 31, 2016, respectively. However, because credit spreads cannot compress below zero, our downside short notional exposure to loss is \$326 million and \$472 million as of September 30, 2017 and December 31, 2016, respectively.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Non-Derivative Instruments Designated as Hedging Instruments

As of September 30, 2017, Federal-Mogul has foreign currency denominated debt, of which \$890 million is designated as a net investment hedge in certain foreign subsidiaries and affiliates of Federal-Mogul. Changes to its carrying value are included in other comprehensive loss as translation adjustments and other. These debt instruments are discussed further in Note 9, "Debt." The amount recognized in accumulated other comprehensive loss for the three and nine months ended September 30, 2017 was a loss of \$25 million and \$71 million, respectively.

7. Inventories, Net.

Inventories, net consists of the following:

	September 30, 2017		December 31, 2016	
	2017	2016	2017	2016
	(in millions)			
Raw materials	\$523	\$ 483		
Work in process	343	299		
Finished goods	2,390	2,201		
	\$3,256	\$ 2,983		

8. Goodwill and Intangible Assets, Net.

Goodwill consists of the following:

	September 30, 2017			December 31, 2016		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
	(in millions)					
Automotive	\$1,723	\$ (537)	\$ 1,186	\$1,662	\$ (537)	\$ 1,125
Railcar	7	—	7	7	—	7
Food Packaging	6	—	6	4	—	4
	\$1,736	\$ (537)	\$ 1,199	\$1,673	\$ (537)	\$ 1,136

Intangible assets, net consists of the following:

	September 30, 2017			December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
	(in millions)					
Definite-lived intangible assets:						
Customer relationships	\$1,082	\$ (521)	\$ 561	\$1,059	\$ (471)	\$ 588
Developed technology	143	(114)	29	142	(104)	38
In-place leases	121	(90)	31	121	(83)	38
Gasification technology license	60	(13)	47	60	(11)	49
Other	90	(30)	60	84	(23)	61
	\$1,496	\$ (768)	\$ 728	\$1,466	\$ (692)	\$ 774
Indefinite-lived intangible assets:						
Trademarks and brand names			\$ 307			\$ 305
Gaming licenses			37			37
			344			342

Intangible assets, net	\$ 1,072	\$ 1,116
------------------------	----------	----------

25

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

Amortization expense associated with definite-lived intangible assets was \$26 million and \$23 million for the three months ended September 30, 2017 and 2016, respectively, and \$75 million and \$72 million for the nine months ended September 30, 2017 and 2016, respectively. We utilize the straight-line method of amortization, recognized over the estimated useful lives of the assets.

Acquisitions

Acquisitions during the three and nine months ended September 30, 2017 were not material individually or in the aggregate. As a result of certain acquisitions, our Automotive and Food Packaging segments allocated \$47 million and \$2 million, respectively, to goodwill during the nine months ended September 30, 2017. In addition, our Food Packaging segment allocated \$25 million to definite-lived intangible assets amortized over a weighted average of 12 to 20 years. The purchase price allocations for the above acquisitions are not all final and are subject to change.

Impairment of Goodwill

We perform the annual goodwill impairment test for our Energy segment as of April 30 of each year, or more frequently if impairment indicators exist. During the first quarter of 2016, due to worsening sales trends for our Energy segment's petroleum reporting unit, we performed an interim goodwill impairment analysis. Based on this analysis, our Energy segment recognized a goodwill impairment charge of \$574 million, which represented the full amount of the remaining goodwill allocated to the petroleum reporting unit as well as the Energy segment.

9. Debt.

Refer to Note 12, "Segment Reporting," for debt balances for each of our segments and our Holding Company. Except for those described below, there were no other significant changes to our consolidated debt during the nine months ended September 30, 2017 as compared to that reported in our Annual Report on Form 10-K for the year ended December 31, 2016. Additionally, where applicable, we or our subsidiaries were in compliance with all covenants for their respective debt instruments as of September 30, 2017 and December 31, 2016.

Icahn Enterprises and Icahn Enterprises Holdings

On January 18, 2017, we and a wholly owned subsidiary of ours, Icahn Enterprises Finance Corp. (collectively, the "Issuers"), issued \$695 million in aggregate principal amount of 6.250% senior unsecured notes due 2022 and \$500 million in aggregate principal amount of 6.750% senior unsecured notes due 2024 (collectively, the "New Notes"). The net proceeds from the sale of the New Notes were \$1.190 billion, after deducting the initial purchaser's discount and commission and estimated fees and expenses related to the offering. These proceeds were used to redeem all of the Issuer's outstanding senior unsecured notes due 2017, including accrued interest. Interest on the New Notes are payable on February 1 and August 1 of each year, commencing August 1, 2017. The Issuers issued the New Notes under an indenture dated January 18, 2017, among the Issuers, Icahn Enterprises Holdings (the "Guarantor"), and Wilmington Trust Company, as trustee. The indenture contains customary events of defaults and covenants relating to, among other things, the incurrence of debt, affiliate transactions, liens and restricted payments. Prior to maturity of the New Notes, the Issuers may redeem some or all of the notes at certain times by paying a premium as specified in the indenture, plus accrued and unpaid interest.

The New Notes and the related guarantee are the senior unsecured obligations of the Issuers and rank equally with all of the Issuers' and the Guarantor's existing and future senior unsecured indebtedness and senior to all of the Issuers' and the Guarantor's existing and future subordinated indebtedness. All of our senior unsecured notes and the related guarantees are effectively subordinated to the Issuers' and the Guarantor's existing and future secured indebtedness to the extent of the collateral securing such indebtedness. All of our senior unsecured notes and the related guarantees are also effectively subordinated to all indebtedness and other liabilities of the Issuers' subsidiaries other than the Guarantor.

On March 22, 2017, the Issuers and the Guarantor filed a registration statement on Form S-4 with the SEC which offered to exchange the unregistered New Notes for registered, publicly tradable notes that have substantially identical terms as the New Notes. The registration statement on Form S-4 was declared effective by the SEC on April 27, 2017

and the exchange offer expired on May 24, 2017.

As of September 30, 2017, based on covenants in the indentures governing our senior unsecured notes, we are not permitted to incur additional indebtedness.

Automotive

On March 30, 2017, Federal-Mogul issued €415 million in aggregate principal amount of 4.875% senior secured notes due 2022 and €300 million in aggregate principal amount of floating rate senior secured notes due 2024. Interest on the floating

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
 ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
 Notes to Condensed Consolidated Financial Statements (Unaudited)

rate notes will accrue at the three-month EURIBOR rate, with 0% floor, plus 4.875% per annum. These notes were issued without a discount and will rank equally in right of payment to all existing and future senior secured indebtedness of Federal-Mogul. Proceeds from the issuance of these notes were \$776 million which were used to repay Federal-Mogul's tranche B term loan, including accrued interest, a portion of the outstanding balance on its revolving facility and fees and expenses related to the issuance of the notes.

On June 29, 2017, Federal-Mogul issued €350 million in aggregate principal amount of 5.000% senior secured notes due 2024. These notes were issued without a discount and will rank equally in right of payment to all existing and future senior secured indebtedness of Federal-Mogul. Proceeds from the issuance of these notes were \$395 million which were used to repay a portion of Federal-Mogul's tranche C term loan, including accrued interest, and fees and expenses related to the issuance of the notes.

Federal-Mogul recognized an aggregate \$4 million loss on the extinguishment of debt for the nine months ended September 30, 2017 for the write-off of prior debt issuance costs and original issue discounts related to the tranche B and tranche C term loans discussed above.

10. Pension, Other Post-Retirement Benefits and Employee Benefit Plans.

Federal-Mogul, ARI and Viskase each sponsor several defined benefit pension plans (the "Pension Benefits") (and, in the case of Viskase, its pension plans include defined contribution plans). Additionally, Federal-Mogul and Viskase each sponsor health care and life insurance benefits ("Other Post-Retirement Benefits") for certain employees and retirees around the world.

Components of net periodic benefit cost for the three and nine months ended September 30, 2017 and 2016 are as follows:

	Pension Benefits		Other Post-Retirement Benefits	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2017	2016	2017	2016
	(in millions)			
Service cost	\$4	\$5	\$ —	\$ —
Interest cost	16	17	4	3
Expected return on plan assets	(15)	(14)	—	—
Amortization of actuarial losses	9	6	—	1
Amortization of prior service credit	—	—	(2)	(1)
	\$14	\$14	\$ 2	\$ 3
	Pension Benefits		Other Post-Retirement Benefits	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016

Edgar Filing: ICAHN ENTERPRISES L.P. - Form 10-Q

	(in millions)			
Service cost	\$13	\$13	\$ —	\$ —
Interest cost	47	51	9	9
Expected return on plan assets	(43)	(43)	—	—
Amortization of actuarial losses	20	17	—	2
Amortization of prior service credit	—	—	(3)	(3)
	\$37	\$38	\$ 6	\$ 8

27

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

11. Net Income Per LP Unit.

The following table sets forth the allocation of net income attributable to Icahn Enterprises allocable to limited partners and the computation of basic and diluted income (loss) per LP unit of Icahn Enterprises:

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(in millions, except per unit data)			
Net income (loss) attributable to Icahn Enterprises	\$597	\$(16)	\$2,132	\$(922)
Net income (loss) attributable to Icahn Enterprises allocable to limited partners (98.01% allocation)	\$586	\$(16)	\$2,090	\$(904)
Basic and diluted income (loss) per LP unit	\$3.53	\$(0.12)	\$13.23	\$(6.70)
Basic and diluted weighted average LP units outstanding	166	139	158	135

Icahn Enterprises Rights Offering

In January 2017, Icahn Enterprises commenced a rights offering entitling holders of the rights to acquire newly issued depositary units of Icahn Enterprises. The rights offering, which expired on February 22, 2017, was fully subscribed with total basic subscription rights and over-subscription rights being exercised resulting in a total of 11,171,104 depositary units issued on March 1, 2017 and for aggregate proceeds of \$600 million. Affiliates of Mr. Icahn fully exercised all of the basic subscription rights and over-subscription rights allocated to them in the rights offering aggregating 10,525,105 additional depositary units.

LP Unit Distributions

On February 27, 2017, Icahn Enterprises declared a quarterly distribution in the amount of \$1.50 per depositary unit in which each depositary unit holder had the option to make an election to receive either cash or additional depositary units. As a result, on April 18, 2017, Icahn Enterprises distributed an aggregate 4,335,685 depositary units to unit holders electing to receive depositary units in connection with this distribution.

On May 3, 2017, Icahn Enterprises declared a quarterly distribution in the amount of \$1.50 per depositary unit in which each depositary unit holder had the option to make an election to receive either cash or additional depositary units. As a result, on June 13, 2017, Icahn Enterprises distributed an aggregate 4,556,977 depositary units to unit holders electing to receive depositary units in connection with this distribution.

On August 2, 2017, Icahn Enterprises declared a quarterly distribution in the amount of \$1.50 per depositary unit in which each depositary unit holder had the option to make an election to receive either cash or additional depositary units. As a result, on September 15, 2017, Icahn Enterprises distributed an aggregate 4,272,982 depositary units to unit holders electing to receive depositary units in connection with this distribution.

2017 Incentive Plan

During the three and nine months ended September 30, 2017, Icahn Enterprises distributed 2,388 and 5,418 depositary units, respectively, net of payroll withholdings, with respect to certain restricted depositary units that vested during the period in connection with the 2017 Incentive Plan. The aggregate impact of the 2017 Incentive Plan is not material with respect to our condensed consolidated financial statements, including the calculation of potentially dilutive units.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
 ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
 Notes to Condensed Consolidated Financial Statements (Unaudited)

12. Segment Reporting.

We report segment information based on the various industries in which our businesses operate and how we manage those businesses in accordance with our investment strategies, which may include: identifying and acquiring undervalued assets and businesses, often through the purchase of distressed securities; increasing value through management, financial or other operational changes; and managing complex legal, regulatory or financial issues, which may include bankruptcy or insolvency, environmental, zoning, permitting and licensing issues. Therefore, although many of our businesses are operated under separate local management, certain of our businesses are grouped together when they operate within a similar industry, comprising similarities in products, customers, production processes and regulatory environments, and when such businesses, when considered together, may be managed in accordance with one or more investment strategies specific to those businesses. Among other measures, we assess and measure segment operating results based on net income from continuing operations attributable to Icahn Enterprises and Icahn Enterprises Holdings. Certain terms of financings for certain of our businesses impose restrictions on the business' ability to transfer funds to us, including restrictions on dividends, distributions, loans and other transactions. Icahn Enterprises' condensed statements of operations by reporting segment for the three and nine months ended September 30, 2017 and 2016 are presented below. Icahn Enterprises Holdings' condensed statements of operations are substantially the same, with immaterial differences relating to our Holding Company's interest expense.

Three Months Ended September 30, 2017

	Investment	Automotive	Energy	Railcar	Gaming	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Consolidated
	(in millions)											
Revenues:												
Net sales	\$—	\$ 2,493	\$ 1,453	\$ 68	\$—	\$ 110	\$ 21	\$ 99	\$ 2	\$ 46	\$—	\$ 4,292
Other revenues from operations	—	96	—	66	246	—	—	—	19	—	—	427
Net income from investment activities	386	—	—	—	—	—	—	—	—	—	34	420
Interest and dividend income	27	3	1	1	—	—	—	—	2	—	3	37
Gain (loss) on disposition of assets, net	—	1	(1)	(10)	—	—	—	—	456	—	—	446
Other (loss) income, net	(9)	15	(16)	1	60	(1)	(2)	4	1	—	5	58
	404	2,608	1,437	126	306	109	19	103	480	46	42	5,680
Expenses:												
Cost of goods sold	—	2,022	1,356	65	—	105	15	75	2	39	—	3,679
Other expenses from operations	—	107	—	25	109	—	—	—	13	—	—	254
Selling, general and administrative	3	455	35	9	87	5	4	14	2	11	8	633
Restructuring, net	—	4	—	—	—	—	—	1	—	—	—	5
Impairment	—	4	—	1	—	—	—	—	—	—	—	5
Interest expense	42	42	28	5	3	—	2	3	—	—	82	207
	45	2,634	1,419	105	199	110	21	93	17	50	90	4,783
Income (loss) before income tax benefit	359	(26)	18	21	107	(1)	(2)	10	463	(4)	(48)	897

Edgar Filing: ICAHN ENTERPRISES L.P. - Form 10-Q

(expense)												
Income tax benefit	—	19	(2	) (6	) (27	) 2	—	(4	) —	—	(50	) (68
(expense))
Net income (loss)	359	(7	) 16	15	80	1	(2	) 6	463	(4	) (98	) 829
Less: net income												
(loss) attributable to	221	2	(2	) 3	7	—	—	1	—	—	—	232
non-controlling												
interests												
Net income (loss)												
attributable to Icahn	\$ 138	\$(9	) \$ 18	\$ 12	\$ 73	\$ 1	\$(2	) \$ 5	\$ 463	\$(4	) \$(98	) \$ 597
Enterprises												
Supplemental												
information:												
Capital expenditures	\$—	\$ 113	\$ 23	\$ 30	\$ 30	\$ 1	\$ 10	\$ 6	\$ 7	\$ 2	\$—	\$ 222
Depreciation and												
amortization ⁽¹⁾	\$—	\$ 128	\$ 70	\$ 15	\$ 19	\$ 5	\$ 2	\$ 5	\$ 5	\$ 2	\$—	\$ 251

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

	Three Months Ended September 30, 2016												
	Investment	Automotive	Energy	Railcar	Gaming	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Consolidated	
	(in millions)												
Revenues:													
Net sales	\$—	\$ 2,346	\$ 1,240	\$ 94	\$—	\$ 72	\$ 18	\$ 81	\$ 5	\$ 48	\$—	\$ 3,904	
Other revenues from operations	—	116	—	133	268	—	—	—	20	—	—	537	
Net gain (loss) from investment activities	412	—	5	—	—	—	—	—	—	—	1	418	
Interest and dividend income	24	—	1	—	—	—	—	—	—	—	2	27	
(Loss) gain on disposition of assets, net	—	(1) (1) 1	—	—	—	—	—	—	—	(1)
Other (loss) income, net	(1	) 15	(1	) —	3	—	(1	) (1	) —	—	—	14
	435	2,476	1,244	228	271	72	17	80	25	48	3	4,899	
Expenses:													
Cost of goods sold	—	1,899	1,195	86	—	78	13	61	4	42	—	3,378	
Other expenses from operations	—	122	—	80	127	—	—	—	13	—	—	342	
Selling, general and administrative	21	382	35	10	118	4	4	12	4	10	3	603	
Restructuring, net	—	7	—	—	—	1	—	—	—	—	—	8	
Impairment	—	1	—	—	92	—	—	—	—	—	—	93	
Interest expense	52	41	26	22	3	—	2	4	—	—	72	222	
	73	2,452	1,256	198	340	83	19	77	21	52	75	4,646	
Income (loss) before income tax benefit (expense)	362	24	(12	) 30	(69	) (11	) (2	) 3	4	(4	) (72	) 253
Income tax benefit (expense)	—	9	4	(9) (14) 5	(1) (1) —	—	(8) (15)
Net income (loss)	362	33	(8	) 21	(83	) (6	) (3	) 2	4	(4	) (80	) 238
Less: net income (loss) attributable to non-controlling interests	251	4	(10	) 3	6	—	(1	) 1	—	—	—	254
Net income (loss) attributable to Icahn Enterprises	\$ 111	\$ 29	\$ 2	\$ 18	\$ (89)	\$ (6)	\$ (2)	\$ 1	\$ 4	\$ (4)	\$ (80)	\$ (16)	
Supplemental information:													
Capital expenditures	\$—	\$ 98	\$ 23	\$ 42	\$ 15	\$ 1	\$ 7	\$ 5	\$ —	\$ 3	\$ —	\$ 194	
	\$—	\$ 120	\$ 68	\$ 35	\$ 18	\$ 6	\$ 2	\$ 4	\$ 4	\$ 1	\$ —	\$ 258	

Edgar Filing: ICAHN ENTERPRISES L.P. - Form 10-Q

Depreciation and
amortization⁽¹⁾

Nine Months Ended September 30, 2017

	Investment	Automotive	Energy	Railcar	Gaming	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Consolidated
	(in millions)											
Revenues:												
Net sales	\$ 7,488	\$ 4,395	\$ 184	\$ —	\$ 315	\$ 76	\$ 288	\$ 9	\$ 138	\$ —	\$ —	\$ 12,893
Other revenues from operations	—329	—	320	685	—	—	—	55	—	—	—	1,389
Net income from investment activities	552	—	2	—	—	—	—	—	—	—	50	604
Interest and dividend income	804	1	2	1	—	1	—	2	—	—	8	99
Gain (loss) on disposition of assets, net	—4	(2	)	1,511								