ICAHN ENTERPRISES HOLDINGS L.P.
Form 10-Q
November 04, 2013
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, 2013

(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 x No o   Icahn Enterprises Holdings L.P. Yes x No o

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

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

Icahn Enterprises L.P.		Icahn Enterprises Holdings L.P.	
Large Accelerated Filer o	Accelerated Filer x	Large Accelerated Filer o	Accelerated Filer o
Non-accelerated Filer o	Smaller reporting company o	Non-accelerated Filer x	Smaller reporting company o

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

As of November 1, 2013, there were 113,900,309 of Icahn Enterprises' depositary units outstanding.

ICAHN ENTERPRISES L.P.
ICAHN ENTERPRISES HOLDINGS L.P.
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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

CONSOLIDATED BALANCE SHEETS
(In millions, except unit amounts)

	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Cash and cash equivalents	$3,274	$3,071
Cash held at consolidated affiliated partnerships and restricted cash	1,430	1,419
Investments	12,275	5,491
Accounts receivable, net	1,871	1,841
Inventories, net	2,093	1,955
Property, plant and equipment, net	6,763	6,523
Goodwill	2,074	2,082
Intangible assets, net	1,133	1,206
Other assets	868	968
Total Assets	$31,781	$24,556
LIABILITIES AND EQUITY		
Accounts payable	$1,359	$1,383
Accrued expenses and other liabilities	2,281	1,496
Deferred tax liability	1,526	1,335
Securities sold, not yet purchased, at fair value	704	533
Due to brokers	3,718	—
Post-employment benefit liability	1,391	1,488
Debt	8,155	8,548
Total liabilities	19,134	14,783
Commitments and contingencies (Note 17)		
Equity:		
Limited partners: Depositary units: 112,384,570 and 104,850,813 units issued and outstanding at September 30, 2013 and December 31, 2012, respectively	5,943	4,913
General partner	(223)	(244)
Equity attributable to Icahn Enterprises	5,720	4,669
Equity attributable to non-controlling interests	6,927	5,104
Total equity	12,647	9,773
Total Liabilities and Equity	$31,781	$24,556

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per unit amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues:	(Unaudited)			
Net sales	$4,181	$4,519	$13,252	$10,625
Other revenues from operations	213	215	605	611
Net gain (loss) from investment activities	1,201	(81)	1,551	276
Interest and dividend income	44	21	120	63
Other income (loss), net	82	(171)	130	(162)
	5,721	4,503	15,658	11,413
Expenses:				
Cost of goods sold	3,825	3,702	11,605	9,026
Other expenses from operations	113	111	318	325
Selling, general and administrative	368	285	1,050	930
Restructuring	5	5	22	21
Impairment	2	53	7	87
Interest expense	131	138	391	384
	4,444	4,294	13,393	10,773
Income before income tax (expense) benefit	1,277	209	2,265	640
Income tax (expense) benefit	(57)	(110)	(274)	21
Net income	1,220	99	1,991	661
Less: net income attributable to non-controlling interests	(748)	(15)	(1,188)	(271)
Net income attributable to Icahn Enterprises	$472	$84	$803	$390
Net income attributable to Icahn Enterprises allocable to:				
Limited partners	$463	$77	$787	$374
General partner	9	7	16	16
	$472	$84	$803	$390
Basic income per LP unit	$4.13	$0.75	$7.22	$3.70
Basic weighted average LP units outstanding	112	103	109	101
Diluted income per LP unit	$4.10	$0.75	$7.17	$3.69
Diluted weighted average LP units outstanding	113	103	110	106
Cash distributions declared per LP unit	$1.25	$0.10	$3.25	$0.30

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Three Months Ended September 30, 2013	2012	Nine Months Ended September 30, 2013	2012
	(Unaudited)			
Net income	$1,220	$99	$1,991	$661
Other comprehensive (loss) income, net of tax:				
Post-employment benefits	(3)	(59)	3	(50)
Hedge instruments	6	21	9	35
Translation adjustments and other	48	60	(32)	34
Other comprehensive income (loss), net of tax	51	22	(20)	19
Comprehensive income	1,271	121	1,971	680
Less: Comprehensive income attributable to non-controlling interests	(758)	(22)	(1,181)	(276)
Comprehensive income attributable to Icahn Enterprises	$513	$99	$790	$404
Comprehensive income (loss) attributable to Icahn Enterprises allocable to:				
Limited partners	$(255)	$91	$16	$387
General partner	768	8	774	17
	$513	$99	$790	$404

Accumulated other comprehensive loss was $1,002 million and $982 million at September 30, 2013 and December 31, 2012, respectively.

See notes to consolidated financial statements.

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In millions, Unaudited)

	Equity Attributable to Icahn Enterprises				
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2012	$(244)	$4,913	$4,669	$5,104	$9,773
Net income	16	787	803	1,188	1,991
Other comprehensive loss	—	(13)	(13)	(7)	(20)
Partnership distributions	(3)	(169)	(172)	—	(172)
Investment segment contributions	—	—	—	45	45
Proceeds from equity offerings	6	311	317	—	317
Distributions paid to non-controlling interests in subsidiaries	—	—	—	(342)	(342)
Proceeds from subsidiary equity offerings	2	88	90	964	1,054
Other	—	26	26	(25)	1
Balance, September 30, 2013	$(223)	$5,943	$5,720	$6,927	$12,647

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Nine Months Ended September 30,	
	2013	2012
Cash flows from operating activities:	(Unaudited)	
Net income	$1,991	$661
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain from securities transactions	(2,495)	(1,422)
Purchases of securities	(5,532)	(1,703)
Proceeds from sales of securities	1,574	6,889
Purchases to cover securities sold, not yet purchased	(45)	(5,160)
Proceeds from securities sold, not yet purchased	124	1,000
Changes in receivables and payables relating to securities transactions	3,739	(2,337)
Loss on disposition of assets	57	—
Depreciation and amortization	503	411
Impairment	7	87
Deferred taxes	123	(181)
Other, net	(5)	(33)
Changes in cash held at consolidated affiliated partnerships and restricted cash	4	3,093
Changes in other operating assets and liabilities	269	63
Net cash provided by operating activities	314	1,368
Cash flows from investing activities:		
Capital expenditures	(785)	(617)
Acquisitions of businesses, net of cash acquired	—	(1,348)
Proceeds from sale of investments	38	170
Purchases of investments	(65)	(210)
Other, net	22	29
Net cash used in investing activities	(790)	(1,976)
Cash flows from financing activities:		
Investment segment distributions	(185)	(17)
Investment segment contributions	45	—
Proceeds from equity offerings	317	513
Partnership distributions	(32)	(31)
Proceeds from offerings of subsidiary equity	1,308	—
Distributions to non-controlling interests in subsidiaries	(342)	—
Proceeds from issuance of senior unsecured notes	493	1,030
Proceeds from other borrowings	122	172
Repayments of borrowings	(1,021)	(175)
Other, net	(14)	(38)
Net cash provided by financing activities	691	1,454
Effect of exchange rate changes on cash and cash equivalents	(12)	16
Net increase in cash and cash equivalents	203	862
Cash and cash equivalents, beginning of period	3,071	2,278
Cash and cash equivalents, end of period	$3,274	$3,140

Supplemental information:		
Cash payments for interest, net of amounts capitalized	$438	$387
Net cash payments for income taxes	$117	$185
Distribution payable to LP unitholders	$140	$—
Non-cash investment segment contribution	$185	$—
Acquisition of non-controlling interest in CVR	$—	$135
Net unrealized gain (loss) on available-for-sale securities	$—	$(2)

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions)

	September 30, 2013	December 31, 2012
ASSETS	(Unaudited)	
Cash and cash equivalents	$3,274	$3,071
Cash held at consolidated affiliated partnerships and restricted cash	1,430	1,419
Investments	12,275	5,491
Accounts receivable, net	1,871	1,841
Inventories, net	2,093	1,955
Property, plant and equipment, net	6,763	6,523
Goodwill	2,074	2,082
Intangible assets, net	1,133	1,206
Other assets	884	982
Total Assets	$31,797	$24,570
LIABILITIES AND EQUITY		
Accounts payable	$1,359	$1,383
Accrued expenses and other liabilities	2,281	1,496
Deferred tax liability	1,526	1,335
Securities sold, not yet purchased, at fair value	704	533
Due to brokers	3,718	—
Post-employment benefit liability	1,391	1,488
Debt	8,149	8,540
Total liabilities	19,128	14,775
Commitments and contingencies (Note 17)		
Equity:		
Limited partner	6,022	4,984
General partner	(280)	(293)
Equity attributable to Icahn Enterprises Holdings	5,742	4,691
Equity attributable to non-controlling interests	6,927	5,104
Total equity	12,669	9,795
Total Liabilities and Equity	$31,797	$24,570

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues:	(Unaudited)			
Net sales	$4,181	$4,519	$13,252	$10,625
Other revenues from operations	213	215	605	611
Net gain (loss) from investment activities	1,201	(81)	1,551	276
Interest and dividend income	44	21	120	63
Other income (loss), net	82	(171)	130	(162)
	5,721	4,503	15,658	11,413
Expenses:				
Cost of goods sold	3,825	3,702	11,605	9,026
Other expenses from operations	113	111	318	325
Selling, general and administrative	368	285	1,050	930
Restructuring	5	5	22	21
Impairment	2	53	7	87
Interest expense	131	138	391	384
	4,444	4,294	13,393	10,773
Income before income tax (expense) benefit	1,277	209	2,265	640
Income tax (expense) benefit	(57)	(110)	(274)	21
Net income	1,220	99	1,991	661
Less: net income attributable to non-controlling interests	(748)	(15)	(1,188)	(271)
Net income attributable to Icahn Enterprises Holdings	$472	$84	$803	$390
Net income attributable to Icahn Enterprises Holdings allocable to:				
Limited partner	$467	$77	$795	$377
General partner	5	7	8	13
	$472	$84	$803	$390

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(Unaudited)			
Net income	$1,220	$99	$1,991	$661
Other comprehensive (loss) income, net of tax:				
Post-employment benefits	(3)	(59)	3	(50)
Hedge instruments	6	21	9	35
Translation adjustments and other	48	60	(32)	34
Other comprehensive income (loss), net of tax	51	22	(20)	19
Comprehensive income	1,271	121	1,971	680
Less: Comprehensive income attributable to non-controlling interests	(758)	(22)	(1,181)	(276)
Comprehensive income attributable to Icahn Enterprises Holdings	$513	$99	$790	$404
Comprehensive income (loss) attributable to Icahn Enterprises Holdings allocable to:				
Limited partner	$(267)	$92	$8	$391
General partner	780	7	782	13
	$513	$99	$790	$404

Accumulated other comprehensive loss was $1,002 million and $982 million at September 30, 2013 and December 31, 2012, respectively.

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In millions, Unaudited)

	Equity Attributable to Icahn Enterprises Holdings				
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2012	$(293)	$4,984	$4,691	$5,104	$9,795
Net income	8	795	803	1,188	1,991
Other comprehensive loss	—	(13)	(13)	(7)	(20)
Partnership distributions	(2)	(170)	(172)	—	(172)
Investment segment contributions	—	—	—	45	45
Proceeds from equity offerings	6	311	317	—	317
Distributions paid to non-controlling interests in subsidiaries	—	—	—	(342)	(342)
Proceeds from subsidiary equity offerings	1	89	90	964	1,054
Other	—	26	26	(25)	1
Balance, September 30, 2013	$(280)	$6,022	$5,742	$6,927	$12,669

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
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See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2013 (Unaudited)

1. Description of Business and Basis of Presentation.

General

Icahn Enterprises L.P. (“Icahn Enterprises”) is a master limited partnership formed in Delaware on February 17, 1987. Icahn Enterprises Holdings L.P. (“Icahn Enterprises Holdings”) is a limited partnership formed in Delaware on February 17, 1987. References to "we," "our" or "us" herein include both Icahn Enterprises and Icahn Enterprises Holdings and their subsidiaries, unless the context otherwise requires.

Icahn Enterprises owns a 99% limited partner interest in 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, 2013. Icahn Enterprises Holdings and its subsidiaries own substantially all of our assets and liabilities and conduct substantially all of our operations. Therefore, the financial results of Icahn Enterprises and Icahn Enterprises Holdings are substantially the same, with differences relating primarily to debt, as discussed further in Note 10, "Debt," and to the allocation of the general partner interest, which is reflected as an aggregate 1.99% general partner interest in the financial statements of Icahn Enterprises. In addition to the above, Mr. Icahn and his affiliates owned 100,436,406, or approximately 89.4%, of Icahn Enterprises' outstanding depositary units as of September 30, 2013.

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Automotive, Energy, Metals, Railcar, Gaming, 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 the Holding Company. Further information regarding our continuing reportable segments is contained in Note 2, “Operating Units,” and Note 13, “Segment Reporting.”

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 “Code”).

The accompanying 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, 2012. The consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“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.

Reclassifications

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

Purchase Price Allocation

On May 4, 2012, we acquired a controlling interest in CVR Energy, Inc. ("CVR") and have allocated the total purchase price to the fair value of assets acquired and liabilities assumed based on their fair values at the acquisition date, with amounts exceeding fair values recorded as goodwill. The purchase price allocation was finalized during the second quarter of 2013. See Note 8, "Goodwill and Intangible Assets, Net - Energy," for further discussion.

Principles of Consolidation

Our consolidated financial statements include the accounts of (i) Icahn Enterprises and (ii) the wholly and majority owned subsidiaries of Icahn Enterprises, in addition to those entities in which we have a controlling interest as a general partner interest or in which we may be the primary beneficiary of a variable interest entity ("VIE"). In evaluating whether we have a controlling financial interest in entities that we would consolidate, we consider the following: (1) for voting interest entities, we consolidate these entities in which we own a majority of the voting interests; and (2) for limited partnership entities that are not considered VIEs, we consolidate these entities if we are the general partner of such entities and for which no substantive kick-out rights (the rights underlying the limited partners' ability to dissolve the limited partnership or otherwise remove the general partners are collectively referred to as “kick-out” rights) or participating rights exist. All material intercompany accounts and transactions have been eliminated in consolidation.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, cash held at consolidated affiliated partnerships and restricted cash, accounts receivable, 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.

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, 2013 was approximately $8.2 billion and $8.3 billion, respectively. The carrying value and estimated fair value of our long-term debt as of December 31, 2012 was approximately $8.5 billion and $8.6 billion, respectively.

Restricted Cash

Our restricted cash balance was approximately $1.4 billion and $0.7 billion as of September 30, 2013 and December 31, 2012, respectively.

Adoption of New Accounting Standards

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11, which amends FASB Accounting Standards Codification ("ASC") Topic 210, Balance Sheet. This ASU requires companies to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position as well as instruments and transactions subject to an agreement similar to a master netting arrangement. In January 2013, the FASB issued ASU No. 2013-01, which further amends FASB ASC Topic 210. This ASU limits the scope of the original guidance. These ASUs are effective retrospectively for interim and annual periods beginning on or after January 1, 2013. We adopted these additional disclosure requirements effective January 1, 2013 which had minimal impact on our disclosures.

In February 2013, the FASB issued ASU No. 2013-02, which amends FASB ASC Topic 220, Comprehensive Income. This ASU requires an entity to provide information about amounts reclassified out of accumulated other comprehensive income by component. The guidance is effective prospectively for interim and annual periods beginning after December 15, 2012. We adopted these additional disclosure requirements effective January 1, 2013. See Note15, "Changes in Accumulated Other Comprehensive Loss," for additional information.

Recently Issued Accounting Standards

In February 2013, the FASB issued ASU No. 2013-04, which amends FASB ASC Topic 405, Liabilities. This ASU requires the measurement of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date as the sum of (1) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (2) any additional amount the reporting entity expects to pay on behalf of its co-obligors. This guidance also requires the disclosure of the nature and amount of the obligation as well as other information about those obligations. The guidance is effective for interim and annual periods beginning after December 15, 2013. We anticipate that the adoption of this guidance will not have a material impact on our consolidated financial position, results of operations and cash flows.

In March 2013, the FASB issued ASU No. 2013-05, which amends FASB ASC Topic 830, Foreign Currency Matters. This ASU resolves the accounting for certain foreign currency matters with respect to the release of cumulative translation adjustment into net income within a foreign entity under certain circumstances. This ASU is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. This ASU should be applied prospectively to derecognition events occurring after the effective date. Early adoption is permitted provided that if the entity adopts this guidance early, it is applied as of the beginning of the entity's fiscal year of adoption. The adoption of this ASU will not have a material impact on our consolidated financial position, results of operations or cash flows.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2013 (Unaudited)

In June 2013, the FASB issued ASU No. 2013-08, which amends FASB ASC Topic 946, Financial Services - Investment Companies. This ASU clarifies the characteristics of an investment company, and provides comprehensive guidance for assessing whether an entity is an investment company. This ASU is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. Earlier adoption is prohibited. The adoption of this ASU will not have any impact on our consolidated financial position, results of operations or cash flows.
In July 2013, the FASB issued ASU No. 2013-11, which amends FASB ASC Topic 740, Income Taxes. This ASU requires that unrecognized tax benefits, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, except in certain cases. This ASU is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. Earlier adoption is permitted. The adoption of this ASU will not have any impact on our consolidated financial position, results of operations or cash flows.
Filing Status of Subsidiaries
Federal-Mogul Corporation (“Federal-Mogul”), CVR, American Railcar Industries, Inc. (“ARI”) and Tropicana Entertainment Inc. (“Tropicana”) are each a public reporting entity under the Securities Exchange Act of 1934, as amended, and file annual, quarterly and current reports and proxy and information statements with the Securities and Exchange Commission ("SEC"). Each of these reports is publicly available at www.sec.gov.

2. Operating Units.
Investment
Our Investment segment is comprised of various private investment funds, including Icahn Partners L.P. ("Icahn Partners"), Icahn Partners Master Fund LP, Icahn Partners Master Fund II LP and Icahn Partners Master Fund III LP (collectively, the "Master Funds", and together with Icahn Partners, the "Investment Funds"), through which we invest our proprietary capital. We and certain of Mr. Icahn's wholly owned affiliates are the sole investors in the Investment Funds. Icahn Onshore LP and Icahn Offshore LP (together, the "General Partners") act as the general partner of Icahn Partners and the Master Funds, respectively. The General Partners 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 $3.6 billion and $2.4 billion as of September 30, 2013 and December 31, 2012, respectively. Mr. Icahn and his affiliates (excluding Icahn Enterprises and Icahn Enterprises Holdings) had direct investments in the Investment Funds of approximately $4.5 billion and $3.5 billion as of September 30, 2013 and December 31, 2012, respectively.
Automotive
We conduct our Automotive segment through our majority ownership in Federal-Mogul. Federal-Mogul is a leading global supplier of technology and innovation in vehicle and industrial products for fuel economy, emissions reduction and safety systems. Federal-Mogul serves the world's foremost original equipment manufacturers (each an “OEM”) and servicers (each an “OES”) of automotive, light, medium and heavy-duty commercial vehicles, off-road, agricultural, marine, rail, aerospace, power generation and industrial equipment, as well as the worldwide aftermarket.
Effective September 1, 2012, Federal-Mogul began operating as two unique end-customer focused business units. The Powertrain (“PT”) unit focuses on original equipment powertrain and systems protection products for automotive, heavy-duty and industrial applications. The Vehicle Components Solutions (“VCS”) unit sells and distributes a broad portfolio of products in the global vehicle aftermarket and OES market, while also serving OEMs with vehicle products including brake friction, chassis, wipers and other vehicle components. The new organizational model is designed to allow for a strong product line focus benefiting both original equipment and aftermarket customers to enable the global Federal-Mogul teams to be responsive to customers' needs for superior products and to promote greater identification with Federal-Mogul premium brands. The division of the global Federal-Mogul business into

two business units is expected to enhance management focus to capitalize on opportunities for organic or acquisition growth, profit improvement, resource utilization and business model optimization in line with the unique requirements of the two different customer bases.

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Rights Offering
On July 11, 2013, Federal-Mogul received $500 million in connection with its previously announced common stock registered rights offering (the "Federal-Mogul Rights Offering"). In connection with the Federal-Mogul Rights Offering, we fully exercised our subscription rights under our basic and over subscription privileges to purchase additional shares of Federal-Mogul common stock, thereby increasing our ownership of Federal-Mogul, for an aggregate additional investment of $434 million, which is eliminated in our consolidated statement of cash flows.
As of September 30, 2013, we owned approximately 80.7% of the total outstanding common stock of Federal-Mogul.
Accounts Receivable, net
Federal-Mogul's subsidiaries in Brazil, France, Germany, Italy, Japan and the United States are party to accounts receivable factoring and securitization facilities. Gross accounts receivable transferred under these facilities were $274 million and $217 million as of September 30, 2013 and December 31, 2012, respectively. Of those gross amounts, $263 million and $216 million, respectively, qualify as sales as defined in FASB ASC Topic 860, Transfers and Servicing. The remaining transferred receivables were pledged as collateral and accounted for as secured borrowings and recorded in the 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 both September 30, 2013 and December 31, 2012, Federal-Mogul had no outstanding transferred receivables for which cash had not yet been drawn. Proceeds from the transfers of accounts receivable qualifying as sales were $379 million and $335 million for the three months ended September 30, 2013 and 2012, respectively, and approximately $1.1 billion for each of the nine months ended September 30, 2013 and 2012.
For the three months ended September 30, 2013 and 2012, expenses associated with transfers of receivables were $2 million and $1 million, respectively, and $5 million for each of the nine months ended September 30, 2013 and 2012. Such expenses were recorded in the 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.
Certain of the facilities contain terms that require Federal-Mogul to share in the credit risk of the sold receivables. The maximum exposures of Federal-Mogul associated with certain of these facilities' terms were $18 million and $19 million at September 30, 2013 and December 31, 2012, respectively. Based on Federal-Mogul's analysis of the creditworthiness of its customers with respect to which such receivables were sold and outstanding as of September 30, 2013 and December 31, 2012, Federal-Mogul estimated the loss to be immaterial.
Restructuring
Federal-Mogul recorded aggregate net restructuring charges of $4 million and $20 million for the three and nine months ended September 30, 2013, respectively. Federal-Mogul recorded aggregate net restructuring charges of $5 million and $20 million for the three and nine months ended September 30, 2012, respectively. Restructuring information related to specific restructuring plans are discussed below.
In June 2012, Federal-Mogul announced a restructuring plan ("Restructuring 2012") to reduce or eliminate capacity at several high-cost VCS facilities and transfer production to lower-cost locations. Restructuring 2012 is anticipated to be completed within two years. In connection with Restructuring 2012, Federal-Mogul recorded $1 million and $2 million in restructuring charges for the three and nine months ended September 30, 2013, respectively, which pertain to employee costs and facility costs. For the three and nine months ended September 30, 2012, Federal-Mogul recorded $1 million and $8 million, respectively, in charges in connection with Restructuring 2012, all of which pertain to employee costs. Additionally, Federal-Mogul recognized $11 million in net restructuring expenses outside of Restructuring 2012 during the nine months ended September 30, 2012, all of which pertained to employee costs.
In February 2013, Federal-Mogul's Board of Directors approved the evaluation of restructuring opportunities in order to improve operating performance. Federal-Mogul obtained its Board of Directors' approval to commence a restructuring plan ("Restructuring 2013"). Restructuring 2013 is intended to take place between 2013 and 2015 with

an expected total cost of $79 million, of which $62 million and $17 million pertains to employee costs and facility costs, respectively. In connection with Restructuring 2013, Federal-Mogul recorded $3 million and $19 million in charges for the three and nine months ended September 30, 2013, respectively, all of which pertain to employee costs.

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Energy

We conduct our Energy segment through our majority ownership in CVR. We acquired a controlling interest in CVR on May 4, 2012.

CVR is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries through its holdings in CVR Refining, LP (“CVR Refining”) and CVR Partners, LP (“CVR Partners”), respectively. CVR Refining is an independent petroleum refiner and marketer of high value transportation fuels. CVR Partners produces nitrogen fertilizers in the form of ammonia and urea ammonium nitrate ("UAN"). As of September 30, 2013, following various equity offerings as discussed below, CVR owned the general partner and approximately 71% of the common units of CVR Refining (including 100% of CVR Refining GP, LLC, its general partner) and approximately 53% of the common units of CVR Partners (including 100% of CVR GP, LLC, its general partner).

As of September 30, 2013, we owned approximately 82.0% of the total outstanding common stock of CVR. In addition, as of September 30, 2013, as a result of purchasing common units of CVR Refining as discussed below, we directly owned approximately 4.0% of the total outstanding common units of CVR Refining.

Equity Offerings

On January 23, 2013, CVR Refining completed its initial public offering ("CVR Refining IPO") of its common units representing limited partner interests, resulting in gross proceeds of $600 million, before giving effect to underwriting discounts and other offering expenses. Included in these proceeds is $100 million paid by us for the purchase of common units of CVR Refining in connection with the CVR Refining IPO. Additionally, on January 30, 2013, additional common units of CVR Refining were issued pursuant to the underwriters' exercise of their overallotment option, resulting in gross proceeds of $90 million, before giving effect to underwriting discounts and other offering costs.

On May 20, 2013, CVR Refining completed an underwritten offering of its common units representing limited partner interests, and on June 10, 2013 issued additional common units pursuant to the underwriters' exercise of their overallotment option, resulting in gross proceeds of $406 million before giving effect to underwriting discounts and offering expenses. In addition, we purchased approximately $62 million of common units of CVR Refining in a privately negotiated transaction with CVR. CVR Refining did not receive any of the proceeds from the sale of common units of CVR Refining to us.

On May 28, 2013, Coffeyville Resources, LLC (“CRLLC”), a wholly owned subsidiary of CVR, completed a secondary offering of common units of CVR Partners. Additionally, the underwriters were granted an option to purchase additional units at the public offering price, which expired unexercised at the end of the option period. The gross proceeds to CRLLC from this secondary offering were $302 million, before giving effect to underwriting discounts and other offering expenses. CVR Partners did not receive any of the proceeds from the sale of common units by CRLLC.

Petroleum Business

CVR Refining's petroleum business includes a 115,000 barrels per day ("bpd") complex full coking medium-sour crude oil refinery in Coffeyville, Kansas and a 70,000 bpd medium complexity crude oil unit refinery in Wynnewood, Oklahoma. The combined production capacity represents approximately 22% of the region's refining capacity. The Coffeyville refinery is situated on approximately 440 acres in southeast Kansas, approximately 100 miles from Cushing, Oklahoma, a major crude oil trading and storage hub. The Wynnewood refinery is situated on approximately 400 acres located approximately 65 miles south of Oklahoma City, Oklahoma and approximately 130 miles from Cushing, Oklahoma.

In addition to the refineries, CVR's petroleum business owns and operates the following: (1) a crude oil gathering system with a gathering capacity of approximately 50,000 bpd serving Kansas, Oklahoma, Missouri, Nebraska and Texas, (2) a rack marketing division supplying product through tanker trucks directly to customers located in close geographic proximity to Coffeyville, Kansas and Wynnewood, Oklahoma and at throughput terminals on Magellan and NuStar Energy, LP's ("NuStar") refined products distribution systems, (3) a 145,000 bpd pipeline system (supported by approximately 350 miles of CVR's owned and leased pipeline) that transports crude oil to its Coffeyville refinery from its Broome Station tank farm and associated crude oil storage tanks with a capacity of 1.2 million barrels, (4) crude oil storage tanks with a capacity of 0.5 million barrels in Wynnewood, Oklahoma, (5) an additional 3.3 million barrels of leased storage capacity located in Cushing, Oklahoma and other locations, (6) 1.0 million barrels of company owned crude oil storage in Cushing, Oklahoma and (7) approximately 4.5 million barrels of combined refinery related storage capacity.

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Nitrogen Fertilizer Business
CVR Partners' nitrogen fertilizer business consists of a nitrogen fertilizer manufacturing facility that utilizes a petroleum coke, or pet coke, gasification process to produce nitrogen fertilizer. The facility includes a 1,225 ton-per-day ammonia unit, a 3,000 ton-per-day UAN unit and a gasifier complex having a capacity of 84 million standard cubic feet per day of hydrogen. The gasifier is a dual-train facility, with each gasifier able to function independently of the other, thereby providing redundancy and improving reliability.
Metals
We conduct our Metals segment through our indirect wholly owned subsidiary, PSC Metals, Inc. (“PSC Metals”). PSC Metals collects industrial and obsolete scrap metal, processes it into reusable forms and supplies the recycled metals to its customers, including electric-arc furnace mills, integrated steel mills, foundries, secondary smelters and metals brokers. PSC Metals' ferrous products include busheling, plate and structural, shredded, sheared and bundled scrap metal and other purchased scrap metal such as turnings (steel machining fragments), cast furnace iron and broken furnace iron. PSC Metals processes the scrap into a size, density and purity required by customers to meet their production needs. PSC Metals also processes non-ferrous metals, including aluminum, copper, brass, stainless steel and nickel-bearing metals. Non-ferrous products are a significant raw material in the production of aluminum and copper alloys used in manufacturing. PSC Metals also operates a steel products business that includes the supply of secondary plate and structural grade pipe that is sold into niche markets for counterweights, piling and foundations, construction materials and infrastructure end-markets.
Railcar
We conduct our Railcar segment through our majority ownership in ARI and our indirect wholly owned subsidiary, AEP Leasing LLC ("AEP Leasing"). ARI manufactures railcars, which are offered for sale or lease, custom designed railcar parts and other industrial products, primarily aluminum and special alloy steel castings. These products are sold to various types of companies including leasing companies, railroads, industrial companies and other non-rail companies. ARI leases railcars that it manufactures to certain markets. ARI provides railcar services consisting of railcar repair services, engineering and field
services and fleet management services. More specifically, such services include maintenance planning, project management,
tracking and tracing, regulatory compliance, mileage audit, rolling stock taxes, and online service access.
On August 17, 2012, AEP Leasing was formed for the purpose of leasing railcars. AEP Leasing's business is managed by American Railcar Leasing LLC ("ARL"), an entity controlled by Mr. Icahn that also manages ARI's leasing business. AEP Leasing began purchasing railcars from ARI in the third quarter of 2012 with terms and pricing not less favorable to ARI than the terms and pricing available to unaffiliated third parties. Transactions between AEP Leasing and ARI have been eliminated in consolidation.
As further discussed in Note 18, "Subsequent Events - Railcar," on October 2, 2013, we acquired a 75% membership interest in the newly capitalized ARL ("New ARL") for the purpose of leasing railcars.
As of September 30, 2013, we owned approximately 55.6% of the total outstanding common stock of ARI.
Gaming
We conduct our Gaming segment through our majority ownership in Tropicana. Tropicana currently owns and operates a diversified, multi-jurisdictional collection of casino gaming properties. The eight casino facilities it operates feature approximately 370,000 square feet of gaming space with 7,000 slot machines, 210 table games and 6,000 hotel rooms with three casino facilities located in Nevada and one in each of Indiana, Louisiana, Mississippi, New Jersey and Aruba.
As previously disclosed, on August 16, 2013, Tropicana St. Louis LLC (the “Buyer”), a Delaware limited liability company and a wholly owned subsidiary of Tropicana, entered into an Equity Interest Purchase Agreement (the “Purchase Agreement”) with Pinnacle Entertainment, Inc. (“Pinnacle”), Casino Magic, LLC (“Casino Magic” and together

with Pinnacle, the “Sellers”), Casino One Corporation (the “Target”), PNK (ES), LLC (“ES”), PNK (ST. LOUIS RE), LLC (“RE”) and PNK (STLH), LLC (“STLH”). Casino Magic is the beneficial and record owner of all of the issued and outstanding stock of the Target (the “Target Stock”). Pinnacle is the beneficial and record owner of all of the issued and outstanding membership interests of ES, RE and STLH (and together with the Target Stock, the “Equity Interests”). The Purchase Agreement provides that, upon the terms and subject to the conditions set forth therein, the Buyer has agreed to purchase all of the Equity Interests in exchange for $260 million in cash, subject to adjustment (the “Transactions”). If the Transactions are consummated, the

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Buyer would acquire the Lumiére Place Casino, Hotel Lumiére, the Four Seasons Hotel St. Louis and related excess land parcels in St. Louis, Missouri.

The Purchase Agreement contains customary representations, warranties and covenants by the Buyer and the Sellers, including an agreement by each of the parties to use commercially reasonable efforts to consummate the Transactions. Completion of the Transactions is subject to various conditions, including, among others, regulatory approvals from the Missouri Gaming Commission and the U.S. Federal Trade Commission. Tropicana can make no assurances that the conditions will be satisfied and that the sale will be consummated in a timely manner or at all.

As of September 30, 2013, we owned approximately 67.9% of the total outstanding common stock of Tropicana.

Food Packaging

We conduct our Food Packaging segment through our majority ownership in Viskase Companies, Inc. ("Viskase"). Viskase is a worldwide leader in the production and sale of cellulosic, fibrous and plastic casings for the processed meat and poultry industry. Viskase currently operates eight manufacturing facilities and ten distribution centers throughout North America, Europe, South America and Asia and derives approximately 71% of its total net sales from customers located outside the United States.

As of September 30, 2013, we owned approximately 70.8% of the total outstanding common stock of Viskase.

Real Estate

Our Real Estate segment consists of rental real estate, property development and resort activities.

As of September 30, 2013, we owned 29 commercial rental real estate properties. Our property development operations are run primarily through Bayswater Development LLC, 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 New Seabury development property in Cape Cod, Massachusetts and our Grand Harbor and Oak Harbor development property in Vero Beach, Florida include land for future residential development of approximately 292 and 870 units of residential housing, respectively. Both developments operate golf and resort operations as well. In addition, our Real Estate segment owns an unfinished development property which is located on approximately 23 acres in Las Vegas, Nevada.

As of September 30, 2013 and December 31, 2012, $57 million and $73 million, respectively, of the net investment in financing leases and net real estate leased to others which is included in property, plant and equipment, net, were pledged to collateralize the payment of nonrecourse mortgages payable.

Home Fashion

We conduct our Home Fashion segment through our indirect wholly owned subsidiary, WestPoint Home LLC (“WPH”), a manufacturer and distributor of home fashion consumer products. WPH is engaged in the business of designing, marketing, manufacturing, sourcing, distributing and selling home fashion consumer products. WPH markets a broad range of manufactured and sourced bed and bath products, including sheets, pillowcases, bedspreads, quilts, comforters and duvet covers, bath and beach towels, bath accessories, bed skirts, bed pillows, flocked blankets, woven blankets and throws, and mattress pads. WPH recognizes revenue primarily through the sale of home fashion products to a variety of retail and institutional customers. In addition, WPH receives a small portion of its revenues through the licensing of its trademarks.

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

Mr. Icahn, along with his affiliates (excluding Icahn Enterprises and Icahn Enterprises Holdings), makes investments in the Investment Funds. During the second quarter of 2013, an affiliate of Mr. Icahn invested $45 million in the Investment Funds. As further discussed in Note 6, "Financial Instruments - Investment Segment and Holding Company," the Investment

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Funds are parties to swap agreements with respect to shares of the S&P 500 ETF Trust (“SPDR”). On August 19, 2013, certain of the Investment Funds assigned an aggregate 7.7 million SPDR shares to Koala Holdings LP and its subsidiary (collectively, "Koala"), an affiliate of Mr. Icahn's. In addition, certain of the Investment Funds distributed $185 million to Koala. As of September 30, 2013 and December 31, 2012, the total fair market value of investments in the Investment Funds made by Mr. Icahn and his affiliates (excluding Icahn Enterprises and Icahn Enterprises Holdings) was approximately $4.5 billion and $3.5 billion, respectively, representing approximately 56% and 60%, respectively, of the Investment Funds' asset under management.

Effective April 1, 2011, based on an expense-sharing arrangement, certain expenses borne by Icahn Capital are reimbursed by the Investment Funds, generally when such expenses are paid. Such expenses relate to the operation, administration and investment activities of Icahn Capital for the benefit of the Investment Funds (including salaries, benefits and rent) and are allocated pro rata in accordance with each investor's capital accounts in the Investment Funds. For the three months ended September 30, 2013 and 2012, $40 million and $6 million, respectively, were allocated to the Investment Funds based on this expense-sharing arrangement. For the nine months ended September 30, 2013 and 2012, $79 million and $17 million, respectively, were allocated to the Investment Funds based on this expense-sharing arrangement.

Railcar

Agreements with ACF Industries LLC

In January 2013, ARI entered into a purchasing and engineering services agreement and license with ACF Industries LLC ("ACF"), an affiliate of Mr. Icahn. The agreement was unanimously approved by the independent directors of ARI’s and Icahn Enterprises' audit committee on the basis that the terms of the agreement were not materially less favorable to ARI than those that could have been obtained in a comparable transaction with an unrelated person. Under this agreement, ARI provides purchasing support and engineering services to ACF in connection with ACF’s manufacture and sale of certain tank railcars at its facility in Milton, Pennsylvania. Additionally, ARI has granted ACF a nonexclusive, non-assignable license to certain of ARI’s intellectual property, including certain designs, specifications, processes and manufacturing know-how required to manufacture and sell such tank railcars during the term of the agreement. Subject to certain early termination events, the agreement will terminate on December 31, 2014.

In consideration for the services and license provided by ARI to ACF in conjunction with the agreement, ACF pays ARI a royalty and, if any, a share of the net profits ("ACF Profits") earned on each railcar manufactured and sold by ACF under the agreement, in an aggregate amount equal to 30 percent of such ACF Profits, as calculated under the agreement. ACF Profits are net of certain of ACF’s start-up and shutdown expenses and certain maintenance capital. If no ACF Profits are realized on a railcar manufactured and sold by ACF pursuant to the agreement, ARI will still be entitled to the royalty for such railcar and will not share in any losses incurred by ACF in connection therewith. In addition, any railcar components supplied by ARI to ACF for the manufacture of these railcars shall be provided at fair market value.

Under the agreement, ACF has the exclusive right to manufacture and sell subject tank railcars for any new orders scheduled for delivery to customers on or before January 31, 2014. ARI has the exclusive right to any sales opportunities for such tank railcars for any new orders scheduled for delivery after that date and through December 31, 2014. ARI also has the right to assign any sales opportunity to ACF, and ACF has the right, but not the obligation, to accept such sales opportunity. Any sales opportunity accepted by ACF will not be reflected in ARI’s orders or backlog.

Revenues under this agreement were $3 million and $7 million for the three and nine months ended September 30, 2013, respectively, and were recorded for sales of railcar components to ACF and for royalties and profits on railcars sold by ACF.

In April 2013, AEP Leasing entered into an agreement ("ACF Agreement") with ACF whereby AEP Leasing will purchase 1,050 railcars from ACF in 2013 and 2014 for an aggregate purchase price of approximately $150 million. Additionally, AEP Leasing has an option that can be exercised any time prior to September 1, 2014 to purchase an additional 500 railcars for an aggregate purchase price of approximately $70 million. The ACF Agreement was unanimously approved by Icahn Enterprises' audit committee consisting of independent directors, who were advised by independent counsel and an independent financial advisor on the basis that the terms were not less favorable than those terms that could have been obtained in a comparable transaction with an unaffiliated third party. Under this agreement, purchases of railcars by AEP Leasing from ACF were $20 million and $25 million for the three and nine months ended September 30, 2013, respectively.

Agreements with American Railcar Leasing LLC

In April 2011, ARI entered into a fleet services agreement ("Railcar Services Agreement") with ARL, a company controlled by Mr. Icahn, for a term of three years, which will automatically renew for additional one-year periods unless either party provides at least 60 days written prior notice of termination. Pursuant to the Railcar Services Agreement, ARI provides railcar repair, engineering, administrative and other services, on an as needed basis, for ARL's lease fleet at mutually agreed-upon prices. Railcar services revenues, included in other revenues from operations in our consolidated statements of operations, recorded by ARI under this agreement were $4 million and $6 million for the three months ended September 30, 2013 and 2012, respectively, and $13 million and $17 million for the nine months ended September 30, 2013 and 2012, respectively. The Railcar Services Agreement was unanimously approved by the independent directors of ARI's audit committee on the basis that the terms were no less favorable than those terms that could have been obtained in a comparable transaction with an unaffiliated third party.

ARI has from time to time manufactured and sold railcars to ARL under long-term agreements as well as on a purchase order basis. In the third quarter of 2012, all unfilled purchase orders previously placed by ARL were assigned to AEP Leasing. Revenues for railcars sold to ARL were $34 million and $45 million for the three and nine months ended September 30, 2012, respectively. The terms and pricing on sales to related parties are not less favorable to ARI than the terms and pricing on sales to unaffiliated third parties. Any related party sales of railcars under an agreement or purchase order have been and will be subject to the approval or review by the independent directors of Icahn Enterprises' and ARI’s audit committee.

On February 29, 2012, ARI entered into a railcar management agreement (the "ARI Railcar Management Agreement") with ARL, pursuant to which ARI engaged ARL to sell or lease ARI's railcars in certain markets, subject to the terms and conditions of the ARI Railcar Management Agreement. The ARI Railcar Management Agreement was effective as of January 1, 2011, will continue through December 31, 2015 and may be renewed upon written agreement by both parties. In December 2012, a subsidiary of ARI entered into a similar agreement with ARL that terminates in August 2018.

On August 30, 2012, AEP Leasing entered into a railcar management agreement with ARL (the "AEP Railcar Management Agreement"), pursuant to which AEP Leasing engaged ARL to sell or lease AEP Leasing's railcars in certain markets, subject to the terms and conditions of the AEP Railcar Management Agreement. The AEP Railcar Management Agreement was effective as of August 30, 2012, will continue through December 31, 2022 and may be renewed upon written agreement by both parties.

The ARI Railcar Management Agreement and the AEP Railcar Management Agreement (collectively the "Railcar Management Agreements") also provide that ARL will manage ARI's and AEP Leasing's leased railcars, including arranging for services, such as repairs or maintenance, as deemed necessary. Subject to the terms and conditions of the agreement, ARL receives, in respect of leased railcars, a fee consisting of a lease origination fee and a management fee based on the lease revenues, and, in respect of railcars sold by ARL, sales commissions. The ARI Railcar Management Agreement was unanimously approved by ARI's special committee and Icahn Enterprises' audit committee, which were advised by independent counsel and an independent financial advisor. The AEP Railcar Management Agreement was unanimously approved by Icahn Enterprises' audit committee, which was advised by independent counsel and an independent financial advisor. Each of the Railcar Management Agreements was approved by the applicable special or audit committees on the basis that the terms of the Railcar Management Agreements were no less favorable than those terms that could have been obtained in a comparable transaction with an unaffiliated third party. Combined fees incurred by ARI and AEP Leasing in connection with the Railcar Management Agreements were immaterial for each of the three and nine months ended September 30, 2013 and 2012.

As further discussed in Note 18, "Subsequent Events - Railcar," on October 2, 2013, we acquired a 75% membership interest in the New ARL for the purpose of leasing railcars.

Insight Portfolio Group LLC (formerly known as Icahn Sourcing, LLC)

Icahn Sourcing, LLC ("Icahn Sourcing") was an entity formed 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 was a member of the buying group in 2012. Prior to December 31, 2012, Icahn Enterprises did not pay Icahn Sourcing any fees or other amounts with respect to the buying group arrangement.

In December 2012, Icahn Sourcing advised Icahn Enterprises that, effective January 1, 2013, it would restructure its ownership and change its name to Insight Portfolio Group LLC (“Insight Portfolio Group”). In connection with the restructuring, Icahn Enterprises Holdings acquired a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses in 2013. In addition to the minority equity interest held by Icahn Enterprises Holdings, certain subsidiaries of Icahn Enterprises Holdings, including Federal-Mogul, CVR, Tropicana, ARI, Viskase, PSC Metals and WPH, also acquired minority equity interests in Insight Portfolio Group and agreed to pay a portion

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of Insight Portfolio Group's operating expenses in 2013. A number of other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight Portfolio Group and agreed to pay certain of Insight Portfolio Group's operating expenses in 2013.

4. Investments and Related Matters.

Investment

Investments, and securities sold, not yet purchased, consist of equities, bonds, bank debt and other corporate obligations, and derivatives, all of which are reported at fair value in our consolidated balance sheets. See Note 5, "Fair Value Measurements - Investment," for details of the investments for our Investment segment.

Our Investment segment assesses the applicability of equity method accounting with respect to its investments based on a combination of qualitative and quantitative factors, including overall stock ownership of the Investment Funds combined with those of our affiliates along with board of directors representation.

Our Investment segment applied the fair value option to certain of its investments that would have otherwise been subject to the equity method of accounting. As of September 30, 2013, the fair value of these investments was less than $1 million. During the three months ended September 30, 2013 and 2012, our Investment segment recorded gains of $78 million and $193 million, respectively. During the nine months ended September 30, 2013 and 2012, our Investment segment recorded gains of $140 million and $360 million, respectively. Such amounts are included in net gain (loss) from investment activities in our consolidated statements of operations. Included in these investment gains and losses are the Investment Funds' gains and losses in The Hain Celestial Group, Inc. (“Hain”) and Metro-Golden-Mayer Inc. ("MGM"). As of September 30, 2013, the Investment Funds no longer held any shares of Hain or MGM. The General Partners have applied the fair value option to their previous investments in Hain and MGM.

We believe that these investments to which we applied the fair value option are not material, individually or in the aggregate, to our consolidated financial statements.

Other Segments

The carrying value of investments held by our Automotive, Energy, Gaming, Railcar and Home Fashion segments and our Holding Company consist of the following:

	September 30, 2013	December 31, 2012
	(in millions)	
Equity method investments	$301	$299
Other investments	149	108
	$450	$407

Our Holding Company applies the fair value option to its investments that would otherwise be subject to the equity method of accounting. We record unrealized gains and losses for the change in fair value of such investments as a component of net gain (loss) from investment activities in the consolidated statements of operations. We believe that these investments, individually, and in the aggregate, are not material to our consolidated financial statements.

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5. Fair Value Measurements.

U.S. GAAP requires enhanced disclosures about investments and non-recurring non-financial assets and non-financial liabilities that are measured and reported at fair value and has established a hierarchal 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 as of the reporting date. The types of investments included in Level 1 include listed equities and listed derivatives. We do not adjust the quoted price for these investments, even in situations where we hold a large position.

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. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. The inputs and assumptions of our Level 2 investments are derived from market observable sources including reported trades, broker/dealer quotes and other pertinent data.

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.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's 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 considers 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.

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Investment

The following table summarizes the valuation of the Investment Funds' investments and derivative contracts by the above fair value hierarchy levels as of September 30, 2013 and December 31, 2012:

	September 30, 2013				December 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Investments:								
Equity securities:								