ICAHN ENTERPRISES L.P.
Form 10-Q
August 04, 2016

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 June 30, 2016

| (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.<br>767 Fifth Avenue, Suite 4700<br>New York, NY 10153<br>(212) 702-4300 | Delaware | 13-3398766 |
| 333-118021-01 | ICAHN ENTERPRISES HOLDINGS L.P.<br>767 Fifth Avenue, Suite 4700<br>New York, NY 10153<br>(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 x | Accelerated Filer o | 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 August 3, 2016, there were 138,107,588 of Icahn Enterprises' depositary units outstanding.

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


| | | Page No. |
|---|---|---|
| | PART I. FINANCIAL INFORMATION | |
| Item 1. | Financial Statements. | 1 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations. | 53 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk. | 74 |
| Item 4. | Controls and Procedures. | 77 |
| | PART II. OTHER INFORMATION | |
| Item 1. | Legal Proceedings. | 78 |
| Item 1A. | Risk Factors. | 78 |
| Item 5. | Other Information. | 78 |
| Item 6. | Exhibits. | 79 |

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)

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| ASSETS | (Unaudited) | |
| Cash and cash equivalents | $ 1,920 | $ 2,078 |
| Cash held at consolidated affiliated partnerships and restricted cash | 694 | 1,282 |
| Investments | 9,875 | 15,351 |
| Accounts receivable, net | 1,796 | 1,685 |
| Inventories, net | 2,861 | 2,259 |
| Property, plant and equipment, net | 11,442 | 9,535 |
| Goodwill | 1,188 | 1,504 |
| Intangible assets, net | 1,138 | 1,108 |
| Other assets | 1,636 | 1,601 |
| Total Assets | $ 32,550 | $ 36,403 |
| LIABILITIES AND EQUITY | | |
| Accounts payable | $ 1,763 | $ 1,416 |
| Accrued expenses and other liabilities | 2,578 | 1,828 |
| Deferred tax liability | 1,677 | 1,197 |
| Securities sold, not yet purchased, at fair value | 1,306 | 794 |
| Due to brokers | 2,447 | 7,317 |
| Post-employment benefit liability | 1,212 | 1,224 |
| Debt | 12,969 | 12,594 |
| Total liabilities | 23,952 | 26,370 |
| | | |
| Commitments and contingencies (Note 17) | | |
| | | |
| Equity: | | |
| Limited partners: Depositary units: 138,107,588 units issued and outstanding at June 30, 2016 and 131,481,059 units issued and outstanding at December 31, 2015 | 2,812 | 4,244 |
| General partner | (286 ) | (257 ) |
| Equity attributable to Icahn Enterprises | 2,526 | 3,987 |
| Equity attributable to non-controlling interests | 6,072 | 6,046 |
| Total equity | 8,598 | 10,033 |
| Total Liabilities and Equity | $ 32,550 | $ 36,403 |

See notes to condensed consolidated financial statements.

1

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Revenues: | (Unaudited) | | | |
| Net sales | $4,094 | $3,979 | $7,642 | $7,544 |
| Other revenues from operations | 523 | 347 | 969 | 676 |
| Net (loss) gain from investment activities | (308 ) | 592 | (1,244 ) | 1,183 |
| Interest and dividend income | 28 | 47 | 70 | 100 |
| Other income (loss), net | 13 | 19 | 40 | (8 ) |
| | 4,350 | 4,984 | 7,477 | 9,495 |
| Expenses: | | | | |
| Cost of goods sold | 3,448 | 3,324 | 6,571 | 6,449 |
| Other expenses from operations | 314 | 161 | 560 | 316 |
| Selling, general and administrative | 615 | 528 | 1,133 | 1,005 |
| Restructuring | 6 | 27 | 21 | 39 |
| Impairment | — | 3 | 577 | 4 |
| Interest expense | 202 | 287 | 443 | 557 |
| | 4,585 | 4,330 | 9,305 | 8,370 |
| (Loss) income before income tax expense | (235 ) | 654 | (1,828 ) | 1,125 |
| Income tax expense | (50 ) | (113 ) | (66 ) | (162 ) |
| Net (loss) income | (285 ) | 541 | (1,894 ) | 963 |
| Less: net loss (income) attributable to non-controlling interests | 216 | (329 ) | 988 | (590 ) |
| Net (loss) income attributable to Icahn Enterprises | $(69 ) | $212 | $(906 ) | $373 |
| | | | | |
| Net (loss) income attributable to Icahn Enterprises allocable to: | | | | |
| Limited partners | $(68 ) | $208 | $(888 ) | $366 |
| General partner | (1 ) | 4 | (18 ) | 7 |
| | $(69 ) | $212 | $(906 ) | $373 |
| | | | | |
| Basic and diluted (loss) income per LP unit | $(0.50 ) | $1.68 | $(6.68 ) | $2.95 |
| Basic and diluted weighted average LP units outstanding | 135 | 124 | 133 | 124 |
| Cash distributions declared per LP unit | $1.50 | $1.50 | $3.00 | $3.00 |

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (Unaudited) | | | |
| Net (loss) income | $(285) | $541 | $(1,894) | $963 |
| Other comprehensive income (loss), net of tax: | | | | |
| Post-employment benefits | 4 | 2 | 10 | 24 |
| Hedge instruments | 1 | (2) | 1 | (1) |
| Translation adjustments and other | (60) | 25 | (13) | (103) |
| Other comprehensive (loss) income, net of tax | (55) | 25 | (2) | (80) |
| Comprehensive (loss) income | (340) | 566 | (1,896) | 883 |
| Less: Comprehensive loss (income) attributable to non-controlling interests | 224 | (333) | 984 | (572) |
| Comprehensive income (loss) attributable to Icahn Enterprises | $(116) | $233 | $(912) | $311 |
| | | | | |
| Comprehensive (loss) income attributable to Icahn Enterprises allocable to: | | | | |
| Limited partners | $(114) | $229 | $(894) | $305 |
| General partner | (2) | 4 | (18) | 6 |
| | $(116) | $233 | $(912) | $311 |

Accumulated other comprehensive loss was $1,459 million and $1,457 million at June 30, 2016 and December 31, 2015, 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 | | | | |
|---|---|---|---|---|---|
| | General Partner's (Deficit) Equity | Limited Partners' Equity | Total Partners' Equity | Non-controlling Interests | Total Equity |
| Balance, December 31, 2015 | $(257) | $4,244 | $3,987 | $ 6,046 | $10,033 |
| Net loss | (18) | (888) | (906) | (988) | (1,894) |
| Other comprehensive income | — | (6) | (6) | 4 | (2) |
| Partnership distributions | (1) | (53) | (54) | — | (54) |
| Partnership contribution | 1 | — | 1 | — | 1 |
| Investment segment contributions | — | — | — | 490 | 490 |
| Dividends and distributions to non-controlling interests in subsidiaries | — | — | — | (51) | (51) |
| Acquisitions | (11) | (519) | (530) | 590 | 60 |
| LP unit issuance | — | 35 | 35 | — | 35 |
| Changes in subsidiary equity and other | — | (1) | (1) | (19) | (20) |
| Balance, June 30, 2016 | $(286) | $2,812 | $2,526 | $ 6,072 | $8,598 |

| | Equity Attributable to Icahn Enterprises | | | | |
|---|---|---|---|---|---|
| | General Partner's (Deficit) Equity | Limited Partners' Equity | Total Partners' Equity | Non-controlling Interests | Total Equity |
| Balance, December 31, 2014 | $(229) | $5,672 | $5,443 | $ 6,947 | $12,390 |
| Net income | 7 | 366 | 373 | 590 | 963 |
| Other comprehensive loss | (1) | (61) | (62) | (18) | (80) |
| Partnership distributions | (1) | (57) | (58) | — | (58) |
| Investment segment contributions | — | — | — | 245 | 245 |
| Dividends and distributions to non-controlling interests in subsidiaries | — | — | — | (115) | (115) |
| Proceeds from subsidiary equity offering | — | — | — | 31 | 31 |
| Acquisitions | — | — | — | 65 | 65 |
| Changes in subsidiary equity and other | — | (9) | (9) | 10 | 1 |
| Balance, June 30, 2015 | $(224) | $5,911 | $5,687 | $ 7,755 | $13,442 |

See notes to condensed consolidated financial statements.

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

| | Six Months Ended June 30, 2016 (Unaudited) | | | 2015 | | |
|---|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | | |
| Net (loss) income | $ | (1,894 | ) | $ | 963 | |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | | | | | |
| Net loss (gain) from securities transactions | 627 | | | (1,020 | | ) |
| Purchases of securities | (1,211 | | ) | (542 | | ) |
| Proceeds from sales of securities | 5,880 | | | 1,515 | | |
| Purchases to cover securities sold, not yet purchased | (42 | | ) | (186 | | ) |
| Proceeds from securities sold, not yet purchased | 475 | | | 895 | | |
| Changes in receivables and payables relating to securities transactions | (5,046 | | ) | (1,463 | | ) |
| Depreciation and amortization | 489 | | | 419 | | |
| Impairment | 577 | | | 4 | | |
| Equity earnings from non-consolidated affiliates | (36 | | ) | (32 | | ) |
| Deferred taxes | 4 | | | 75 | | |
| Other, net | 63 | | | (14 | | ) |
| Changes in cash held at consolidated affiliated partnerships and restricted cash | 589 | | | (322 | | ) |
| Changes in other operating assets and liabilities | 517 | | | (139 | | ) |
| Net cash provided by operating activities | 992 | | | 153 | | |
| Cash flows from investing activities: | | | | | | |
| Capital expenditures | (421 | | ) | (729 | | ) |
| Acquisition of businesses, net of cash acquired | (1,042 | | ) | (786 | | ) |
| Purchases of investments | (75 | | ) | (107 | | ) |
| Proceeds from sale of investments | 46 | | | 68 | | |

| | | | | |
|---|---|---|---|---|
| Other, net | 10 | | 61 | |
| Net cash used in investing activities | (1,482 | ) | (1,493 | ) |
| Cash flows from financing activities: | | | | |
| Capital contributions by non-controlling interests | 490 | | 245 | |
| Partnership distributions | (54 | ) | (58 | ) |
| Proceeds from offering of subsidiary equity | — | | 31 | |
| Dividends and distributions to non-controlling interests in subsidiaries | (51 | ) | (115 | ) |
| Proceeds from other borrowings | 1,368 | | 1,122 | |
| Repayments of other borrowings | (1,399 | ) | (643 | ) |
| Other, net | (16 | ) | (15 | ) |
| Net cash provided by financing activities | 338 | | 567 | |
| Effect of exchange rate changes on cash and cash equivalents | (18 | ) | 15 | |
| Net change in cash of assets held for sale | 12 | | — | |
| Net decrease in cash and cash equivalents | (158 | ) | (758 | ) |
| Cash and cash equivalents, beginning of period | 2,078 | | 2,912 | |
| Cash and cash equivalents, end of period | $ 1,920 | | $ 2,154 | |

| | | |
|---|---|---|
| Supplemental information: | | |
| Cash payments for interest, net of amounts capitalized | $318 | $312 |
| Net cash payments (refunds) for income taxes | $52 | $(14 ) |
| Investment in Pep Boys prior to acquiring a controlling interest | $160 | $— |
| Investment in Trump prior to acquiring a controlling interest | $126 | $— |
| LP unit issuance for remaining 25% interest in ARL | $35 | $— |
| Subsidiary common unit issuance for acquisition of CVR Nitrogen | $336 | $— |
| Investment in Ferrous Resources prior to acquiring a controlling interest | $— | $36 |
| Changes in liabilities from non-cash acquisitions of property, plant and equipment | $18 | $26 |

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| ASSETS | (Unaudited) | |
| Cash and cash equivalents | $ 1,920 | $ 2,078 |
| Cash held at consolidated affiliated partnerships and restricted cash | 694 | 1,282 |
| Investments | 9,875 | 15,351 |
| Accounts receivable, net | 1,796 | 1,685 |
| Inventories, net | 2,861 | 2,259 |
| Property, plant and equipment, net | 11,442 | 9,535 |
| Goodwill | 1,188 | 1,504 |
| Intangible assets, net | 1,138 | 1,108 |
| Other assets | 1,661 | 1,625 |
| Total Assets | $ 32,575 | $ 36,427 |
| LIABILITIES AND EQUITY | | |
| Accounts payable | $ 1,763 | $ 1,416 |
| Accrued expenses and other liabilities | 2,578 | 1,828 |
| Deferred tax liability | 1,677 | 1,197 |
| Securities sold, not yet purchased, at fair value | 1,306 | 794 |
| Due to brokers | 2,447 | 7,317 |
| Post-employment benefit liability | 1,212 | 1,224 |
| Debt | 12,969 | 12,594 |
| Total liabilities | 23,952 | 26,370 |
| | | |
| Commitments and contingencies (Note 17) | | |
| | | |
| Equity: | | |
| Limited partner | 2,864 | 4,310 |
| General partner | (313) | (299) |
| Equity attributable to Icahn Enterprises Holdings | 2,551 | 4,011 |
| Equity attributable to non-controlling interests | 6,072 | 6,046 |
| Total equity | 8,623 | 10,057 |
| Total Liabilities and Equity | $ 32,575 | $ 36,427 |

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Revenues: | (Unaudited) | | | |
| Net sales | $4,094 | $3,979 | $7,642 | $7,544 |
| Other revenues from operations | 523 | 347 | 969 | 676 |
| Net (loss) gain from investment activities | (308) | 592 | (1,244) | 1,183 |
| Interest and dividend income | 28 | 47 | 70 | 100 |
| Other income (loss), net | 13 | 19 | 40 | (8) |
| | 4,350 | 4,984 | 7,477 | 9,495 |
| Expenses: | | | | |
| Cost of goods sold | 3,448 | 3,324 | 6,571 | 6,449 |
| Other expenses from operations | 314 | 161 | 560 | 316 |
| Selling, general and administrative | 615 | 528 | 1,133 | 1,005 |
| Restructuring | 6 | 27 | 21 | 39 |
| Impairment | — | 3 | 577 | 4 |
| Interest expense | 201 | 286 | 442 | 556 |
| | 4,584 | 4,329 | 9,304 | 8,369 |
| (Loss) income before income tax expense | (234) | 655 | (1,827) | 1,126 |
| Income tax expense | (50) | (113) | (66) | (162) |
| Net (loss) income | (284) | 542 | (1,893) | 964 |
| Less: net loss (income) attributable to non-controlling interests | 216 | (329) | 988 | (590) |
| Net (loss) income attributable to Icahn Enterprises Holdings | $(68) | $213 | $(905) | $374 |
| | | | | |
| Net (loss) income attributable to Icahn Enterprises Holdings allocable to: | | | | |
| Limited partner | $(67) | $211 | $(896) | $370 |
| General partner | (1) | 2 | (9) | 4 |
| | $(68) | $213 | $(905) | $374 |

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 June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (Unaudited) | | | |
| Net (loss) income | $(284) | $542 | $(1,893) | $964 |
| Other comprehensive income (loss), net of tax: | | | | |
| Post-employment benefits | 4 | 2 | 10 | 24 |
| Hedge instruments | 1 | (2) | 1 | (1) |
| Translation adjustments and other | (60) | 25 | (13) | (103) |
| Other comprehensive (loss) income, net of tax | (55) | 25 | (2) | (80) |
| Comprehensive (loss) income | (339) | 567 | (1,895) | 884 |
| Less: Comprehensive loss (income) attributable to non-controlling interests | 224 | (333) | 984 | (572) |
| Comprehensive income (loss) attributable to Icahn Enterprises Holdings | $(115) | $234 | $(911) | $312 |
| | | | | |
| Comprehensive (loss) income attributable to Icahn Enterprises Holdings allocable to: | | | | |
| Limited partner | $(114) | $232 | $(902) | $309 |
| General partner | (1) | 2 | (9) | 3 |
| | $(115) | $234 | $(911) | $312 |

Accumulated other comprehensive loss was $1,459 million and $1,457 million at June 30, 2016 and December 31, 2015, respectively.

See notes to condensed consolidated financial statements.

9

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
CONDENSED 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, 2015 | $(299) | $4,310 | $4,011 | $ 6,046 | $10,057 |
| Net loss | (9) | (896) | (905) | (988) | (1,893) |
| Other comprehensive income | — | (6) | (6) | 4 | (2) |
| Partnership distributions | (1) | (53) | (54) | — | (54) |
| Partnership contribution | 1 | — | 1 | — | 1 |
| Investment segment contributions | — | — | — | 490 | 490 |
| Dividends and distributions to non-controlling interests in subsidiaries | — | — | — | (51) | (51) |
| Acquisitions | (5) | (525) | (530) | 590 | 60 |
| LP unit issuance | — | 35 | 35 | — | 35 |
| Changes in subsidiary equity and other | — | (1) | (1) | (19) | (20) |
| Balance, June 30, 2016 | $(313) | $2,864 | $2,551 | $ 6,072 | $8,623 |

| | 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, 2014 | $(285) | $5,751 | $5,466 | $ 6,947 | $12,413 |
| Net income | 4 | 370 | 374 | 590 | 964 |
| Other comprehensive loss | (1) | (61) | (62) | (18) | (80) |
| Partnership distributions | (1) | (57) | (58) | — | (58) |
| Investment segment contributions | — | — | — | 245 | 245 |
| Dividends and distributions to non-controlling interests in subsidiaries | — | — | — | (115) | (115) |
| Proceeds from subsidiary equity offering | — | — | — | 31 | 31 |
| Acquisitions | — | — | — | 65 | 65 |
| Changes in subsidiary equity and other | — | (9) | (9) | 10 | 1 |
| Balance, June 30, 2015 | $(283) | $5,994 | $5,711 | $ 7,755 | $13,466 |

See notes to condensed consolidated financial statements.

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

| | Six Months Ended June 30, 2016 (Unaudited) | | | 2015 | | |
|---|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | | |
| Net (loss) income | $ | (1,893 | ) | $ | 964 | |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | | | | | |
| Net loss (gain) from securities transactions | 627 | | | (1,020 | | ) |
| Purchases of securities | (1,211 | | ) | (542 | | ) |
| Proceeds from sales of securities | 5,880 | | | 1,515 | | |
| Purchases to cover securities sold, not yet purchased | (42 | | ) | (186 | | ) |
| Proceeds from securities sold, not yet purchased | 475 | | | 895 | | |
| Changes in receivables and payables relating to securities transactions | (5,046 | | ) | (1,463 | | ) |
| Depreciation and amortization | 488 | | | 418 | | |
| Impairment | 577 | | | 4 | | |
| Equity earnings from non-consolidated affiliates | (36 | | ) | (32 | | ) |
| Deferred taxes | 4 | | | 75 | | |
| Other, net | 63 | | | (14 | | ) |
| Changes in cash held at consolidated affiliated partnerships and restricted cash | 589 | | | (322 | | ) |
| Changes in other operating assets and liabilities | 517 | | | (139 | | ) |
| Net cash provided by operating activities | 992 | | | 153 | | |
| Cash flows from investing activities: | | | | | | |
| Capital expenditures | (421 | | ) | (729 | | ) |
| Acquisition of businesses, net of cash acquired | (1,042 | | ) | (786 | | ) |
| Purchases of investments | (75 | | ) | (107 | | ) |
| Proceeds from sale of investments | 46 | | | 68 | | |

| | | | | |
|---|---|---|---|---|
| Other, net | 10 | | 61 | |
| Net cash used in investing activities | (1,482 | ) | (1,493 | ) |
| Cash flows from financing activities: | | | | |
| Capital contribution by non-controlling interests | 490 | | 245 | |
| Partnership distributions | (54 | ) | (58 | ) |
| Proceeds from offering of subsidiary equity | — | | 31 | |
| Distributions to non-controlling interests in subsidiaries | (51 | ) | (115 | ) |
| Proceeds from other borrowings | 1,368 | | 1,122 | |
| Repayments of other borrowings | (1,399 | ) | (643 | ) |
| Other, net | (16 | ) | (15 | ) |
| Net cash provided by financing activities | 338 | | 567 | |
| Effect of exchange rate changes on cash and cash equivalents | (18 | ) | 15 | |
| Net change in cash of assets held for sale | 12 | | — | |
| Net decrease in cash and cash equivalents | (158 | ) | (758 | ) |
| Cash and cash equivalents, beginning of period | 2,078 | | 2,912 | |
| Cash and cash equivalents, end of period | $ 1,920 | | $ 2,154 | |

11

| Supplemental information: | | |
| --- | --- | --- |
| Cash payments for interest, net of amounts capitalized | $318 | $312 |
| Net cash payments (refunds) for income taxes | $52 | $(14 ) |
| Investment in Pep Boys prior to acquiring a controlling interest | $160 | $— |
| Investment in Trump prior to acquiring a controlling interest | $126 | $— |
| LP unit issuance for remaining 25% interest in ARL | $35 | $— |
| Subsidiary common unit issuance for acquisition of CVR Nitrogen | $336 | $— |
| Investment in Ferrous Resources prior to acquiring a controlling interest | $— | $36 |
| Changes in liabilities from non-cash acquisitions of property, plant and equipment | $18 | $26 |

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
June 30, 2016 (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 June 30, 2016. 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 approximately 89.5% of Icahn Enterprises' outstanding depositary units as of June 30, 2016.

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Automotive, Energy, Metals, Railcar, Gaming, 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 the Holding Company. Further information regarding our reporting 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 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, 2015. 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.

Reclassifications

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

Principles of Consolidation

As of June 30, 2016, 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 and which are collectively referred to as "kick-out" rights) 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. All material intercompany accounts and transactions have been eliminated in consolidation.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

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

As further discussed below, the Financial Statement Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2015-02 became effective during the first quarter of 2016. ASU No. 2015-02 amends the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities. Specifically, under the revised consolidation analysis, limited partnerships and other similar entities are considered VIEs unless the limited partners hold substantive kick-out rights or participating rights. Although ASU No. 2015-02 changed the status of certain of our limited partnership entities as VIEs (as discussed below), we continue to consolidate these entities because we are the primary beneficiaries of such entities.

Investment

Our Investment segment is comprised of various private investment funds, including Icahn Partners L.P. ("Icahn Partners") and Icahn Partners Master Fund LP ("Master Fund") (collectively, the "Investment Funds"), through which we invest our proprietary capital. See Note 2, "Operating Unit - Investment," for further discussion regarding our Investment segment's business.

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 are the general partner 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. Substantially all of the assets and liabilities of our Investment segment pertain to the Investment Funds. See Note 13, "Segment Reporting," for details of our condensed balance sheets for our Investment segment.

Energy

We conduct our Energy segment through our majority ownership in CVR Energy Inc. ("CVR"). CVR owns petroleum refining and nitrogen fertilizer manufacturing businesses held through CVR Refining, LP (“CVR Refining”) and CVR Partners, LP (“CVR Partners”), respectively, and each are considered VIEs. See Note 2, "Operating Unit - Energy," for further discussion regarding our Energy segment's business.

Our Energy segment determined that 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, our Energy segment 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, CVR determined that it is the primary beneficiary of both CVR Refining and CVR Partners. Based upon this evaluation, CVR continues to consolidate both CVR Refining and CVR Partners. The assets and liabilities of our Energy segment that are directly related to CVR Refining and CVR Partners included in our condensed consolidated balance sheets are as follows:

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| | (in millions) | |
| Cash and cash equivalents | $236 | $ 237 |
| Property, plant and equipment, net | 3,408 | 2,674 |
| Inventories | 325 | 290 |
| Goodwill | — | 574 |
| Intangible assets, net | 328 | 337 |
| Other assets | 94 | 102 |
| Accounts payable, accrued expenses and other liabilities | 364 | 333 |
| Debt | 1,167 | 667 |

Icahn Enterprises Holdings

As discussed above, Icahn Enterprises Holdings and its subsidiaries own substantially all of our assets and liabilities and conduct substantially all of our operations. 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.

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.

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 June 30, 2016 was approximately $13.0 billion and $12.6 billion, respectively. The carrying value and estimated fair value of our long-term debt as of December 31, 2015 was approximately $12.6 billion and $12.2 billion, respectively.

Restricted Cash

Our restricted cash balance was $507 million and $966 million as of June 30, 2016 and December 31, 2015, respectively.

Inventories

As further discussed in Note 2, "Operating Units - Automotive," we acquired Pep Boys - Manny, Moe and Jack ("Pep Boys") on February 3, 2016. Pep Boys' inventories are valued at lower of cost or market and cost of goods sold is determined using the last-in, first-out ("LIFO") method. Pep Boys is currently the only subsidiary of ours that uses LIFO in determining cost of goods sold. As inventories of Pep Boys have been revalued to fair value as a result of our acquisition on February 3, 2016, there are immaterial differences between inventory balances calculated using LIFO as compared to inventory balances calculated using first-in, first-out as of June 30, 2016.

Adoption of New Accounting Standards

In February 2015, the FASB issued ASU No. 2015-02, which amends FASB ASC Topic 810, Consolidations. This ASU amends the current consolidation guidance, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities. This ASU requires that limited partnerships and similar legal entities provide partners with either substantive kick-out rights or substantive participating rights over the general partner in order to be considered a voting interest entity. The specialized consolidation model and guidance for limited

partnerships and similar legal entities have been eliminated. There is no longer a presumption that a general partner should consolidate a limited partnership. For limited partnerships and similar legal entities that qualify as voting interest entities, a limited partner with a controlling financial

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

interest should consolidate a limited partnership. A controlling financial interest may be achieved through holding a limited partner interest that provides substantive kick-out rights. The standard is effective for annual periods beginning after December 15, 2015. As a result of adopting this guidance in the first quarter of 2016, while certain of our limited partnership entities are now considered VIEs, we continue to consolidate these limited partnerships. See above for further discussion regarding our VIEs.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, which amends FASB ASC Subtopic 835-30, Interest - Imputation of Interest. The new standard requires that all costs incurred to issue debt be presented in the balance sheet as a direct deduction from the carrying value of the debt. Given the absence of authoritative guidance within this ASU regarding debt issuance costs related to line-of-credit, the SEC staff has stated that it would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred issuance costs ratably over the term of the line-of-credit arrangement. The standard is effective for interim and annual periods beginning after December 15, 2015 and is required to be applied on a retrospective basis. Early adoption is permitted. The adoption of this guidance resulted in a reclassification of debt issuance costs on our condensed consolidated balance sheets to debt in the amount of $39 million as of December 31, 2015.

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which amends FASB ASC Topic 805, Business Combinations. This ASU eliminates the requirement to retrospectively adjust provisional amounts recognized at the acquisition dates of business combinations. Rather, this ASU requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in this ASU should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. The adoption of this guidance in the first quarter of 2016 did not have a material impact on our condensed consolidated financial position, results of operations, comprehensive income, cash flows and disclosures.

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 to FASB ASC Topic 606, Revenue from Contracts with Customers, that include implementation guidance to principal versus agent considerations, guidance to identifying performance obligations and licensing guidance and other narrow scope improvements. Early adoption is permitted only as of the annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. We are currently evaluating the impact of these guidance on our consolidated financial position, results of operations, comprehensive income, cash flows and disclosures.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, which amends FASB 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 for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This ASU should be applied prospectively with earlier application permitted as of the beginning of an interim period or annual reporting period. We anticipate that the adoption of this guidance will have minimal impact on our consolidated financial position, results of operations, comprehensive income, cash flows and disclosures.

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
June 30, 2016 (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 position, results of operations, comprehensive income, cash flows and disclosures.

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 are currently evaluating the impact of this guidance on our consolidated financial position, results of operations, comprehensive income, cash flows and disclosures.

In March 2016, the FASB issued ASU No. 2016-07, Simplifying the transition to 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. The amendments in this ASU are effective for interim and annual fiscal years beginning after December 15, 2016. Earlier application is permitted. We anticipate that the adoption of this guidance will have minimal impact on our consolidated financial position, results of operations, comprehensive income, cash flows and disclosures.

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. We are currently evaluating the impact of this guidance on our consolidated financial position, results of operations, comprehensive income, cash flows and disclosures.

Filing Status of Subsidiaries

Federal-Mogul Holdings Corporation (“Federal-Mogul”), CVR Energy, Inc. ("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 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 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 Fund, 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 $1.7 billion and $3.4 billion as of June 30, 2016 and December 31, 2015, respectively.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Automotive

We conduct our Automotive segment through our majority ownership in Federal-Mogul Holdings Corporation ("Federal-Mogul"), our wholly owned subsidiary IEH Auto Parts Holding LLC ("IEH Auto"), effective June 1, 2015, and our wholly owned subsidiary Pep Boys, effective February 3, 2016 (see "Pep Boys Acquisition" below).

Federal-Mogul is a leading global supplier of a broad range of components, accessories and systems to the automotive, small engine, heavy-duty, marine, railroad, agricultural, off-road, aerospace and energy, industrial and transport markets, including customers in both the original equipment manufacturers and servicers (“OE”) market and the replacement market (“aftermarket”). Federal-Mogul’s customers include the world’s largest automotive OEs and major distributors and retailers in the independent aftermarket.

Federal-Mogul operates with two end-customer focused businesses. The Powertrain business unit focuses on original equipment products for automotive, heavy duty and industrial applications. The Motorparts business unit sells and distributes a broad portfolio of products in the global aftermarket, while also serving original equipment manufacturers with products including braking, chassis, wipers and other vehicle components.

As of June 30, 2016, we owned approximately 82.0% of the total outstanding common stock of Federal-Mogul.

On February 28, 2016, Icahn Enterprises issued a proposal to the board of directors of Federal-Mogul to purchase the remaining shares of Federal-Mogul common stock not owned by us in a merger transaction pursuant to which Federal-Mogul shareholders would receive $7.00 per share in cash for their shares of Federal-Mogul common stock. Federal-Mogul’s board of directors subsequently authorized the formation of a special committee that has been charged with the review and evaluation of Icahn Enterprises' proposal and alternatives thereto. Subsequent to submitting its proposal, Icahn Enterprises advised Federal-Mogul's board of directors that it was not considering selling its stake in Federal-Mogul at the current time.

On June 17, 2016, Icahn Enterprises issued a revised proposal to the board of directors of Federal-Mogul to purchase the remaining shares of Federal-Mogul common stock not owned by us in a merger transaction pursuant to which Federal-Mogul shareholders would receive $8.00 per share in cash for their shares of Federal-Mogul common stock, an increase from the previous offer, as discussed above, of $7.00 in cash per share. The proposed merger process is ongoing as of the date of this Report.

Pep Boys has 805 locations in the automotive aftermarket industry located throughout the United States and Puerto Rico. Pep Boys stores are organized into a hub and spoke network consisting of Supercenters and Service & Tire Centers. Supercenters average approximately 20,000 square feet and combine a parts and accessories store with professional service centers that perform a full range of automotive maintenance and repair services. Most of the Pep Boys Supercenters also have a commercial sales program that provides prompt delivery of parts, tires and equipment to automotive repair shops and dealers. Service & Tire Centers, which average approximately 6,000 square feet, provide automotive maintenance and repair services in neighborhood locations that are conveniently located where our customers live or work.

IEH Auto has 21 distribution centers and 277 corporate-owned jobber stores (including 11 satellite locations) in the United States and supports a network of more than 2,000 independent wholesalers. Through its banner and technical support programs as well as its offering of premium auto parts, IEH Auto has built its reputation on being the partner of choice for independent entrepreneurs eager to tap into the strength of large network.

Pep Boys and IEH Auto are being operated together in order to grow their sales to do-it-for-me ("DIFM") distributors and DIFM service professionals, to grow their automotive service business, and to maintain their do-it-yourself customer bases by offering the newest and broadest product assortment in the automotive aftermarket.

In addition, Federal-Mogul is operated independently from Pep Boys and IEH Auto. Transactions among Federal-Mogul, Pep Boys and IEH Auto have been eliminated in consolidation.

Pep Boys Acquisition

On February 3, 2016, pursuant to a tender offer, Icahn Enterprises acquired a majority of the outstanding shares of Pep Boys. On February 4, 2016, Icahn Enterprises completed the acquisition of the remaining outstanding shares of Pep Boys and our wholly owned subsidiary, IEP Parts Acquisition LLC, merged with and into Pep Boys, with Pep Boys surviving the merger as a wholly owned subsidiary of Icahn Enterprises Holdings. The total value for the acquisition of Pep Boys was approximately $1.2 billion, including the fair value of our equity interest in Pep Boys just prior to our acquisition of a controlling interest.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Prior to obtaining a controlling interest, we remeasured our equity interest in Pep Boys to its acquisition-date fair value of $121 million. The difference between the carrying value and the acquisition-date fair value of our equity interest in Pep Boys was immaterial.

A preliminary valuation of the net assets of the Pep Boys acquisition resulted in $950 million allocated to tangible net assets and $253 million allocated to goodwill and other intangible net assets as of the acquisition date. Our allocation to other intangible net assets includes $59 million allocated to unfavorable leases liability which is included in accrued expenses and other liabilities on the condensed consolidated balance sheets. We are in the process of valuing the Pep Boys acquisition and have recorded provisional amounts based on preliminary estimates of fair value of net assets acquired, including goodwill. The provisional measurements of net assets are subject to change as we finalize the purchase price allocation.

During the first half of 2016, the acquisitions of Pep Boys, CVR Nitrogen (as defined below), Trump (as defined below), and other miscellaneous acquisitions, as described below, were not material, individually or in the aggregate, to our condensed consolidated financial statements.

Other Acquisition

On May 26, 2016, Federal-Mogul completed the acquisition of the assets of a filter manufacturing business in Mexico, which primarily serves the Mexican market, for a purchase price of $25 million, net of cash acquired. The estimated fair value of net assets acquired at the acquisition date is $25 million. Federal-Mogul is in the process of finalizing certain customary post-closing adjustments which could affect the estimated fair value of assets acquired and liabilities assumed.

Accounts Receivable, net

Federal-Mogul's subsidiaries in Brazil, France, Germany, Italy, Canada and the United States are party to accounts receivable factoring and securitization facilities. Gross accounts receivable transferred under these facilities were $566 million and $408 million as of June 30, 2016 and December 31, 2015, respectively. Of those gross amounts, $556 million and $401 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 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 June 30, 2016 and December 31, 2015, Federal-Mogul had withdrawn cash related to such transferred receivables of $1 million and $1 million, respectively. Proceeds from the transfers of accounts receivable qualifying as sales were $429 million and $410 million for the three months ended June 30, 2016 and 2015, respectively, and $842 million and $800 million for the six months ended June 30, 2016 and 2015, respectively.

Expenses associated with transfers of receivables were $4 million and $2 million for the three months ended June 30, 2016 and 2015, respectively, and $7 million and $4 million for the six months ended June 30, 2016 and 2015, 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.

Certain of the facilities contain terms that require Federal-Mogul to share in the credit risk of the sold receivables. The maximum exposure to Federal-Mogul associated with certain of these facilities' terms were $4 million and $11 million as of June 30, 2016 and December 31, 2015, respectively.

Restructuring

Federal-Mogul recorded restructuring expenses of $6 million and $27 million for the three months ended June 30, 2016 and 2015, respectively, and $21 million and $39 million for the six months ended June 30, 2016 and 2015, respectively. These restructuring expenses, primarily consisting of employee costs and headcount reductions, pertain to all restructuring programs that Federal-Mogul has initiated in order to improve its operating performance.

Federal-Mogul's restructuring expenses are aimed at optimizing its cost structure. Federal-Mogul expects to complete these programs in 2017 and incur additional restructuring and other charges of less than $1 million. For programs previously initiated in prior periods, Federal-Mogul expects to complete these programs in 2018 and incur additional restructuring charges of approximately $4 million.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Energy
We conduct our Energy segment through our majority ownership in CVR. CVR is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries through its holdings in CVR Refining and 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 ("UAN") and ammonia. As of June 30, 2016, CVR owned 100% of the general partners of CVR Refining and CVR Partners and approximately 66% of the common units of CVR Refining and approximately 34% of the common units of CVR Partners.
As of June 30, 2016, we owned approximately 82.0% of the total outstanding common stock of CVR. In addition, as of June 30, 2016, we owned approximately 4.0% of the total outstanding common units of CVR Refining directly.
CVR Nitrogen, LP Acquisition
On April 1, 2016, CVR Partners completed its acquisition of CVR Nitrogen, LP ("CVR Nitrogen") (formerly known as East Dubuque Nitrogen Partners, L.P. and also formerly known as Rentech Nitrogen Partners L.P.) and CVR Nitrogen GP, LLC ("CVR Nitrogen GP") (formerly known as East Dubuque Nitrogen GP, LLC and also formerly known as Rentech Nitrogen GP, LLC). In connection with this acquisition, CVR Partners issued approximately 40.2 million common units to CVR Nitrogen common unitholders with a fair market value of $336 million and paid $99 million in cash consideration and assumed $368 million fair value of debt. The total fair value of the purchase price consideration to be allocated was $440 million and the estimated fair value of net assets acquired at the acquisition date was $440 million. There were no identifiable intangible assets related to this acquisition. CVR Partners is in the process of finalizing certain customary post-closing adjustments which could affect the estimated fair value of assets acquired and liabilities assumed.
CVR Nitrogen's debt arrangements that remained in place after the closing date of the acquisition included $320 million of its 6.5% notes due 2021, the majority of which were purchased in June 2016, as discussed further in Note 10, "Debt." On April 1, 2016, in connection with the acquisition of CVR Nitrogen, CVR Partners entered into a new $320 million senior term loan facility with AEPC ("AEPC Facility"), a wholly owned subsidiary of Icahn Enterprises, as the lender. In connection with the repayment of the substantial majority of CVR Nitrogen's 6.5% notes due 2021, the AEPC Facility was terminated.
CVR Nitrogen, located in East Dubuque, Illinois, owns and operates a nitrogen fertilizer facility, producing primarily ammonia and UAN using natural gas as its facility's primary feedstock. The primary reasons for the mergers were to expand CVR Partners' geographical footprint, diversify its raw material feedstocks, widen its customer reach and increase its potential cash-flow generation.
Petroleum Business
CVR Refining's petroleum business includes a 115,000 barrels per calendar day ("bpcd") rated capacity complex full coking medium-sour crude oil refinery in Coffeyville, Kansas and a 70,000 bpcd rated capacity complex crude oil refinery in Wynnewood, Oklahoma. 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: (i) a crude oil gathering system with a gathering capacity of over 65,000 barrels per day ("bpd") serving Kansas, Oklahoma, Missouri, Nebraska, Colorado and Texas; (ii) a 170,000 bpd pipeline system (supported by approximately 340 miles of active owned and leased pipeline) that transports crude oil to its Coffeyville refinery from its Broome Station facility near Caney, Kansas; (iii) approximately 6.4 million barrels of company owned and leased crude oil storage capacity; (iv) 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; and (v) over 4.5 million barrels of combined refinery related storage capacity.

Nitrogen Fertilizer Business

CVR Partners' nitrogen fertilizer business consists of a nitrogen fertilizer manufacturing facility located in Coffeyville, Kansas that utilizes a petroleum coke, or pet coke, gasification process to produce nitrogen fertilizer and a nitrogen fertilizer manufacturing facility located in East Dubuque, Illinois that uses natural gas to produce nitrogen fertilizer (as a result of the acquisition of CVR Nitrogen as discussed above). The facility in Coffeyville includes a 1,300 ton-per-day ammonia unit, a

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

3,000 ton-per-day UAN unit and a gasifier complex having a capacity of 89 million standard cubic feet per day of hydrogen. The facility in East Dubuque includes a 1,025 ton-per-day ammonia unit and a 1,100 ton-per-day UAN unit.

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, and 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), and cast 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. PSC Metals also purchases end of life vehicles, dismantles those vehicles, resells valuable parts, and ships the resulting vehicle hulks to its shredder yards.

Railcar

We conduct our Railcar segment through our majority ownership interest in ARI and our wholly owned subsidiary American Railcar Leasing, LLC ("ARL").

ARI manufactures railcars that are offered for sale or lease, custom and standard railcar components and other industrial products, primarily aluminum and special alloy steel castings. These products are sold to various types of companies including shippers, leasing companies, industrial companies, and Class I railroads. ARI leases railcars that it manufactures to certain markets that include the chemical, mineral, petrochemical, food and agriculture, and energy industries. ARI provides railcar services consisting of railcar repair services, ranging from full to light repair, engineering and on-site repairs and maintenance through its various repair facilities, including mini repair shops and mobile repair units.

ARL is engaged in the business of leasing railcars to customers with specific requirements whose products require specialized railcars dedicated to transporting, storing, and preserving the integrity of their products. These products are primarily in the chemical, mineral, petrochemical, food and agriculture, and energy industries.

Transactions between ARI and ARL have been eliminated in consolidation.

As of June 30, 2016, we owned approximately 61.2% of the total outstanding common stock of ARI.

Gaming

We conduct our Gaming segment through our majority ownership in Tropicana and our wholly owned subsidiary, Trump Entertainment Resorts, Inc. (“Trump”) which owns and operates Trump Taj Mahal Casino Resort. As discussed below, we obtained control and began consolidating the results of Trump upon its emergence from bankruptcy on February 26, 2016.

Tropicana owns and operates a diversified, multi-jurisdictional collection of casino gaming properties. The eight casino facilities it operates feature approximately 392,000 square feet of gaming space with 8,000 slot machines, 280 table games and 5,500 hotel rooms with two casino facilities located in Nevada and one in each of Mississippi, Missouri, Indiana, Louisiana, New Jersey and Aruba.

Trump owns and operates Trump Taj Mahal Casino Resort ("Trump Taj Mahal") which is located in Atlantic City, New Jersey. Trump Taj Mahal features approximately 160,000 square feet of gaming space with 2,500 slot machines, 130 table games and 2,000 hotel rooms. In addition, Trump also owns an idled casino property in Atlantic City, New Jersey, Trump Plaza Hotel and Casino, which ceased operations in September 2014.

As of June 30, 2016, we owned approximately 68.5% of the total outstanding common stock of Tropicana.

Trump Acquisition

On September 9, 2014, Trump and its subsidiaries filed voluntary Chapter 11 petitions in the United States Bankruptcy Court for the District of Delaware in Wilmington, Delaware. On February 26, 2016 (the "Effective Date"), Trump emerged from bankruptcy. Icahn Enterprises was the sole holder of Trump's senior secured debt. On the Effective Date, among other things, the existing pre-petition senior secured debt with a face amount of $286 million held by Icahn Enterprises was extinguished and

converted into 100% of Trump’s New Common Stock (as defined in the bankruptcy plan). As a result, we became the 100% owner of Trump after reorganization and accordingly, obtained control and began consolidating the results of Trump on February 26, 2016. We accounted for this this acquisition as a business combination under FASB ASC Topic 805, Business Combinations.

Prior to obtaining a controlling interest in Trump upon its emergence from bankruptcy, we remeasured our interest in Trump to its acquisition-date fair value of $126 million, resulting in a $16 million gain on investment activities.

A preliminary valuation of the net assets of the Trump business resulted in $112 million allocated to tangible net assets and $14 million to intangible assets. We are in the process of valuing the Trump acquisition and have recorded provisional amounts based on preliminary estimates of fair value of net assets acquired. The provisional measurements of net assets are subject to change as we finalize the purchase price allocation. Additionally, at the acquisition date, Trump had a full valuation allowance on its deferred tax assets. We are in the process of obtaining the information necessary for evaluating the valuation allowance and deferred tax assets acquired. It is possible that a portion of the valuation allowance on the Trump deferred tax assets will be adjusted in future periods.

Mining

We conduct our Mining segment through our majority ownership in Ferrous Resources. We obtained control of and consolidated the results of Ferrous Resources during the second quarter of 2015.

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. Ferrous Resources has acquired significant iron ore assets in the State of Minas Gerais, Brazil, known as Viga, Viga Norte, Esperança, Serrinha and Santanense. In addition, Ferrous Resources has acquired certain mineral rights near Jacuípe in the State of Bahia, Brazil. Of the assets acquired, Viga, Esperança and Santanense are already extracting and producing iron ore, while the other assets are at an early stage of exploration.

In response to the current depressed iron ore price environment, Ferrous Resources decided to temporarily suspend Esperança's and Santanense's operations during the first quarter of 2015 in order to study alternatives to further reduce cost of production and improve product quality and therefore to improve profitability and margin per metric ton.

As of June 30, 2016, we owned approximately 77.2% of the total outstanding common stock of Ferrous Resources.

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 nine manufacturing facilities, six distribution centers and three service centers throughout North America, Europe, South America and Asia and derived approximately 69% of its total net sales from customers located outside the United States for the six months ended June 30, 2016.

As of June 30, 2016, we owned approximately 73.3% of the total outstanding common stock of Viskase.

Real Estate

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

As of June 30, 2016, we owned 15 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 development property in Vero Beach, Florida include land for future residential development of approximately 239 and 1,128 units of residential housing, respectively. Both our developments operate golf and club 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.

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, bath, basic bedding, and other textile products, including sheets, pillowcases, bedspreads,

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

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 six months ended June 30, 2016 and 2015, affiliates of Mr. Icahn made investments aggregating $490 million and $245 million, respectively, in the Investment Funds. Subsequent to June 30, 2016, affiliates of Mr. Icahn made investments of $15 million in the Investment Funds and redeemed $7 million from the Investment Funds. As of June 30, 2016 and December 31, 2015, 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 $3.8 billion and $4.1 billion, respectively, representing approximately 69% and 55%, respectively, of the Investment Funds' assets under management.

Icahn Capital LP ("Icahn Capital") pays 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 Icahn Capital are reimbursed by the Investment Funds. For the three months ended June 30, 2016 and 2015, $19 million and $130 million, respectively, was allocated to the Investment Funds based on this expense-sharing arrangement. For the six months ended June 30, 2016 and 2015, $7 million and $228 million, respectively, was allocated to the Investment Funds based on this expense-sharing arrangement.

Railcar

ARL Acquisition

On February 29, 2016, Icahn Enterprises entered into a contribution agreement with IRL Holding, LLC ("IRL"), 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 IRL in exchange for the remaining 25% economic interest in ARL. As a result of the transaction, we own a 100.0% 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.

Agreements with ACF Industries LLC

ARI has from time to time purchased components from ACF Industries LLC ("ACF"), an affiliate of Mr. Icahn, under a long-term agreement, as well as on a purchase order basis. ACF is a manufacturer and fabricator of specialty railcar parts and miscellaneous steel products. Under the manufacturing services agreement entered into in 1994 and amended in 2005, ACF agreed to manufacture and distribute, at ARI’s instruction, various railcar components. In consideration for these services, ARI agreed to pay ACF based on agreed upon rates. The agreement automatically renews unless written notice is provided by ARI.

Also in April 2015, ARI entered into a parts purchasing and sale agreement with ACF. The agreement was unanimously approved by the independent directors of ARI’s and Icahn Enterprises' audit committee. Under this agreement, ARI and ACF may, from time to time, purchase and sell to each other certain parts for railcars ("Railcar Parts"). ARI also provides a non-exclusive and non-assignable license of certain intellectual property related to the manufacture and sale of Railcar Parts to ARI. The buyer under the agreement must pay the market price of the parts as determined in the agreement or as stated on a public website for all ARI customers. ARI may provide designs, engineering and purchasing support, including all materials and components to ACF. Subject to certain early termination events, the agreement terminates on December 31, 2020.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

ARI purchased $1 million and $7 million of components from ACF for the three months ended June 30, 2016 and 2015, respectively, and $3 million and $9 million of components from ACF for the six months ended June 30, 2016 and 2015, respectively.

In January 2013, ARI entered into a purchasing and engineering services agreement and license with ACF. 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 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 tank railcars during the term of the agreement. In November 2015, ARI and ACF amended this agreement to, among other provisions, extend the termination date to December 31, 2016 from December 31, 2015, subject to certain early termination events.

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% 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 are provided at fair market value.

Under the agreement, ACF had 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 termination of the agreement. 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.

ARI's revenues under this agreement were less than $1 million and $4 million for the three months ended June 30, 2016 and 2015, respectively, and $1 million and $6 million for the six months ended June 30, 2016 and 2015, respectively. Such revenues were recorded for sales of railcar components to ACF and for royalties and profits on railcars sold by ACF.

In April 2015, ARI entered into a repair services and support agreement with ACF. The agreement was unanimously approved by the independent directors of ARI's and Icahn Enterprises' audit committee. Under this agreement, ARI provides certain sales and administrative and technical services, materials and purchasing support and engineering services to ACF to provide repair and retrofit services ("Repair Services"). Additionally, ARI provides a non-exclusive and non-assignable license of certain intellectual property related to the Repair Services for railcars. ARI receives 30% of the net profits (as defined in the agreement) for Repair Services related to all railcars not owned by ARL or its subsidiaries and 20% of the net profits for Repair Services related to all railcars owned by ARL or its subsidiaries, if any, but does not absorb any losses incurred by ACF.

Under the agreement, ARI has the exclusive right to sales opportunities related to Repair Services, except for any sales opportunity related to Repair Services presented to ACF by ARL with respect to ARL-owned railcars. ARI also has the right to assign any sales opportunities related to Repair Services to ACF, and ACF has the right, but not the obligation, to accept such sales opportunity. Subject to certain early termination events, the agreement terminates on December 31, 2020.

For each of the three and six months ended June 30, 2016, revenues of less than $1 million were recorded under this agreement. No revenues were recorded under this agreement for each of the three and six months ended June 30, 2015.

In April 2013, AEP Leasing LLC entered into an agreement (the "ACF Agreement") with ACF whereby AEP Leasing would purchase railcars from ACF. The ACF Agreement was assumed by ARL in connection with our purchase of economic interest in ARL. 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 from ACF were $9 million for the six months ended June 30, 2015. There were no purchases of railcars from ACF under this agreement for the six months ended June 30, 2016.

In addition to the above purchases, on a contract-by-contract basis, ARL purchased $2 million and $21 million of railcars from ACF for the three months ended June 30, 2016 and 2015, respectively, and $14 million and $27 million of railcars from ACF for the six months ended June 30, 2016 and 2015, respectively.

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.

In 2013, 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 addition to the minority equity interest held by Icahn Enterprises Holdings, certain subsidiaries of Icahn Enterprises Holdings, including Federal-Mogul, CVR, PSC Metals, ARI, ARL, 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 acquired equity interests in Insight Portfolio Group and also agreed to pay certain of Insight Portfolio Group's operating expenses. For each of the three and six months ended June 30, 2016 and 2015, immaterial amounts were paid 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 - Investment." The carrying value and detail of security type and business sector with respect to investments and securities sold, not yet purchased held by our Investment segment consist of the following:

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Assets | (in millions) | |
| Investments: | | |
| Equity securities: | | |
| Basic materials | $927 | $ 563 |
| Communications | 187 | 407 |
| Consumer, non-cyclical | 3,010 | 3,684 |
| Consumer, cyclical | 152 | 115 |
| Diversified | 17 | 17 |
| Energy | 1,447 | 1,461 |
| Financial | 1,931 | 2,094 |
| Industrial | 256 | 188 |
| Technology | 1,022 | 5,795 |
| | 8,949 | 14,324 |
| Corporate debt: | | |
| Consumer, non-cyclical | 98 | — |
| Consumer, cyclical | 152 | 55 |
| Financial | 4 | 4 |
| Sovereign debt | — | 13 |
| Utilities | 14 | — |
| | 268 | 72 |
| Mortgage-backed securities: | | |
| Financial | — | 157 |
| | $9,217 | $ 14,553 |
| Liabilities | | |
| Securities sold, not yet purchased, at fair value: | | |
| Equity securities: | | |
| Consumer, non-cyclical | $4 | $ 794 |
| Consumer, cyclical | 848 | — |
| Energy | 136 | — |
| Financial | 158 | — |
| Industrial | 105 | — |
| | 1,251 | 794 |
| Debt securities: | | |
| Consumer, cyclical | 55 | — |
| | $1,306 | $ 794 |

The portion of trading (loss) gains that relates to trading securities still held by our Investment segment was $(74) million and $203 million for the three months ended June 30, 2016 and 2015, respectively, and $(189) million and $598 million for the six months ended June 30, 2016 and 2015, respectively.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Other Segments
The carrying value of investments held by our other segments and our Holding Company consist of the following:

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| | (in millions) | |
| Equity method investments | $293 | $ 323 |
| Other investments | 365 | 475 |
| | $658 | $ 798 |

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 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.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

The following table summarizes the valuation of our investments, derivative contracts, securities sold not yet purchased and other liabilities by the above fair value hierarchy levels measured on a recurring and non-recurring basis as of June 30, 2016 and December 31, 2015:

| | June 30, 2016 | | | | December 31, 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Assets | (in millions) | | | | | | | |
| Investments (Note 4) | $8,956 | $382 | $244 | $9,582 | $14,447 | $289 | $292 | $15,028 |
| Derivative contracts, at fair value[1] | — | 19 | — | 19 | — | 259 | — | 259 |
| | $8,956 | $401 | $244 | $9,601 | $14,447 | $548 | $292 | $15,287 |
| Liabilities | | | | | | | | |
| Securities sold, not yet purchased (Note 4) | $1,251 | $55 | $— | $1,306 | $794 | $— | $— | $794 |
| Other liabilities | — | 21 | — | 21 | — | 3 | — | 3 |
| Derivative contracts, at fair value[2] | — | 448 | — | 448 | — | 36 | — | 36 |
| | $1,251 | $524 | $— | $1,775 | $794 | $39 | $— | $833 |

(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:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2016 | 2015 |
| | (in millions) | |
| Balance at January 1 | $283 | $229 |
| Net realized and unrealized gains (losses)[1] | 10 | (43 ) |
| Purchases | 50 | 100 |
| Net transfers out | (120 ) | (34 ) |
| Balance at June 30 | $223 | $252 |

(1) Includes unrealized gains of zero for the six months ended June 30, 2016 and unrealized losses of $26 million for the six months ended June 30, 2015 relating to investments still held at June 30 of each respective period and which are included in net (loss) gain from investment activities in the condensed consolidated statements of operations.
During the first quarter of 2016, we transferred out a Level 3 corporate debt investment in the amount of $126 million.  See Note 2, "Operating Units - Gaming," for further discussion regarding this transaction.
During 2015, the Holding Company made a certain investment classified as trading securities in the amount of $100 million, which is considered a Level 3 investment due to unobservable market data and is measured at fair value on a recurring basis. We purchased an additional $50 million of this investment during the six months ended June 30, 2016. We determined the fair value of this investment using internally developed models and other valuation techniques. As of June 30, 2016 and December 31, 2015, the fair value of this investment was $207 million and $157 million, respectively.
During 2015, the Holding Company obtained control of, and consolidated, Ferrous Resources, which was previously considered a Level 3 investment due to unobservable market data. The fair value of our investment in Ferrous Resources immediately prior to obtaining control was $36 million, which was transferred out of Level 3 investments

during the second quarter of 2015.



---

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Assets Measured at Fair Value on a Non-Recurring Basis for Which We Use Level 3 Inputs to Determine Fair Value
We have certain investments in debt securities classified as held-to-maturity within our Gaming segment since we have the ability and intent to hold the bonds to maturity. The debt securities are classified as Level 3 investments measured at fair value on a non-recurring basis and therefore are excluded from the roll forward of Level 3 investments measured on a recurring basis above. As of June 30, 2016 and December 31, 2015, the fair value of these debt securities was $21 million and $9 million, respectively, with the increase resulting from our acquisition of Trump during the first quarter of 2016.
During the six months ended June 30, 2016, our Energy segment recorded a goodwill impairment charge of $574 million, which represented the full amount of the remaining goodwill allocated to this segment. Refer to Note 8, "Goodwill and Intangible Assets, Net," for further discussion. Additionally, during the six months ended June 30, 2016, our Automotive segment recorded $3 million of impairment relating to property, plant and equipment in connection with its restructuring activities.

6. Financial Instruments.
Certain derivative contracts with a single counterparty executed by the Investment Funds, by our Automotive segment with a single counterparty or by our Energy segment with a single counterparty, or by our Holding Company 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.
Investment Segment and Holding Company
The Investment Funds currently maintain cash deposits and cash equivalents with financial institutions. Certain account balances may not be covered by the Federal Deposit Insurance Corporation, while other accounts may exceed federally insured limits. The Investment Funds have prime broker arrangements in place with multiple prime brokers as well as a custodian bank. The Investment Funds also have relationships with several financial institutions with which they trade derivative and other financial instruments.
In the normal course of business, the Investment Funds and the Holding Company 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' and the Holding Company's 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.
Securities sold, not yet purchased, at fair value represent obligations to deliver the specified security, thereby creating a liability to repurchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance-sheet risk, as the satisfaction of the obligations may exceed the amount recognized in our condensed consolidated balance sheets. Our investments in securities and amounts due from brokers are partially restricted until we satisfy the obligation to deliver the securities sold, not yet purchased.
The Investment Funds and the Holding Company may enter into derivative contracts, including swap contracts, futures contracts and option contracts. The Investment Funds may also enter into foreign currency derivative contracts with the objective of capital appreciation or to economically hedge against foreign currency exchange rate risks on all or a portion of their non-U.S. dollar denominated investments.

The Investment Funds and the Holding Company 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 and the Holding Company 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 and the Holding Company 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 and the Holding Company. When the contract is closed, the Investment Funds and the Holding Company 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 and the Holding Company 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' and the Holding Company's 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.

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. At June 30, 2016, there were no put options written by the Investment Funds as these contracts expired during the second quarter of 2016. At December 31, 2015, the maximum payout amounts relating to certain put options written by the Investment Funds were approximately $5.9 billion, of which approximately $5.9 billion related to covered put options on existing short positions on certain stock and credit indices. As of December 31, 2015, there were unrealized gains of $67 million with respect to these put options.

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 June 30, 2016 and December 31, 2015 was $448 million and $33 million, respectively.

At June 30, 2016 and December 31, 2015, the Investment Funds had approximately $423 million and $883 million, respectively, posted as collateral for derivative positions, including those derivative instruments with credit-risk-related contingent features; these amounts are included in cash held at consolidated affiliated partnerships and restricted cash in our condensed consolidated balance sheets.

U.S. GAAP requires the disclosure of information about obligations under certain guarantee arrangements. Such guarantee arrangements requiring disclosure include contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect

guarantees of the indebtedness of others.

Each Investment Fund's assets may be held in one or more accounts maintained for the Investment Fund by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions. The prime brokers, brokers and custodian banks are subject to various laws and regulations in the relevant jurisdictions in the event of their insolvency. Accordingly, the practical effect of these laws and their application to the Investment Funds' assets may be subject to substantial variations, limitations and uncertainties. The insolvency of any of the prime brokers, brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Investment Funds' assets or in a significant delay in the Investment Funds' having access to those assets.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Credit concentrations may arise from investment activities and may be impacted by changes in economic, industry or political factors. The Investment Funds and the Holding Company routinely execute transactions with counterparties in the financial services industry, resulting in credit concentration with respect to this industry. In the ordinary course of business, the Investment Funds and the Holding Company may also be subject to a concentration of credit risk to a particular counterparty.

The Investment Funds and the Holding Company seek to mitigate these risks by actively monitoring exposures, collateral requirements and the creditworthiness of our counterparties.

Automotive

Commodity Price Risk

Federal-Mogul's production processes are dependent upon the supply of certain raw materials that are exposed to price fluctuations on the open market. The primary purpose of Federal-Mogul's commodity price forward contract activity is to manage the volatility associated with forecasted purchases. Federal-Mogul monitors its commodity price risk exposures regularly to maximize the overall effectiveness of its commodity forward contracts. Principal raw materials hedged include copper, nickel, tin, zinc, high-grade aluminum and aluminum alloy. Forward contracts are used to mitigate commodity price risk associated with raw materials, generally related to purchases forecast for up to 15 months in the future.

Federal-Mogul had commodity price hedge contracts outstanding with combined notional values of $21 million and $28 million at June 30, 2016 and December 31, 2015, respectively, substantially all of which mature within one year in each of the respective periods and all of which were designated as hedging instruments for accounting purposes. Federal-Mogul had a net liability balance of zero and $3 million as of June 30, 2016 and December 31, 2015, respectively, with respect to these hedging positions. Unrealized net losses of zero and $2 million were recorded in accumulated other comprehensive loss as of June 30, 2016 and December 31, 2015, respectively.

Foreign Currency Risk

Federal-Mogul manufactures and sells its products in North America, South America, Asia, Europe and Africa. As a result, Federal-Mogul's financial results could be significantly affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets in which it manufactures and sells its products. Federal-Mogul's operating results are primarily exposed to changes in exchange rates between the U.S. dollar and various global currencies.

Federal-Mogul generally tries to use natural hedges within its foreign currency activities, including the matching of revenues and costs, to minimize foreign currency risk. Where natural hedges are not in place, Federal-Mogul considers managing certain aspects of its foreign currency activities and larger transactions through the use of foreign currency options or forward contracts. Principal currencies hedged have historically included the euro, British pound and Polish zloty. Foreign currency forwards are also used in conjunction with Federal-Mogul's commodity hedging program. As part of its hedging program, Federal-Mogul attempts to limit hedge ineffectiveness by matching terms of the commodity purchases with the hedging instrument. Federal-Mogul does not hold any foreign currency price hedge contracts as of June 30, 2016 or December 31, 2015.

Concentrations of Credit Risk

Financial instruments including cash equivalents, derivative contracts, and accounts receivable, expose Federal-Mogul to counter-party credit risk for non-performance. Federal-Mogul’s counterparties for cash equivalents and derivative contracts are banks and financial institutions that meet its requirement of high credit standing. Federal-Mogul's counterparties for derivative contracts are substantial investment and commercial banks with significant experience using such derivatives. Federal-Mogul manages its credit risk through policies requiring minimum credit standing and limiting credit exposure to any one counter-party and through monitoring counter-party credit risks. Federal-Mogul's concentration of credit risk related to derivative contracts at June 30, 2016 and December 31, 2015 was not material.

Energy

CVR is subject to price fluctuations caused by supply conditions, weather, economic conditions, interest rate fluctuations and other factors. To manage price risk on crude oil and other inventories and to fix margins on certain future production, CVR from time to time enters into various commodity derivative transactions.
CVR has adopted accounting standards that impose extensive record-keeping requirements in order to designate a derivative financial instrument as a hedge. CVR holds derivative instruments, such as exchange-traded crude oil futures and

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

certain over-the-counter forward swap agreements, which it believes provide an economic hedge on future transactions, but such instruments are not designated as hedges for GAAP purposes. Gains or losses related to the change in fair value and periodic settlements of these derivative instruments are included in other income (loss), net in the condensed consolidated statements of operations.

Commodity Swaps

CVR Refining enters into commodity swap contracts in order to fix the margin on a portion of future production. 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 statement 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 December 31, 2015, CVR Refining had open commodity hedging instruments consisting of 2.5 million barrels of crack spreads primarily to fix the margin on a portion of its future gasoline and distillate production. During the first quarter of 2016, CVR Refining settled a number of the open crack spread positions and entered into offsetting positions to effectively lock in the gain on the remaining positions to be settled in 2016. At June 30, 2016, CVR Refining had open commodity hedging instruments consisting of 0.4 million barrels net of crack spreads and 0.6 million barrels of price and basis swaps. The fair value of the outstanding contracts at June 30, 2016 and December 31, 2015 was a net asset of $13 million and $45 million, respectively. CVR Refining recognized a net loss of $2 million and $12 million for the three months ended June 30, 2016 and 2015, respectively, and net loss of $3 million and $63 million for the six months ended June 30, 2016 and 2015, respectively, which are included in other income (loss), net in the condensed consolidated statements of operations.

Interest Rate Swaps

Coffeyville Resources Nitrogen Fertilizers, LLC ("CRNF"), a subsidiary of CVR Partners, had two floating-to-fixed interest rate swap agreements for the purpose of hedging the interest rate risk associated with a portion of its $125 million floating rate term debt, which matured in April 2016. The aggregate notional amount covered under these agreements totaled $63 million (split evenly between the two agreements) which commenced on August 12, 2011 and expired on February 12, 2016. The interest rate swaps agreements terminated in February 2016. The realized losses on the interest rate swaps reclassified from accumulated other comprehensive loss into interest expense was less than $1 million for each of the three and six months ended June 30, 2016 and 2015.

Consolidated Derivative Information

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

| | June 30, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| | Long Notional Exposure | Short Notional Exposure | Long Notional Exposure | Short Notional Exposure |
| Primary underlying risk: | (in millions) | | | |
| Credit swaps[1] | $195 | $ 565 | $187 | $ 2,306 |
| Equity swaps | 210 | 15,359 | 1,343 | 14,167 |
| Foreign currency forwards | — | 861 | — | 842 |
| Interest rate swap contracts[2] | — | — | — | 137 |
| Commodity contracts | 32 | 654 | 43 | 643 |

[1] The short notional amount on our credit default swap positions is approximately $2.6 billion and $10.0 billion as of June 30, 2016 and December 31, 2015, respectively. However, because credit spreads cannot compress below zero, our downside short notional exposure to loss is approximately $0.6 billion and $2.3 billion as of June 30, 2016 and

December 31, 2015, respectively.

(2) The short notional amount on certain of our interest rate contracts with a six month duration is approximately $16.0 billion as of December 31, 2015. We assume that interest rates will not fall below zero and therefore our downside short notional exposure to loss on these contracts is $74 million (of the total $137 million disclosed in the above table) as of December 31, 2015.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

The following table presents the consolidated fair values of our derivatives that are not designated as hedging instruments:

| Derivatives Not Designated as Hedging Instruments | Asset Derivatives[1] | | Liability Derivatives[2] | |
|---|---|---|---|---|
| | June 30, 2016 | December 31, 2015 | June 30, 2016 | December 31, 2015 |
| | (in millions) | | | |
| Equity contracts | $— | $ 339 | $406 | $ 122 |
| Foreign exchange contracts | — | — | 2 | 19 |
| Credit contracts | 6 | 45 | 31 | 53 |
| Interest rate swap contracts | — | — | — | — |
| Commodity contracts | 15 | 46 | 11 | 10 |
| Sub-total | 21 | 430 | 450 | 204 |
| Netting across contract types[3] | (2) | (171) | (2) | (171) |
| Total[3] | $19 | $ 259 | $448 | $ 33 |

[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.
[3] Excludes netting of cash collateral received and posted. The total collateral posted at June 30, 2016 and December 31, 2015 was $423 million and $883 million, respectively, across all counterparties.

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 | (Loss) Gain Recognized in Income[1] | | | |
|---|---|---|---|---|
| | Three Months Ended June 30, | | Six Months Ended June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| | (in millions) | | | |
| Equity contracts | $(250) | $14 | $(658) | $(151) |
| Foreign exchange contracts | 24 | (38) | (14) | 136 |
| Credit contracts | 6 | 178 | 131 | 149 |
| Interest rate contracts | — | — | (12) | — |
| Commodity contracts | (19) | (70) | (68) | (51) |
| | $(239) | $84 | $(621) | $83 |

[1] 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.

7. Inventories, Net.

Inventories, net consists of the following:

| | June 30, 2016 | December 31, 2015 |
|---|---|---|

| | (in millions) | |
|---|---|---|
| Raw materials | $487 | $ 457 |
| Work in process | 293 | 292 |
| Finished goods | 2,081 | 1,510 |
| | $2,861 | $ 2,259 |

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

8. Goodwill and Intangible Assets, Net.

Goodwill consists of the following:

| | June 30, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Impairment | Net Carrying Value | Gross Carrying Amount | Accumulated Impairment | Net Carrying Value |
| | (in millions) | | | | | |
| Automotive | $1,716 | $ (538) | $ 1,178 | $1,458 | $ (538) | $ 920 |
| Energy | 930 | (930) | — | 930 | (356) | 574 |
| Railcar | 7 | — | 7 | 7 | — | 7 |
| Food Packaging | 3 | — | 3 | 3 | — | 3 |
| | $2,656 | $ (1,468) | $ 1,188 | $2,398 | $ (894) | $ 1,504 |

Intangible assets, net consists of the following:

| | June 30, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Value | Gross Carrying Amount | Accumulated Amortization | Net Carrying Value |
| | (in millions) | | | | | |
| Definite-lived intangible assets: | | | | | | |
| Customer relationships | $1,058 | $ (442) | $ 616 | $1,041 | $ (408) | $ 633 |
| Developed technology | 142 | (97) | 45 | 144 | (90) | 54 |
| In-place leases | 121 | (78) | 43 | 121 | (73) | 48 |
| Gasification technology license | 60 | (10) | 50 | 60 | (9) | 51 |
| Other | 47 | (20) | 27 | 44 | (20) | 24 |
| | $1,428 | $ (647) | $ 781 | $1,410 | $ (600) | $ 810 |
| Indefinite-lived intangible assets: | | | | | | |
| Trademarks and brand names | | | $ 319 | | | $ 260 |
| Gaming licenses | | | 38 | | | 38 |
| | | | 357 | | | 298 |
| Intangible assets, net | | | $ 1,138 | | | $ 1,108 |

Amortization expense associated with definite-lived intangible assets was $24 million and $23 million for the three months ended June 30, 2016 and 2015, respectively, and $47 million and $45 million for the six months ended June 30, 2016 and 2015, respectively. We utilize the straight-line method of amortization, recognized over the estimated useful lives of the assets.

For our segments discussed below, the fair values of our reporting units are based upon consideration of various valuation methodologies, one of which is projecting future cash flows discounted at rates commensurate with the risks involved (“Discounted Cash Flow” or “DCF”). Assumptions used in a DCF require the exercise of significant judgment, including judgment about appropriate discount rates and terminal values, growth rates, and the amount and timing of expected future cash flows. The forecasted cash flows are based on current plans and for years beyond that plan, the estimates are based on assumed growth rates. We believe that our assumptions are consistent with the plans and estimates used to manage the underlying businesses. The discount rates, which are intended to reflect the risks inherent in future cash flow projections, used in a DCF are based on estimates of the weighted-average cost of capital of a market participant. Such estimates are derived from our analysis of peer companies and consider the industry weighted average return on debt and equity from a market participant perspective.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Automotive

As further discussed in Note 2, "Operating Units - Automotive," during the first quarter of 2016, we acquired Pep Boys and allocated $48 million to trademarks and brand names, $15 million to customer relationships, $3 million to other definite-lived intangible assets and $246 million to goodwill as of the acquisition date. We are in the process of valuing the Pep Boys acquisition and have recorded provisional amounts based on preliminary estimates of fair value of net assets acquired, including goodwill. The provisional measurements of net assets are subject to change as we finalize the purchase price allocation. The Pep Boys acquisition is not material to our condensed consolidated financial statements.

We perform the annual goodwill impairment test for our Automotive segment as of October 1 of each year, or more frequently if impairment indicators exist. Based on "Step 2" of the goodwill impairment analysis of our Automotive segment's Motorparts reporting unit, we recorded a goodwill impairment charge of $312 million for the year ended December 31, 2015. Due to the complexity in the "Step 2" goodwill impairment analysis, we are currently expecting to finalize our Automotive segment's goodwill impairment for the Motorparts reporting unit during the third quarter of 2016 and any resulting difference in the amount of the impairment will be adjusted at that time.

Energy

Due to worsening sales trends for our Energy segment's Petroleum reporting unit, we performed an interim goodwill impairment analysis during the first quarter of 2016. 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. Due to the complexity in the "Step 2" goodwill impairment test performed during the first quarter of 2016, we expect to finalize the assessment of our Energy segment's goodwill impairment during the third quarter of 2016 and any resulting difference in the amount of the impairment will be adjusted at that time.

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. Due to worsening sales trends for our Energy segment's Fertilizer reporting unit, we performed an interim goodwill impairment analysis during the fourth quarter of 2015. Based on "Step 2" of the goodwill impairment analysis of our Energy segment's Fertilizer reporting unit, we recorded a goodwill impairment charge of $253 million for the year ended December 31, 2015, which represented the full amount of the remaining goodwill allocated to the Fertilizer reporting unit. Due to the complexity in the "Step 2" goodwill impairment test performed during the fourth quarter of 2015, we finalized the assessment of our Energy segment's goodwill impairment for the Fertilizer reporting unit during the first quarter of 2016 and noted that no additional adjustments to goodwill were required for the first quarter of 2016.

Railcar

We perform the annual goodwill impairment test as of November 1 of each year for our Railcar segment. For purposes of goodwill impairment testing, our Railcar segment's manufacturing reporting unit is the only reporting unit with allocated goodwill. We assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying amount. If, however, we had determined that it was more likely than not that the fair value of the reporting unit was less than its carrying amount, then we would perform the first step of the two-step goodwill impairment test. In evaluating whether it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, we considered various qualitative and quantitative factors, including macroeconomic conditions, railcar industry trends and the fact that our railcar manufacturing reporting unit has historical positive operating cash flows that we anticipate will continue. After assessing these factors, we determined that it was more likely than not the fair value of our railcar manufacturing reporting unit was greater than its carrying amount, and therefore no further testing was necessary.

Gaming

As further discussed in Note 2, "Operating Units - Gaming," during the first quarter of 2016, we acquired Trump and allocated $13 million to trademarks and brand names and $1 million to customer relationships as of the acquisition

date. We are in the process of valuing the Trump acquisition and have recorded provisional amounts based on preliminary estimates of fair value of net assets acquired. The provisional measurements of net assets are subject to change as we finalize the purchase price allocation. The Trump acquisition is not material to our condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

9. Property, Plant and Equipment, Net.

Property, plant and equipment, net consists of the following:

| | Useful Life | June 30, 2016 | December 31, 2015 |
|---|---|---|---|
| | (in years) | (in millions) | |
| Land | | $855 | $ 549 |
| Buildings and improvements | 4 - 40 | 3,033 | 2,456 |
| Machinery, equipment and furniture | 1 - 30 | 7,414 | 6,047 |
| Assets leased to others | 15 - 39 | 4,038 | 3,994 |
| Construction in progress | | 591 | 598 |
| | | 15,931 | 13,644 |
| Less: Accumulated depreciation and amortization | | (4,489 ) | (4,109 ) |
| Property, plant and equipment, net | | $11,442 | $ 9,535 |

Assets leased to others are related to our Railcar and Real Estate segments. Included in assets leased to others in the table above are our Railcar segment's railcars for lease in the amount of approximately $3.6 billion and $3.6 billion as of June 30, 2016 and December 31, 2015, respectively. Additionally, included in assets leased to others in the table above are our Real Estate segment's properties on lease in the amount of $421 million and $423 million as of June 30, 2016 and December 31, 2015, respectively. Aggregate accumulated depreciation pertaining to assets leased to others is approximately $1.1 billion and $1.1 billion as of June 30, 2016 and December 31, 2015, respectively.

Depreciation and amortization expense related to property, plant and equipment was $232 million and $185 million for the three months ended June 30, 2016 and 2015, respectively, and $438 million and $366 million for the six months ended June 30, 2016 and 2015, respectively.

10. Debt.

Debt consists of the following:

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| | (in millions) | |
| 5.875% senior unsecured notes due 2022 - Icahn Enterprises/Icahn Enterprises Holdings | $1,339 | $ 1,338 |
| 6.00% senior unsecured notes due 2020 - Icahn Enterprises/Icahn Enterprises Holdings | 1,705 | 1,706 |
| 4.875% senior unsecured notes due 2019 - Icahn Enterprises/Icahn Enterprises Holdings | 1,271 | 1,270 |
| 3.50% senior unsecured notes due 2017 - Icahn Enterprises/Icahn Enterprises Holdings | 1,173 | 1,172 |
| Debt facilities - Automotive | 3,239 | 3,121 |
| Debt facilities - Energy | 1,120 | 619 |
| Debt and credit facilities - Railcar | 2,426 | 2,671 |
| Credit facilities - Gaming | 288 | 289 |
| Credit facilities - Food Packaging | 266 | 267 |
| Other | 142 | 141 |
| | $12,969 | $ 12,594 |

Except for those described below, there were no other significant changes to our consolidated debt during the six months ended June 30, 2016 as compared to that reported in our Annual Report on Form 10-K for the year ended December 31, 2015. Additionally, where applicable, we or our subsidiaries were in compliance with all covenants for their respective debt instruments as of June 30, 2016 and December 31, 2015.

36

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Senior Unsecured Notes - Icahn Enterprises and Icahn Enterprises Holdings
Senior Unsecured Notes Covenants
As of June 30, 2016 and December 31, 2015, we were in compliance with all covenants, including maintaining certain minimum financial ratios, as defined in the indentures. Additionally, as of June 30, 2016, based on covenants in the indentures governing our senior unsecured notes, we are not permitted to incur additional indebtedness.
Debt Facilities - Automotive
Federal-Mogul
During the first quarter of 2016, Federal-Mogul increased its borrowing capacity under a certain revolving credit facility (the "Federal-Mogul Replacement Revolver Facility") by $50 million to $600 million. As of June 30, 2016 and December 31, 2015, the outstanding balance on the Federal-Mogul Replacement Revolver Facility was $390 million and $340 million, respectively. As of June 30, 2016 and December 31, 2015, the borrowing availability under the Federal-Mogul Replacement Revolver Facility was $171 million and $170 million, respectively. Federal-Mogul had $39 million and $40 million of letters of credit outstanding as of June 30, 2016 and December 31, 2015, respectively, pertaining to the Federal-Mogul Replacement Revolver Facility. To the extent letters of credit associated with the Federal-Mogul Replacement Revolver Facility are issued, there will be a corresponding decrease in borrowings available under this facility.
IEH Auto and Pep Boys
On November 25, 2015, IEH Auto entered into a senior secured asset based revolving credit facility (the "IEH Auto Credit Facility") with Bank of America as agent, sole lead arranger, and sole bookrunner for $125 million. On January 25, 2016, the IEH Auto Credit Facility was amended and restated to include Citizens Bank as the documentation agent and to increase the revolver commitments to $210 million.
As of June 30, 2016 and December 31, 2015, the IEH Auto Credit Facility had an outstanding balance of $95 million and $75 million, respectively, and $3 million and $3 million, respectively, in letters of credit. As of June 30, 2016, the availability on the IEH Auto Credit Facility was $48 million.
Pep Boys has a revolving credit agreement with Bank of America, N.A., as Administrative Agent, and other parties thereto providing for borrowings of up to $300 million, with an original maturity date of July 26, 2016. The maturity date of this revolving credit agreement was extended to October 24, 2016. The interest rate on this facility is LIBOR plus a margin of 2.00% to 2.50% for LIBOR rate borrowings or Prime plus 1.00% to 1.50% for Prime rate borrowings. The margin is based upon the then current availability under the facility. As of June 30, 2016, Pep Boys had $60 million outstanding under the facility and $43 million of availability was utilized to support outstanding letters of credit. Taking into account the borrowing base requirements (including reduction for amounts outstanding under the trade payable program), as of June 30, 2016, there was $77 million of availability remaining under the facility.
Debt and Credit Facilities - Energy
Amended and Restated Asset Backed (ABL) Credit Facility
As of June 30, 2016, CVR Refining and its subsidiaries had availability under its existing amended and restated asset backed credit facility (the "CVR Refining Credit Facility") of $255 million and had letters of credit outstanding of $28 million. There were no borrowings outstanding under the CVR Refining Credit Facility as of June 30, 2016. Availability under the CVR Refining Credit Facility was limited by borrowing base conditions as of June 30, 2016.
CVR Partners Credit Facility
CVR Partners' credit facility included a term loan in the amount of $125 million and a revolving credit facility. No amounts were outstanding under the revolving credit facility. On April 1, 2016, CVR Partners repaid all amounts outstanding with respect to its term loan under the credit facility and the credit facility was terminated.
CVR Partners 2023 Senior Notes

On June 10, 2016, CVR Partners and CVR Nitrogen Finance Corporation, an indirect wholly-owned subsidiary of CVR Partners, certain subsidiary guarantors named therein and Wilmington Trust, National Association, as trustee and as collateral trustee, completed a private offering of $645 million aggregate principal amount of 9.25% Senior Secured Notes due 2023 (the "CVR Partners 2023 Notes"). The CVR Partners 2023 Notes mature on June 15, 2023, unless earlier redeemed or repurchased

by the issuers. Interest on the CVR Partners 2023 Notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2016. The CVR Partners 2023 Notes are guaranteed on a senior secured basis by all of the Nitrogen Fertilizer Partnership’s existing subsidiaries.

The CVR Partners 2023 Notes were issued at a $16 million discount, which is being amortized over the term of the CVR Partners 2023 Notes as interest expense using the effective-interest method. CVR Partners received $623 million of cash proceeds, net of the original issue discount and underwriting fees, but before deducting other third-party fees and expenses associated with the offering. The net proceeds from the sale of the CVR Partners 2023 Notes were used to: (i) repay all amounts outstanding under the senior term loan credit facility with Coffeyville Resources, LLC; (ii) finance the CVR Nitrogen 2021 Notes tender offer (discussed below) and (iii) to pay related fees and expenses.

The CVR Partners 2023 Notes contain customary covenants for a financing of this type that, among other things, restrict CVR Partners' ability and the ability of certain of its subsidiaries to: (i) sell assets; (ii) pay distributions on, redeem or repurchase CVR Partners' units or redeem or repurchase its subordinated debt; (iii) make investments; (iv) incur or guarantee additional indebtedness or issue preferred units; (v) create or incur certain liens; (vi) enter into agreements that restrict distributions or other payments from CVR Partners' restricted subsidiaries to CVR Partners; (vii) consolidate, merge or transfer all or substantially all of CVR Partners' assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. As of June 30, 2016, CVR Partners was in compliance with the covenants contained in the CVR Partners 2023 Notes.

CVR Nitrogen 2021 Notes

Prior to the acquisition of CVR Nitrogen by CVR Partners, CVR Nitrogen and CVR Nitrogen Finance Corporation (together the "CVR Nitrogen 2021 Notes Issuers") issued $320 million of 6.5% senior secured notes due 2021 (the "CVR Nitrogen 2021 Notes"). The CVR Nitrogen 2021 Notes bear interest at a rate of 6.5% per annum, payable semi-annually in arrears on April 15 and October 15 of each year. The CVR Nitrogen 2021 Notes are scheduled to mature on April 15, 2021, unless repurchased or redeemed earlier in accordance with their terms.

On April 29, 2016, the CVR Nitrogen 2021 Notes Issuers commenced a cash tender offer (the "CVR Nitrogen Tender Offer") to purchase any and all of the outstanding CVR Nitrogen 2021 Notes. In connection with the CVR Nitrogen Tender Offer, the CVR Nitrogen 2021 Notes Issuers solicited the consents of holders of the notes to certain proposed amendments to the indenture governing the notes (the "Consent Solicitation"). As a result of the CVR Nitrogen Tender Offer, on June 10, 2016, the CVR Nitrogen 2021 Notes Issuers repurchased $315 million of the CVR Nitrogen 2021 Notes, representing approximately 98.5% of the total outstanding principal amount of the notes at a purchase price of $1,015 per $1,000 in principal amount. The total amount paid related to the CVR Nitrogen Tender Offer was $320 million, including a premium of $5 million. Additionally, the CVR Nitrogen 2021 Notes Issuers paid $3 million for accrued and unpaid interest for the tendered notes up to the settlement date. CVR Partners received the requisite consents in respect of the CVR Nitrogen 2021 Notes in connection with the Consent Solicitation to amend the indenture governing the CVR Nitrogen 2021 Notes. As a result, the CVR Nitrogen 2021 Notes Issuers executed a supplemental indenture, dated as of June 10, 2016, which eliminated or modified substantially all of the restrictive covenants relating to CVR Nitrogen and its subsidiaries, eliminated all events of default other than failure to pay principal, premium or interest on the CVR Nitrogen 2021 Notes, eliminated all conditions to satisfaction and discharge, and released the liens on the collateral securing the CVR Nitrogen 2021 Notes. The repurchase of a portion of the CVR Nitrogen 2021 Notes resulted in a loss on extinguishment of debt of $5 million for the three and six months ended June 30, 2016.

Concurrently with, but separately from the CVR Nitrogen Tender Offer, the CVR Nitrogen 2021 Notes Issuers also commenced an offer to purchase all of the outstanding CVR Nitrogen 2021 Notes at a price equal to 101% of the principal amount thereof, as required as a result of the acquisition of CVR Nitrogen (the "Change of Control Offer"). The offer expired on June 28, 2016. As a result of the Change of Control Offer, CVR Partners repurchased less than $1 million of CVR Nitrogen 2021 Notes at a purchase price of $1,010 per $1,000 in principal amount. The total

amount paid related to the Change of Control offer was less than $1 million, including a nominal amount of premium and accrued and unpaid interest.

$4 million of principal amount of the CVR Nitrogen 2021 Notes that remained outstanding following the consummation of the CVR Nitrogen Tender Offer and the Change of Control Offer will continue to be obligations of CVR Partners.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Debt and Credit Facilities - Railcar
ARI
2015 Revolving Credit Facility
In December 2015, ARI completed a financing of its railcar lease fleet with availability of up to $200 million under a credit agreement. The initial amount drawn from the revolving credit facility ("ARI Revolving Loan") obtained at closing amounted to $100 million, net of fees and expenses. In February 2016, ARI repaid amounts outstanding under the ARI Revolving Loan in full and as of June 30, 2016, ARI had borrowing availability of $200 million under the ARI Revolving Loan.
As of June 30, 2016 and December 31, 2015, the net book value of the railcars that were pledged as part of ARI's credit facilities was $554 million and $564 million, respectively.

11. Pension, Other Post-employment 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 sponsors health care and life insurance benefits ("Other Post-Employment Benefits" or "OPEB") for certain employees and retirees around the world. The Pension Benefits are funded based on the funding requirements of federal and international laws and regulations, as applicable, in advance of benefit payments and the Other Post-Employment Benefits as benefits are provided to participating employees. As prescribed by applicable U.S. GAAP, Federal-Mogul, ARI and Viskase each uses, as applicable, appropriate actuarial methods and assumptions in accounting for its defined benefit pension plans, non-pension post-employment benefits, and disability, early retirement and other post-employment benefits. The measurement date for all defined benefit plans is December 31 of each year.
Components of net periodic benefit cost for the three and six months ended June 30, 2016 and 2015 are as follows:

| | Pension Benefits | | OPEB | |
|---|---|---|---|---|
| | Three Months Ended June 30, | | Three Months Ended June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| | (in millions) | | | |
| Service cost | $4 | $5 | $— | $ — |
| Interest cost | 17 | 16 | 3 | 4 |
| Expected return on plan assets | (15 ) | (18 ) | — | — |
| Amortization of actuarial losses | 6 | 7 | — | — |
| Amortization of prior service credit | — | — | (1 ) | (1 ) |
| | $12 | $10 | $2 | $ 3 |

| | Pension Benefits | | OPEB | |
|---|---|---|---|---|
| | Six Months Ended June 30, | | Six Months Ended June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| | (in millions) | | | |

| | | | | |
|---|---|---|---|---|
| Service cost | $8 | $10 | $— | $ — |
| Interest cost | 34 | 32 | 6 | 7 |
| Expected return on plan assets | (29 ) | (35 ) | — | — |
| Amortization of actuarial losses | 11 | 14 | 1 | 2 |
| Amortization of prior service credit | — | — | (2 ) | (2 ) |
| | $24 | $21 | $5 | $ 7 |

39

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

## 12. 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 per LP unit of Icahn Enterprises for the periods indicated:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (in millions, except per unit data) | | | |
| Net (loss) income attributable to Icahn Enterprises | $(69) | $212 | $(906) | $373 |
| Net (loss) income attributable to Icahn Enterprises allocable to limited partners (98.01% allocation) | $(68) | $208 | $(888) | $366 |
| | | | | |
| Basic and diluted (loss) income per LP unit | $(0.50) | $1.68 | $(6.68) | $2.95 |
| Basic and diluted weighted average LP units outstanding | 135 | 124 | 133 | 124 |

LP Unit Issuance

As disclosed in Note 3, "Related Party Transactions," pursuant to a certain contribution agreement, on February 29, 2016, we contributed 685,367 newly issued depositary units of Icahn Enterprises to IRL in exchange for the remaining 25% economic interest in ARL.

LP Unit Distributions

On February 23, 2016, 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 12, 2016, Icahn Enterprises distributed an aggregate 2,824,186 depositary units to unit holders electing to receive depositary units in connection with this distribution.

On April 29, 2016, 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 16, 2016, Icahn Enterprises distributed an aggregate 3,116,976 depositary units to unit holders electing to receive depositary units in connection with this distribution.

Mr. Icahn and his affiliates elected to receive a majority of their proportionate share of these distributions in depositary units. As of August 3, 2016, Mr. Icahn and his affiliates owned 89.5% of Icahn Enterprises outstanding depositary units.

## 13. Segment Reporting.

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Automotive, Energy, Metals, Railcar, Gaming, 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, and investment activity and expenses associated with the Holding Company.  Our determination of what constitutes an operating segment is based on the various industries in which our businesses operate and how we manage those businesses in accordance with our investment strategy. We assess and measure segment operating results based on net income from continuing operations attributable to Icahn Enterprises and Icahn Enterprises Holdings, as disclosed below. Certain terms of financings for certain of our segments impose restrictions on the segments' ability to transfer funds to us, including restrictions on dividends, distributions, loans and other transactions. See Note 2, “Operating Units,” for a detailed description of each of our reporting segments.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

Icahn Enterprises' condensed statements of operations by reporting segment for the three and six months ended June 30, 2016 and 2015 are presented below:

| | Three Months Ended June 30, 2016 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Investment | Automotive | Energy | Metals | Railcar | Gaming | Mining | Food Packaging | Real Estate | Home Fashion | Holding Company | Consolidated |
| | (in millions) | | | | | | | | | | | |
| Revenues: | | | | | | | | | | | | |
| Net sales | $— | $ 2,473 | $ 1,283 | $ 76 | $ 97 | $ — | $ 21 | $ 85 | $ 6 | $ 53 | $ — | $ 4,094 |
| Other revenues from operations | — | 118 | — | — | 133 | 254 | — | — | 18 | — | — | 523 |
| Net loss from investment activities | (308 ) | — | — | — | — | — | — | — | — | — | — | (308 ) |
| Interest and dividend income | 22 | 1 | — | — | 1 | — | 1 | — | — | — | 3 | 28 |
| Other (loss) income, net | (1 ) | 22 | (7 ) | 1 | 1 | — | (5 ) | 1 | — | — | 1 | 13 |
| | (287 ) | 2,614 | 1,276 | 77 | 232 | 254 | 17 | 86 | 24 | 53 | 4 | 4,350 |
| Expenses: | | | | | | | | | | | | |
| Cost of goods sold | — | 1,986 | 1,175 | 75 | 82 | — | 16 | 63 | 5 | 46 | — | 3,448 |
| Other expenses from operations | — | 125 | — | — | 52 | 125 | — | — | 12 | — | — | 314 |
| Selling, general and administrative | 19 | 399 | 33 | 6 | 10 | 114 | 4 | 15 | 2 | 9 | 4 | 615 |
| Restructuring | — | 6 | — | — | — | — | — | — | — | — | — | 6 |
| Impairment | — | — | — | — | — | — | — | — | — | — | — | — |
| Interest expense | 45 | 38 | 19 | — | 21 | 3 | 2 | 3 | — | — | 71 | 202 |
| | 64 | 2,554 | 1,227 | 81 | 165 | 242 | 22 | 81 | 19 | 55 | 75 | 4,585 |
| (Loss) income before income tax (expense) benefit | (351 ) | 60 | 49 | (4 ) | 67 | 12 | (5 ) | 5 | 5 | (2 ) | (71 ) | (235 ) |
| Income tax (expense) benefit | — | (18 ) | (15 ) | 3 | (15 ) | (4 ) | — | (3 ) | — | — | 2 | (50 ) |
| Net (loss) income | (351 ) | 42 | 34 | (1 ) | 52 | 8 | (5 ) | 2 | 5 | (2 ) | (69 ) | (285 ) |
| Less: net loss (income) attributable to non-controlling interests | 244 | (7 ) | (12 ) | — | (8 ) | (2 ) | 1 | — | — | — | — | 216 |
| Net (loss) income attributable to Icahn Enterprises | $ (107) | $ 35 | $ 22 | $ (1 ) | $ 44 | $ 6 | $ (4 ) | $ 2 | $ 5 | $ (2 ) | $ (69 ) | $ (69 ) |
| | | | | | | | | | | | | |
| Supplemental information: | | | | | | | | | | | | |
| Capital expenditures | $— | $ 109 | $ 35 | $ 1 | $ 23 | $ 32 | $ 3 | $ 3 | $ — | $ 5 | $ — | $ 211 |
| | $— | $ 113 | $ 67 | $ 5 | $ 34 | $ 18 | $ — | $ 6 | $ 6 | $ 2 | $ — | $ 251 |

Depreciation and amortization[1]

41

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2016 (Unaudited)

| | Three Months Ended June 30, 2015 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Investment | Automotive | Energy | Metals | Railcar | Gaming | Mining | Food Packaging | Real Estate | Home Fashion | Holding Company | Consolidated |
| | (in millions) | | | | | | | | | | | |
| Revenues: | | | | | | | | | | | | |
| Net sales | $— | $ 2,016 | $ 1,624 | $ 103 | $ 86 | $ — | $ 6 | $ 91 | $ 1 | $ 52 | $ — | $ 3,979 |
| Other revenues from operations | — | — | — | — | 124 | 203 | — | — | 20 | — | — | 347 |
| Net gain (loss) from investment activities | 609 | — | 1 | — | — | — | — | — | — | — | (18 ) | 592 |
| Interest and dividend income | 44 | 2 | — | — | — | — | — | — | — | — | 1 | 47 |
| Other income (loss), net | — | 26 | (13 ) | 3 | 2 | — | (1 ) | — | 2 | — | — | 19 |
| | 653 | 2,044 | 1,612 | 106 | 212 | 203 | 5 | 91 | 23 | 52 | (17 ) | 4,984 |
| Expenses: | | | | | | | | | | | | |
| Cost of goods sold | — | 1,706 | 1,332 | 110 | 57 | — | 6 | 67 | 1 | 45 | — | 3,324 |
| Other expenses from operations | — | — | — | — | 52 | 97 | — | — | 12 | — | — | 161 |
| Selling, general and administrative | 130 | 236 | 33 | 5 | 8 | 87 | 2 | 11 | 2 | 8 | 6 | 528 |
| Restructuring | — | 27 | — | — | — | — | — | — | — | — | — | 27 |
| Impairment | — | 3 | — | — | — | — | — | — | — | — | — | 3 |
| Interest expense | 141 | 34 | 12 | — | 21 | 3 | 1 | 3 | — | — | 72 | 287 |
| | 271 | 2,006 | 1,377 | 115 | 138 | 187 | 9 | 81 | 15 | 53 | 78 | 4,330 |
| Income (loss) before income tax (expense) benefit | 382 | 38 | 235 | (9 ) | 74 | 16 | (4 ) | 10 | 8 | (1 ) | (95 ) | 654 |
| Income tax (expense) benefit | — | (8 ) | (52 ) | 4 | (18 ) | (7 ) | (2 ) | (4 ) | — | — | (26 ) | (113 ) |
| Net income (loss) | 382 | 30 | 183 | (5 ) | 56 | 9 | (6 ) | 6 | 8 | (1 ) | (121 ) | 541 |
| Less: net (income) loss attributable to non-controlling interests | (206 ) | (5 ) | (95 ) | — | (20 ) | (3 ) | 2 | (2 ) | — | — | — | (329 ) |
| Net income (loss) attributable to Icahn Enterprises | $ 176 | $ 25 | $ 88 | $ (5 ) | $ 36 | $ 6 | $ (4 ) | $ 4 | $ 8 | $ (1 ) | $ (121 ) | $ 212 |
| | | | | | | | | | | | | |
| Supplemental information: | | | | | | | | | | | | |
| Capital expenditures | $— | $ 109 | $ 41 | $ 4 | $ 168 | $ 35 | $ 2 | $ 5 | $ 1 | $ 1 | $ — | $ 366 |
| Depreciation and amortization[1] | $— | $ 85 | $ 58 | $ 7 | $ 32 | $ 14 | $ 1 | $ 4 | $ 6 | $ 2 | $ — | $ 209 |

Six Months Ended June 30, 2016

| | Investment | Automotive | Energy | Metals | Railcar | Gaming | Mining | Food Packaging | Real Estate | Home Fashion | Holding Company | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (in millions) | | | | | | | | | | | |
| Revenues: | | | | | | | | | | | | |
| Net sales | $— | $4,794 | $2,189 | $134 | $221 | $ — | $31 | $162 | $8 | $103 | $ — | $7,642 |
| Other revenues from operations | — | 198 | — | — | 265 | 472 | — | — | 34 | — | — | 969 |
| Net (loss) income from investment activities | (1,253) | — | — | — | — | — | — | — | — | — | 9 | (1,244) |
| Interest and dividend income | 60 | 2 | — | — | 2 | — | 1 | — | — | — | 5 | 70 |
| Other (loss) income, net | (2) | 46 | (8) | 1 | 3 | — | (8) | 5 | 1 | 1 | 1 | 40 |
| | (1,195) | 5,040 | 2,181 | 135 | 491 | 472 | 24 | 167 | 43 | 104 | 15 | 7,477 |
| Expenses: | | | | | | | | | | | | |
| Cost of goods sold | — | 3,898 | 2,102 | 139 | 184 | — | 30 | 124 | 6 | 88 | — | 6,571 |
| Other expenses from operations | — | 201 | — | — | 106 | 231 | — | — | 22 | — | — | 560 |
| Selling, general and administrative | 7 | 749 | 68 | 10 | 22 | 211 | 8 | 27 | 5 | 18 | 8 | 1,133 |
| Restructuring | — | 21 | — | — | — | — | — | — | — | — | — | 21 |
| Impairment | — | 3 | 574 | — | — | — | — | — | — | — | — | 577 |
| Interest expense | 132 | 77 | 30 | — | 44 | 6 | 3 | 6 | 1 | — | 144 | 443 |
| | 139 | 4,949 | 2,774 | 149 | 356 | 448 | 41 | 157 | 34 | 106 | 152 | 9,305 |
| (Loss) income before income tax (expense) benefit | (1,334) | 91 | (593) | (14) | 135 | 24 | (17) | 10 | 9 | (2) | (137) | (1,828) |
| Income tax (expense) benefit | — | (21) | 13 | 7 | (33) | (10) | (1) | (4) | — | — | (17) | (66) |
| Net (loss) income | (1,334) | 70 | (580) | (7) | 102 | 14 | (18) | 6 | 9 | (2) | (154) | (1,894) |
| Less: net loss (income) attributable to non-controlling interests | 777 | (14) | 249 | — | (22) | (5) | 4 | (1) | — | — | — | 988 |
| Net (loss) income attributable to Icahn Enterprises | $(557) | $ | | | | | | | | | | |