

STEIN MART INC
Form 10-K
April 16, 2009
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended January 31, 2009

or

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

Commission file number 0-20052

STEIN MART, INC.

(Exact name of registrant as specified in its charter)

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Florida
(State or other jurisdiction of
incorporation or organization)

64-0466198
(I.R.S. Employer
Identification Number)

1200 Riverplace Blvd., Jacksonville, Florida
(Address of principal executive offices)

32207
(Zip Code)

Registrant's telephone number, including area code: (904) 346-1500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:
Common Stock \$.01 par value

Name of each exchange on which registered:
The NASDAQ Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No .

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of August 2, 2008 was \$116,579,259. For purposes of this response, executive officers and directors are deemed to be affiliates of the registrant and the holdings by non-affiliates was computed as 26,022,156 shares. At April 3, 2009, the Registrant had issued and outstanding an aggregate of 42,680,922 shares of its common stock.

Documents Incorporated By Reference:

Portions of the Registrant's Proxy Statement for its 2009 Annual Meeting of Stockholders are incorporated by reference in Parts III-IV.

Table of Contents**STEIN MART, INC.****TABLE OF CONTENTS**

This report contains forward-looking statements which are subject to certain risks, uncertainties or assumptions and may be affected by certain factors, including but not limited to the specific factors discussed in Part I, Item 1A under Risk Factors and Item 3 under Legal Proceedings; in Part II, Item 5 under Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities; and Part II, Item 7 under Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources. Wherever used, the words plan, expect, anticipate, believe, estimate and similar expressions identify forward-looking statements. In addition, except for historical facts, all information provided in Part II, Item 7A, under Quantitative and Qualitative Disclosures About Market Risk should be considered forward-looking statements. Should one or more of these risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of the Company may vary materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Forward-looking statements are based on beliefs and assumptions of the Company's management and on information currently available to such management. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to publicly update or revise its forward-looking statements in light of new information or future events. Undue reliance should not be placed on such forward-looking statements, which are based on current expectations. Forward-looking statements are no guarantees of performance.

ITEM NO.		PAGE
<u>PART I</u>		
1.	<u>Business</u>	3
1A.	<u>Risk Factors</u>	5
1B.	<u>Unresolved Staff Comments</u>	8
2.	<u>Properties</u>	8
3.	<u>Legal Proceedings</u>	9
4.	<u>Submission of Matters to a Vote of Security Holders</u>	9
<u>PART II</u>		
5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	9
6.	<u>Selected Consolidated Financial Data</u>	11
7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
7A.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	19
8.	<u>Financial Statements and Supplementary Data</u>	19
9.	<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	19
9A.	<u>Controls and Procedures</u>	19
9B.	<u>Other Information</u>	20
<u>PART III</u>		
10.	<u>Directors, Executive Officers and Corporate Governance</u>	20
11.	<u>Executive Compensation</u>	20
12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	20
13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	20
14.	<u>Principal Accounting Fees and Services</u>	20
<u>PART IV</u>		
15.	<u>Exhibits, Financial Statement Schedules</u>	21
	<u>SIGNATURES</u>	22

Table of Contents

PART I

**ITEM 1. BUSINESS
OVERVIEW**

Headquartered in Jacksonville, Florida, Stein Mart is a national retailer offering the fashion merchandise, service and presentation of a better department or specialty store at prices competitive with off-price retail chains. Our focused assortment of merchandise features current-season, moderate to better fashion apparel for women and men, as well as accessories, gifts, linens and shoes, all offered at prices competitive with off-price retail chains. Begun in the early 1900 s as a single store in Greenville, Mississippi, the Company operated 276 stores in 31 states and the District of Columbia as of January 31, 2009.

As used herein, the terms we , our , us , Stein Mart and the Company refer to Stein Mart, Inc., a Florida corporation, and its wholly-owned subsidiaries.

KEY STRENGTHS

Our mission is to provide current season, first-quality fashion apparel, accessories and gifts at prices comparable to off-price retail chains in a convenient, attractive, easy-to-shop location. We believe our success and future growth will depend on the consistent execution of the following key strengths:

Expertise in creating a desirable, current season assortment of brand name, exclusive and proprietary fashion apparel, accessories, gift and home merchandise

Access to and strong partnerships with a wide range of manufacturers

Capability to offer everyday low prices on fashion merchandise through buying methodologies and low-price cost structure

Emphasis on an attractive store appearance, appealing merchandise presentation and on-demand customer service, similar to a department or specialty store

Convenience-based location strategy in neighborhood shopping centers within close proximity to upscale, residential neighborhoods

Continuation of a strong balance sheet and ample borrowing capabilities for seasonal needs

TARGET CUSTOMER

Our target customer is a 35-60 year old woman, sometimes called a missy customer, who is both fashion-conscious and value-seeking. Proprietary research has shown she is most likely to have a higher than average household income, at least some college education, and if she is employed, she typically has a professional or paraprofessional occupation. We seek to add an additional subset to our target customer demographic by including select youthful apparel and accessories to attract a more updated customer.

COMPETITION

As a hybrid between a traditional better department or specialty store and a conventional off-price business, we compete with many different retail formats, although we believe our main competition comes from department and specialty stores, rather than conventional off-price retail

chains.

From our customer's perspective, we believe we differentiate ourselves from department stores and specialty stores due to our (i) everyday low pricing, (ii) convenient locations in neighborhood shopping centers near upscale neighborhoods, and (iii) assortments that are more edited than department stores and more varied than specialty stores. We also believe we differentiate ourselves from typical off-price retail chains by offering (i) primarily current-season merchandise carried by better department or specialty stores, (ii) at moderate to better price levels, (iii) a stronger merchandising statement, consistently offering more depth of color and size in individual stock-keeping units, and (iv) merchandise presentation and customer service more comparable to other upscale retailers.

MERCHANDISING, PURCHASING AND PRICING

Our fashion assortment is driven primarily by our own merchandising plan, which is intended to reflect seasonal fashion trends. Name brand merchandise is complemented by a select program of private label and proprietary/exclusive merchandise. In 2008 approximately 16 percent of sales were from private label or proprietary/exclusive merchandise. The majority of merchandise is consistent from store to store, with exceptions based on individual store selling characteristics, seasonal delivery fluctuations and/or regional preferences.

Our merchants purchase products from approximately 1,500 vendors. None of our vendors accounted for more than 5% of our total purchases during 2008. We buy a majority of our merchandise at the same time and from many of the same manufacturers as traditional department/specialty stores although we generally do not require the same level of typical vendor concessions, such as advertising allowance or return privileges, which are common in the department store industry. As a result, we believe that our buyers are able to negotiate more favorable pricing terms from vendors. We also purchase some merchandise opportunistically when we believe a combination of the product and the price make it a compelling addition to our assortment. In both instances, we pass these savings on to our customers through everyday low pricing that we target to be competitive with off-price retail chains.

Table of Contents

Our shoe department inventory is supplied exclusively by and owned by DSW, Inc. ("DSW"). DSW's buyers, in consultation with our merchants, determine each season's fashion footwear assortment. The Company operates the shoe department and receives a percentage of net revenue in accordance with a supply agreement (the "Agreement"). Shoe department sales are not included in net sales reported in the Company's consolidated statement of operations, but amounts received under the Agreement are included in other income.

The following table reflects the percentage of our sales by major merchandise category, including shoe department sales, for the fiscal years indicated:

	2008	2007	2006
Ladies and <i>Boutique</i> apparel	46%	45%	44%
Ladies accessories	13%	12%	12%
Men's	20%	20%	20%
Gifts and linens	11%	13%	14%
Shoes	7%	7%	7%
Other	3%	3%	3%
	100%	100%	100%

LOCATIONS, GROWTH STRATEGY AND STORE APPEARANCE

On January 31, 2009, we operated 276 stores in 31 states and the District of Columbia, primarily concentrated in the Southeast and Texas. Most locations are in neighborhood shopping centers within one to two miles of a community's upscale residential concentrations. Our optimal co-tenants within these shopping centers cater to a similar target customer and are typically highly-frequented retail formats such as supermarkets, drug stores, specialty retailers and restaurants. All Stein Mart locations, including the corporate headquarters, are leased.

Although we are not actively looking for additional locations in the current economic climate, we do utilize regional tenant representative brokers to identify and propose potential sites for new or relocated stores. Their proposals are augmented by an independent sales forecast, and reviewed by a senior level real estate committee for approval. When the economic environment becomes more favorable, we will again seek out optimal properties for consideration.

Our typical store is approximately 37,000 gross square feet with a racetrack design, convenient centralized check-out, and individual dressing rooms. We display merchandise in lifestyle groupings of apparel and accessories, which management believes enables the customer to locate desired merchandise in a manner that encourages multiple purchases. We seek to create excitement in our stores through the continual flow of fashion merchandise, targeted sales promotions, store layout, merchandise presentation, and the quality, value and depth of our merchandise assortment.

CUSTOMER SERVICE

Our stores offer many of the services typically found in better department or specialty stores, such as a liberal merchandise return policy, a Preferred Customer program, a Stein Mart Platinum MasterCard® and electronic gift certificates. Each store is staffed to provide a number of sales associates to properly attend to customer needs. All our stores have their own *Boutique*, staffed generally by specially-recruited associates who are civically and socially prominent in the community and who generally work one day a week. We believe this staffing approach adds credibility and fashion integrity to the department.

MARKETING

Our marketing efforts are focused on protecting and enhancing the relationship with our best customers in order to increase our share of her wallet, as well as attracting a new cadre of customers, particularly younger shoppers who are vital to our future growth. We engage in periodic market research to identify how best to reach each of these audiences and, in consultation with our outside advertising agency, adjust our marketing focus accordingly.

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Our advertising stresses upscale, fashion merchandise at significant savings. We primarily utilize a combination of full-color circulars (both inserted in newspapers and mailed directly to homes), direct mail, newspaper run of press (ROP) advertising, and email to distribute our sales promotion messages. In order to reach a broader audience and communicate our brand position, we have added television commercials; TV and/or radio advertising is also employed to create additional excitement for specific one-day events. We are working to create a presence in digital media including online advertising and social networking sites.

Table of Contents

Our co-brand Stein Mart Platinum MasterCard® and our Preferred Customer Card programs are important marketing tools. As customers use the Stein Mart Platinum MasterCard®, they accumulate points that generate reward certificates at certain levels. Preferred Customer Card customers receive preview copies of select circulars mailed to their home, members only shopping days, birthday discounts and special email announcements. Both cards provide useful information regarding customer preferences, habits and advertising receptivity.

We have an Internet site, www.steinmart.com, to promote Stein Mart's fashion point of view, as well as provide information for customers regarding stores, store locations, company management and selected sales promotion activity. We use steinmart.com to highlight featured merchandise and for traffic stimulation; however, we do not sell merchandise online at this time. Visitors to the website may apply for the Stein Mart Platinum MasterCard®, sign up to be Preferred Customers and/or purchase electronic gift certificates.

DISTRIBUTION

We primarily utilize drop shipments from our vendors directly to our stores. We lease a small distribution/warehouse facility in Jacksonville, Florida, where approximately three percent of our merchandise, on a dollar basis, was handled in 2008.

In 2009, we will begin the transition to a third party logistics network to deliver merchandise to the stores. We expect to complete the implementation of this new supply chain in 2010. It will enable us to aggregate merchandise from numerous vendors at three store distribution centers, where the merchandise will be prepared for delivery to the stores for immediate placement on the selling floor. Transportation from the distribution centers to individual Stein Mart stores, also by third parties, will be coordinated to maximize delivery efficiencies and store logistical considerations. The new supply chain is expected to be more cost effective and provide greater operational control than the current system.

EMPLOYEES

As of January 31, 2009, our work force consisted of approximately 14,600 employees (8,400 40-hour equivalent employees). Each of our stores employs an average of 51 persons as merchandising managers, service associates, cashiers and other positions. The number of employees fluctuates based on the particular selling season.

TRADEMARKS

We own the federally registered trademark Stein Mart®, together with a number of other marks used in conjunction with our private label merchandise program. Management believes that our trademarks are important, but with the exception of Stein Mart®, not critical to our merchandising strategy.

AVAILABLE INFORMATION

Copies of our annual report on Form 10-K, proxy statement, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those filings are available free of charge on the investor relations portion of our website at <http://ir.steinmart.com> (click on "SEC Filings") as soon as reasonably practicable after they are filed electronically with the Securities and Exchange Commission. In addition, proxy materials for the annual meeting of stockholders are also available at www.proxyvote.com. Also available free of charge on the www.steinmart.com website (click on "Investor Relations"; click on "Corporate Governance") are the charters for the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, as well as the Code of Conduct and Corporate Governance Guidelines. Printed copies of these items are available free of charge upon request by writing Stein Mart, Inc., 1200 Riverplace Boulevard, Jacksonville, FL 32207, Attention: Stockholder Relations.

ITEM 1A. RISK FACTORS

Our results of operations and financial condition can be adversely affected by numerous risks and uncertainties. The most important of these risks and uncertainties are detailed below. You should carefully consider the risk factors described below and other risks which may be disclosed from time to time in the Company's filings with the SEC before investing in the Company's securities. Should any of these risks actually materialize, our business, financial condition, and future prospects could be negatively impacted.

Consumer sensitivity to economic conditions. The retail apparel business is dependent upon the level of consumer spending, and as a fashion retailer, we rely on the expenditure of discretionary income for most, if not all, of our sales. The recent volatility in the financial markets,

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worsening unemployment rates, rising personal bankruptcies, and lack of access to credit have all contributed to erosion in consumer spending and consumer confidence in the past year. More specifically, a protracted housing downturn in certain SunBelt states (Florida, California, Nevada and Arizona) where we have a large concentration of stores has had a chilling effect on consumer spending as tourism and traffic there have declined. Continued deterioration in the level of consumer spending could have a material adverse affect our results of operations.

Table of Contents

Our advertising, marketing and promotional strategies may be ineffective and inefficient. Our profitability and results of operations may be materially affected by the effectiveness and efficiency of our marketing expenditures and our ability to select the right markets and media in which to advertise. In particular, we may not be successful in our efforts to create greater awareness of our stores and our promotions, identify the most effective and efficient level of spending in each market and specific media vehicle and determine the appropriate creative message and media mix for our advertising, marketing and promotional expenditures. While we utilize several methods of distribution, daily newspapers are an important delivery vehicle for both run of press advertising and circular insertions. The newspaper business is under increasing economic pressure, and the demise of certain newspapers would jeopardize an important distribution method for our advertising. Our planned marketing expenditures may not result in increased revenues. In addition, if we are not able to manage our marketing expenditures on a cost-effective basis, our profitability and results of operations could be materially adversely affected.

Intense competition in the retail industry. We face intense competition for customers from department stores, specialty stores and regional and national off-price retail chains. Many of these competitors are larger and have significantly greater financial and marketing resources than we do. In addition, many department stores have become more promotional and have reduced their price points, and certain department stores and certain of our vendors have opened outlet stores which offer merchandise at prices that are competitive with ours. Many of our competitors also make sales through the Internet, and although we do maintain an Internet site, we do not sell merchandise online. Accordingly, we may face periods of intense competition in the future which could have a material adverse effect on our profitability and results of operations.

Unanticipated changes in fashion trends and changing consumer preferences. Our success depends in part upon our ability to anticipate and respond to changing consumer preferences and fashion trends in a timely manner. Although we attempt to stay abreast of the fashion tastes of our customers and provide merchandise that satisfies customer demand, fashion trends can change rapidly and we cannot assure that we will accurately anticipate shifts in fashion trends and adjust our merchandise mix to appeal to changing consumer tastes in a timely manner. If we misjudge the market for our products or are unsuccessful in responding to changes in fashion trends or in market demand, we could experience insufficient or excess inventory levels which could result in higher markdowns, any of which would have a material adverse effect on our financial condition and results of operations.

We may be unable to raise additional capital, if needed, or to raise capital on favorable terms. Recently, the general economic and capital market conditions in the United States and other parts of the world have deteriorated significantly and have adversely affected access to and cost of capital. If our existing cash, cash generated from operations and funds available under our revolving credit agreement were insufficient to fund our future operations, including capital expenditures, or repay debt when it becomes due, we may need to raise additional funds through public or private equity or debt financing. If unfavorable capital or credit market conditions exist if and when we were to seek additional financing, we may not be able to raise sufficient capital on favorable terms or on a timely basis, if at all. Failure to obtain capital on acceptable terms when required could have a material adverse effect on our business including an inability to fund new growth and other capital expenditures.

We may be unable to negotiate advantageous lease terms with current landlords. Our continued growth and success depends in part on our ability to renew leases for successful stores. There is no assurance that we will be able to re-negotiate leases at similar or favorable terms at the end of the lease, and we could be forced to move or exit a market if another favorable arrangement cannot be made. Conversely, as part of our strategy we close certain under-performing stores, generally based on considerations of store profitability, competition, strategic factors and other considerations. Such closures subject us to costs including the write-down of leasehold improvements, equipment, furniture and fixtures. In addition, we could remain liable for future lease obligations, which would have a material adverse effect on our profitability and results of operations.

Because of our focus on keeping our inventory at the forefront of fashion trends, extreme and/or unseasonable weather conditions could force us to prematurely mark down inventory. Our business is susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions. Prolonged unseasonable weather conditions could have a material adverse effect on our business, financial condition and results of operations. In addition, hurricanes or other extreme weather conditions over a prolonged period might make it difficult for our customers to travel to our stores, which could have a material adverse effect on our business, financial condition and results of operations.

A lack of adequate sources of merchandise at acceptable prices. Our business is dependent to a significant degree upon our ability to purchase fashion and brand name merchandise, and to do so at acceptable wholesale prices. We must continuously seek out buying opportunities from our existing suppliers and from new sources. We compete for these opportunities with other retailers,

Table of Contents

discount and deep-discount chains, mass merchandisers and various privately-held companies and individuals. With the current downturn in retail sales and the resulting pressure on manufacturers, our ability to purchase merchandise could become limited by the consolidation or demise of merchandise vendors. Our ability to obtain merchandise may also depend on certain manufacturers' ability to obtain vendor financing through factoring companies, and to the extent they are unable to secure sufficient credit from those factors, we may not be able to purchase merchandise from them. Although we do not depend on any single vendor or group of vendors and believe we can successfully compete in seeking out new vendors, the loss of certain key vendors could make it difficult for us to acquire sufficient quantities and an appropriate mix of merchandise, and to do so at acceptable prices which could have a material adverse effect on our results of operations.

We are dependent on certain key personnel. Our continued success will depend to a significant extent upon the efforts and abilities of our senior executives, and the loss of the services of one or more of these executives could have a material adverse effect upon our results of operations. These executives are David H. Stovall, Jr., president and chief executive officer; D. Hunt Hawkins, executive vice president and chief administrative officer; William A. Moll, executive vice president and chief merchandising officer; James G. Delfs, senior vice president, finance and chief financial officer; Michael D. Ray, senior vice president, director of stores; as well as Jay Stein, chairman of the board of directors, John H. Pennell, general merchandising manager, and Roseann McLean, senior vice president of planning and allocation. Our continued success is also dependent upon our ability to attract and retain qualified employees to meet our needs, especially to support planned growth.

Seasonality, and especially the importance of the holiday selling season. Our business is affected by the seasonal pattern common to most retailers. Historically, our highest net sales occur during the fourth quarter, which includes the holiday selling season. Our operating results depend significantly upon net sales generated during the fourth quarter, and any factor that negatively impacts the holiday selling season could have a material adverse effect on our results of operations for the entire year.

If the third parties that we rely on for a majority of the distribution aspects of our business experience labor strikes or do not adequately perform our distribution functions, our business would be disrupted. The efficient operation of our stores is dependent on our ability to receive merchandise in our stores throughout the United States in a timely manner. We depend on vendors to sort and pack substantially all of our merchandise and on third parties to deliver this merchandise to our stores. These vendors and logistics providers may experience labor strikes or other disruptions in the future, the resolution of which will be out of our control, and could result in a material disruption in our business. Any failure by these third parties to respond adequately to our distribution needs, including labor strikes or other disruptions in the business, would disrupt our operations and negatively impact our profitability.

Unauthorized disclosure of sensitive or confidential customer or employee information could severely damage our reputation, expose us to risks of litigation and liability, disrupt our operations and harm our business. As part of our normal course of business, we collect, process and retain sensitive and confidential customer and employee information. Despite the security measures we have in place, our facilities and systems, and those of our third party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by us or our service providers, could severely damage our reputation, expose us to risks of litigation and liability, disrupt our operations and harm our business.

Threats of terrorism or violence. Acts of terrorism or war may disrupt commerce and undermine consumer confidence, which could negatively impact our sales revenue by causing consumer spending to decline. Also, an act of terrorism or war, or the threat thereof, could negatively impact our business by interfering with our ability to obtain merchandise from vendors. Inability to obtain merchandise from our vendors or substitute suppliers at similar costs in a timely manner could have a material adverse effect on our operating results and financial condition.

Fluctuations in comparable store sales and quarterly results of operations could cause volatility in the price of our common stock. Our comparable store sales and quarterly results have fluctuated in the past and are expected to continue to fluctuate in the future. Comparable store sales and quarterly results of operations are affected by a variety of factors, including:

fashion trends

actions of competitors

calendar shifts of holiday or seasonal periods

the effectiveness of our inventory management

changes in our merchandise mix

the timing of promotional events

storms and other weather conditions

changes in general economic conditions and consumer spending patterns

Table of Contents

Our failure to adequately protect our trademark Stein Mart®, and, to a lesser extent, the various other marks we use in conjunction with our private label merchandise program, could have a negative impact on our brand image. We believe that our trademark Stein Mart® and, to a lesser extent, the various other marks that we use in connection with our private label merchandise program, are important to us because we feel that these brands have characteristics unique to our business. We have obtained a federal registration of the Stein Mart® trademark and various other trademarks in the United States. We cannot assure you that the registrations that we have obtained will prevent the imitation of our business or infringement of our intellectual property rights by others. If we are unable to protect our brand or our brand becomes associated with lesser characteristics or otherwise carries a negative connotation, our brand image, and consequently the results of our operations, could be materially adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

At January 31, 2009, the Company operated 276 stores in the following 31 states and the District of Columbia:

State	Number of Stores	State	Number of Stores
Alabama	10	Missouri	3
Arizona	8	Nebraska	1
Arkansas	2	Nevada	4
California	20	New Jersey	5
Colorado	2	New York	4
Florida	46	North Carolina	22
Georgia	16	Ohio	11
Illinois	5	Oklahoma	4
Indiana	7	Pennsylvania	4
Iowa	1	South Carolina	13
Kansas	2	Tennessee	13
Kentucky	2	Texas	42
Louisiana	8	Utah	1
Massachusetts	1	Virginia	11
Michigan	1	Washington DC	1
Mississippi	5	Wisconsin	1

We lease all of our store locations and, therefore, have been able to grow without incurring indebtedness to acquire real estate. Management believes that we have earned a reputation as an anchor tenant, which, along with our established operating history, has enabled us to negotiate favorable lease terms. Most of our leases provide for minimum rents, as well as percentage rents that are based on sales in excess of predetermined levels.

The table below reflects (i) the number of the Company's leases (as of January 31, 2009) that will expire each year if the Company does not exercise any of its renewal options, and (ii) the number of the Company's leases that will expire each year if the Company exercises all of its renewal options (assuming the lease is not otherwise terminated by either party pursuant to any other provision). The table includes the leases for the 276 store locations operated at January 31, 2009 and 8 previously closed store locations for which the Company has subleased or is actively seeking to sublease the property.

Number of Leases Expiring Each Year if no Renewals	Number of Leases Expiring Each Year if all Renewals
--	---

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	Exercised	Exercised
2009	23	6
2010	38	1
2011	47	3
2012	37	6
2013	38	5
2014-2018	96	20
2019-2023	5	49
2024-2041		194

Table of Contents

We have made consistent capital commitments to maintain and improve existing store facilities. During 2008, we spent approximately \$8.4 million for fixtures, equipment and leasehold improvements in stores opened prior to 2008.

As of January 31, 2009 we lease 107,342 gross square feet of office space for our corporate headquarters in Jacksonville, Florida. We also lease a 92,000 square foot distribution/warehouse facility in Jacksonville for the purpose of processing a limited amount of merchandise purchases (approximately three percent of our merchandise on a dollar basis).

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various routine legal proceedings incidental to the conduct of its business. Management, based upon the advice of outside legal counsel, does not believe that any of these legal proceedings will have a material adverse effect on the Company's financial condition, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of fiscal 2008.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Price and Related Matters**

The following table sets forth the high and low sales prices of the Company's common stock and dividends declared for each quarter in the years ended January 31, 2009 and February 2, 2008:

	Year Ended January 31, 2009			Year Ended February 2, 2008		
	High	Low	Dividend	High	Low	Dividend
First Quarter	\$ 6.65	\$ 4.53	\$	\$ 17.17	\$ 13.00	\$ 0.0625
Second Quarter	5.90	3.66		15.52	10.05	0.0625
Third Quarter	5.21	1.50		11.26	5.92	0.0625
Fourth Quarter	2.26	0.99		7.99	3.29	0.0625

Stein Mart's common stock trades on The NASDAQ Stock Market LLC under the trading symbol SMRT. On April 3, 2009, there were 1,219 stockholders of record.

Dividends

The Company began paying a quarterly dividend of \$0.0625 per share in the second quarter of 2005 and continued to pay this quarterly dividend throughout 2007. Dividends paid in 2006 included a special, one-time cash dividend of \$1.50 per share. On February 7, 2008, the Company announced that the Board of Directors had voted to suspend the payment of a quarterly dividend in order to conserve cash until improvements occur in the Company's business and in the current difficult retail industry conditions.

Issuer Purchases of Equity Securities

The following table provides information regarding repurchases by the Company of its common stock during the 13-week period ended January 31, 2009:

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ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (1)	Maximum number of shares that may yet be purchased under the plans or programs (1)
November 2, 2008 – November 29, 2008				803,975
November 30, 2008 – January 3, 2009	688	\$ 1.17	688	803,287
January 4, 2009 – January 31, 2009	142	1.17	142	803,145
Total	830	\$ 1.17	830	803,145

- (1) The Company's Open Market Repurchase Program is conducted pursuant to authorizations made from time to time by the Company's Board of Directors. The shares reported in the table are covered by an April 17, 2007 Board authorization to repurchase 2.5 million shares of common stock which does not have an expiration date. This quarter's repurchases are related to taxes due on the vesting of restricted stock awards which fall under the Company's repurchase program.

Table of Contents

Performance Graph

The following graph compares the cumulative total stockholder return on the Company's common stock with the cumulative total return to the NASDAQ Composite Index and the Dow Jones US Apparel Retailers Index for the last five years ended January 31, 2009. The comparison assumes \$100 was invested at the beginning of the five year period in Stein Mart, Inc. stock and in each of the indices shown and assumes reinvestment of any dividends.

	1/31/2004	1/29/2005	1/28/2006	2/3/2007	2/2/2008	1/31/2009
Stein Mart, Inc.	\$ 100.0	\$ 181.2	\$ 161.6	\$ 144.5	\$ 64.2	\$ 12.8
NASDAQ Composite	100.0	101.0	114.6	125.0	120.4	73.2
Dow Jones US Apparel Retailers	100.0	123.4	139.8	164.2	129.6	69.4

Table of Contents**ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA** (Dollars in Thousands, Except Per Share and Per Square Foot Data)

The following selected consolidated financial data has been derived from our audited consolidated financial statements and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's Consolidated Financial Statements and notes thereto and the other information contained elsewhere in this Form 10-K.

Consolidated Statement of Operations Data:	2008	2007	2006⁽¹⁾	2005	2004
Net sales	\$ 1,326,469	\$ 1,457,645	\$ 1,501,296	\$ 1,481,615	\$ 1,459,607
Cost of merchandise sold	1,032,232	1,096,235	1,084,975	1,065,409	1,070,803
Gross profit	294,237	361,410	416,321	416,206	388,804
Selling, general and administrative expenses ⁽²⁾	394,767	388,572	376,611	353,104	341,932
Other income, net	20,401	21,376	18,214	15,477	14,277
Income (loss) from operations	(80,129)	(5,786)	57,924	78,579	61,149
Interest (expense) income, net	(1,753)	(794)	1,006	2,026	332
Income (loss) from continuing operations before income taxes	(81,882)	(6,580)	58,930	80,605	61,481
Income tax benefit (provision)	10,581	2,050	(21,754)	(29,721)	(23,363)
Income (loss) from continuing operations	(71,301)	(4,530)	37,176	50,884	38,118
Loss from discontinued operations, net of tax benefit					(145)
Net income (loss)	\$ (71,301)	\$ (4,530)	\$ 37,176	\$ 50,884	\$ 37,973
Basic income (loss) per share:					
Continuing operations	\$ (1.72)	\$ (0.11)	\$ 0.86	\$ 1.18	\$ 0.90
Discontinued operations					
Total	\$ (1.72)	\$ (0.11)	\$ 0.86	\$ 1.18	\$ 0.90
Diluted income (loss) per share:					
Continuing operations	\$ (1.72)	\$ (0.11)	\$ 0.85	\$ 1.15	\$ 0.89
Discontinued operations					
Total	\$ (1.72)	\$ (0.11)	\$ 0.85	\$ 1.15	\$ 0.89
Cash dividends paid per share	\$	\$ 0.25	\$ 1.75	\$ 0.1875	\$
Adjusted Non-GAAP Measures: ⁽³⁾					
Adjusted income (loss) per diluted share	\$ (0.87)	\$ (0.04)	\$ 0.89	\$ 1.20	\$ 0.96
Consolidated Operating Data:					
Stores open at end of period	276	280	268	262	261
Sales per store including shoe department ⁽⁴⁾	\$ 5,113	\$ 5,737	\$ 6,079	\$ 6,123	\$ 6,058
Sales per store excluding shoe department ⁽⁵⁾	\$ 4,778	\$ 5,363	\$ 5,644	\$ 5,687	\$ 5,642
Sales per square foot including shoe department ⁽⁴⁾	\$ 170	\$ 190	\$ 201	\$ 202	\$ 199
Sales per square foot excluding shoe department ⁽⁵⁾	\$ 171	\$ 192	\$ 201	\$ 202	\$ 200
Comparable store net sales (decrease) increase ⁽⁶⁾	(10.9)%	(4.0)%	(1.2)%	0.2%	9.1%
Consolidated Balance Sheet Data:					
Working capital	\$ 206,104	\$ 165,469	\$ 174,785	\$ 237,079	\$ 211,242
Total assets	449,890	460,539	480,351	519,845	480,108
Long-term debt	100,000	27,133			
Total stockholders' equity	186,350	256,689	288,172	323,739	276,510

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- (1) 2006 is a 53-week year; all others are 52-week years.
- (2) Selling, general and administrative expenses include asset impairment and store closing charges of \$25.4 million in 2008, \$5.2 million in 2007, \$2.6 million in 2006, \$3.5 million in 2005 and \$4.9 million in 2004.
- (3) SEC Regulation G - The Company reports its consolidated financial results in accordance with generally accepted accounting principles (GAAP). However, to supplement these consolidated financial results, management believes that certain non-GAAP operating results, which exclude asset impairment and store closing charges and the valuation allowance for deferred tax assets, may provide a more meaningful measure on which to compare the Company's results of operations between periods. The Company believes these non-GAAP results provide useful information to both management and investors by excluding certain charges that impact the comparability of the results.

Table of Contents

Reconciliations of net income (loss) per diluted share on a GAAP basis to adjusted net income (loss) per diluted share (non-GAAP basis) are presented in the table below:

	2008	2007	2006	2005	2004
Net income (loss) per diluted share (GAAP Basis)	\$ (1.72)	\$ (0.11)	\$ 0.85	\$ 1.15	\$ 0.89
Adjustments:					
Asset impairment and store closing charges, net of tax	0.39	0.07	0.04	0.05	0.07
Valuation allowance for deferred tax assets	0.46				
Adjustments total	0.85	0.07	0.04	0.05	0.07
Adjusted net income (loss) per diluted share (Non-GAAP Basis)	\$ (0.87)	\$ (0.04)	\$ 0.89	\$ 1.20	\$ 0.96

- (4) These sales per store and sales per square foot calculations include shoe department sales, which are not included in the Company's reported net sales. Sales per store is calculated by dividing (a) total sales including shoe department sales by (b) the number of stores open at the end of such period, exclusive of stores open for less than 12 months. Sales per square foot includes shoe department sales and selling space and excludes administrative, receiving and storage areas. All periods are calculated on a 52-week basis.
- (5) These sales per store and sales per square foot calculations exclude shoe department sales, which are not included in the Company's reported net sales. Sales per store is calculated by dividing (a) total sales, excluding shoe department sales by (b) the number of stores open at the end of such period, exclusive of stores open for less than 12 months. Sales per square foot excludes shoe department sales and selling space, administrative, receiving and storage areas. All periods are calculated on a 52-week basis.
- (6) Comparable store sales information for a period reflects stores open throughout that period and for the same 52-week period in the prior year, except for the year 2006. Comparable store net sales decrease for 2006 represents comparable store sales for the 52 weeks ended January 27, 2007 compared to the 52 weeks ended January 28, 2006.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Overview**

Stein Mart's 276 stores offer the fashion merchandise, service and presentation of a better department or specialty store, at prices up to 60 percent off department or specialty store original prices, every day. Our focused assortment of merchandise features current-season moderate to better fashion apparel for women and men, as well as accessories, gifts, linens and shoes. Management believes that Stein Mart differentiates itself from typical off-price retail chains by offering: (i) primarily current-season merchandise carried by better department or specialty stores, (ii) at moderate to better price levels, (iii) a stronger merchandising statement, consistently offering more depth of color and size in individual stock-keeping units, and (iv) merchandise presentation and customer service more comparable to other upscale retailers.

The Company faces competition for customers and for access to quality merchandise from department or specialty stores and, to a lesser degree, from off-price retail chains. Many of these competitors are units of large national or regional chains that have substantially greater resources than the Company. The retail apparel industry is highly fragmented and competitive, and the off-price retail business may become even more competitive in the future.

2008 Highlights

For the year ended January 31, 2009, the Company incurred a net loss of \$(71.3) million or \$(1.72) per diluted share as compared to a net loss of \$(4.5) million or \$(0.11) per diluted share in 2007. The 2008 results include charges totaling \$(0.85) per diluted share, including primarily non-cash pre-tax charges of \$25.4 million for asset impairment and store closing charges compared to \$5.2 million in the prior year, and a non-cash valuation allowance for deferred tax assets of \$19.0 million. Excluding these items, the Company had an adjusted net loss for 2008 of \$(0.87) per diluted share compared to an adjusted net loss of \$(0.04) per diluted share for 2007.

Although earnings were disappointing, we generated \$19.4 million of cash from operations in 2008 a \$1.5 million increase over the prior year. We also reduced our inventories in line with our sales, kept the inventory turning with additional markdowns including the distribution of

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discount coupons, and ended the year with average store inventories down 19.9% and a net debt position (notes payable to banks less cash and cash equivalents) approximately in line with the prior year.

To position ourselves in the deteriorating economic climate and aggressively manage our business, we undertook a comprehensive review of expenses throughout the organization. We reduced headcount at the managerial level by 22 percent, implemented a mandatory five percent salary reduction for all remaining management beginning February 1, 2009, reduced associate hours in the stores by 17 percent in order to match store selling hours to customer traffic, and eliminated Company match for associates' 401(k) and deferred compensation plans for 2009. We conducted a thorough review of all non-merchandise procurement, working with suppliers to reduce our costs and announced plans to transform the Company's current supply chain distribution process to a more efficient consolidator/distributor strategy. We also suspended cash dividend payments and stock repurchases and reduced capital expenditures by 25% from 2007.

Table of Contents

2009 Outlook

We continue to expect a highly challenging sales environment for 2009. Our efforts will be focused on achieving our sales plan and maintaining appropriate inventories, while managing the cost structure to be aligned with sales. During 2009, we will be focusing on the following initiatives:

Keep our current customers and increase their purchases

Broaden our traditional clientele base to include customers who are more youthful in both age and attitude

Rebalance media to focus our marketing efforts on both our best customers and a broader customer target

Launch new television advertising to reach a wider audience and communicate our brand position

Use direct mail and e-mail in a more focused manner to reach our best customers and to prospect for new ones

Introduce an Elite Preferred Customer program to reinvigorate our best and most loyal Stein Mart customers

Work with our vendors to provide more desirable brand name merchandise at better value prices

Introduce modern categories for ladies and men's sportswear, accessories and dresses and reduce Home area (gifts and linens) space allocation and inventory levels

Target merchandise called Fabulous Finds; exceptional, limited time items with a must have it cachet

Present stronger, more visible in-store signage to call out brand names and highlight value

While our most important goal is to improve sales, our other major emphasis is on cost savings and ultimately, on positive cash flow. We expect that our cost reduction initiatives, including reduction in workforce in the corporate office and in the stores, as well as management salary reductions, elimination of certain benefits, and the non-merchandise procurement effort, will provide \$40-50 million dollars in expense savings in 2009. Additionally, we expect our supply chain savings will more than offset the startup costs as we make the transition in 2009 and, when it is fully operational in 2010, we expect this initiative to generate additional annual cost savings of \$20-25 million. We have also reduced our new store opening plans to just two stores in 2009 and reduced our planned capital expenditures to \$8-9 million for 2009 from \$19 million in 2008. Our goal continues to be to preserve cash to maintain our flexibility and ensure that we can take advantage of opportunistic buys, and we have established an incentive plan for all salaried management that is tied to that goal.

Stores

There were 276 stores open as of January 31, 2009, 280 stores as of February 2, 2008 and 268 stores as of February 3, 2007. We plan to open two new stores and close 10-13 stores in 2009.

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	2008	2007	2006
Stores at beginning of year	280	268	262
Stores opened during the year	6	14	12
Stores closed during the year	(10)	(2)	(6)
Stores at end of year	276	280	268

Results of Operations

The following table sets forth each line item of the Consolidated Statements of Operations expressed as a percentage of the Company's net sales (numbers may not add due to rounding):

	2008	2007	2006
Net sales	100.0%	100.0%	100.0%
Cost of merchandise sold	77.8	75.2	72.3
Gross profit	22.2	24.8	27.7
Selling, general and administrative expenses	29.8	26.7	25.1
Other income, net	1.5	1.5	1.2
Income (loss) from operations	(6.0)	(0.4)	3.9
Interest (expense) income, net	(0.1)	(0.1)	0.1
Income (loss) before income taxes	(6.2)	(0.5)	3.9
Income tax benefit (provision)	0.8	0.1	(1.4)
Net income (loss)	(5.4)%	(0.3)%	2.5%

Store Closings

During 2008, 2007 and 2006, the Company closed 18 under-performing stores. The table below sets forth the components of loss from operations for stores closed during 2008, 2007 and 2006 (in thousands). The 2008 table presents the losses from the ten stores that closed during 2008; the 2007 table presents the sum of the losses from the ten stores closed during 2008 and the two stores closed in 2007; and the 2006 table presents the sum of the losses from the ten stores closed during 2008, the two stores closed in 2007 and the six stores closed in 2006.

Table of Contents

	2008	2007	2006
Sales	\$ 22,729	\$ 38,883	\$ 53,925
Cost of merchandise sold	20,419	32,202	42,415
Gross profit	2,310	6,681	11,510
Selling, general and administrative expenses	11,902	13,426	17,201
Other income, net	259	407	575
Loss from operations	\$ (9,333)	\$ (6,338)	\$ (5,116)
# of stores closed in 2006-2008	10	12	18

Operating losses from closed stores include the following store closing and asset impairment charges (in thousands):

	2008	2007	2006			
Lease termination costs	\$ 3,568	\$ 889	(53)	(54)	(6)	(60)
Partnership distributions	(1)	(47)	(48)	—	(48)	
Investment segment contributions	—	—	—	280	280	
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(78)	(78)	
Cumulative effect adjustment from adoption of accounting principle	(1)	(28)	(29)	—	(29)	
Changes in subsidiary equity and other	—	(5)	(5)	9	4	
Balance, June 30, 2018	\$ (229)	\$ 5,645	\$ 5,416	\$ 7,032	\$ 12,448	

Equity Attributable to
Icahn Enterprises

	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2016	\$(294)	\$ 2,448	\$ 2,154	\$ 5,863	\$ 8,017
Net income	31	1,504	1,535	30	1,565
Other comprehensive income	2	110	112	9	121
Partnership distributions	(1)	(39)	(40)	—	(40)
Partnership contributions	12	600	612	—	612
Investment segment contributions	—	—	—	600	600
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(24)	(24)
Cumulative effect adjustment from adoption of accounting principle	(1)	(46)	(47)	—	(47)
Changes in subsidiary equity and other	(2)	(93)	(95)	(179)	(274)
Balance, June 30, 2017	\$(253)	\$ 4,484	\$ 4,231	\$ 6,299	\$ 10,530

See notes to condensed consolidated financial statements.

5

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

(In millions)

	Six Months Ended June 30, 2018 2017 (Unaudited)	
Cash flows from operating activities:		
Net income	\$1,011	\$1,565
Adjustments to reconcile net income to net cash used in operating activities:		
Income from discontinued operations	(190)	(102)
Net gain from securities transactions	(834)	(1,064)
Purchases of securities	(3,064)	(613)
Proceeds from sales of securities	5,217	1,841
Purchases to cover securities sold, not yet purchased	(1,119)	(220)
Proceeds from securities sold, not yet purchased	485	1,222
Changes in receivables and payables relating to securities transactions	(1,425)	(2,904)
Gain on disposition of assets, net	—	(1,523)
Depreciation and amortization	262	274
Impairment	7	76
Deferred taxes	8	(7)
Other, net	19	47
Changes in operating assets and liabilities	(1,091)	186
Net cash used in operating activities from continuing operations	(714)	(1,222)
Net cash provided by operating activities from discontinued operations	228	285
Net cash used in operating activities	(486)	(937)
Cash flows from investing activities:		
Capital expenditures	(144)	(232)
Acquisition of businesses, net of cash acquired	(10)	(49)
Purchase of additional interests in consolidated subsidiaries	—	(254)
Proceeds from disposition of assets	20	1,226
Other, net	(6)	5
Net cash (used in) provided by investing activities from continuing operations	(140)	696
Net cash used in investing activities from discontinued operations	(255)	(181)
Net cash (used in) provided by investing activities	(395)	515
Cash flows from financing activities:		
Investment segment contributions from non-controlling interests	280	600
Partnership contributions	—	612
Partnership distributions	(48)	(40)
Proceeds from offering of subsidiary equity	6	—
Dividends and distributions to non-controlling interests in subsidiaries	(64)	(24)
Proceeds from Holding Company senior unsecured notes	—	1,195
Repayments of Holding Company senior unsecured notes	—	(1,175)
Proceeds from subsidiary borrowings	586	566
Repayments of subsidiary borrowings	(625)	(641)
Other, net	(21)	1
Net cash provided by financing activities from continuing operations	114	1,094
Net cash used in financing activities from discontinued operations	(58)	(21)
Net cash provided by financing activities	56	1,073
	(1)	1

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Effect of exchange rate changes on cash and cash equivalents and restricted cash and restricted cash equivalents		
Add back decrease in cash of assets held for sale	21	60
Net (decrease) increase in cash and cash equivalents and restricted cash and restricted cash equivalents	(805	) 712
Cash and cash equivalents and restricted cash and restricted cash equivalents, beginning of period	2,030	2,097
Cash and cash equivalents and restricted cash and restricted cash equivalents, end of period	\$1,225	\$2,809

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

	June 30, 2018	December 31, 2017
(Unaudited)		
ASSETS		
Cash and cash equivalents	\$875	\$ 1,264
Cash held at consolidated affiliated partnerships and restricted cash	350	766
Investments	8,706	10,038
Due from brokers	334	506
Accounts receivable, net	682	612
Inventories, net	1,951	1,805
Property, plant and equipment, net	6,253	6,364
Goodwill	336	334
Intangible assets, net	521	544
Assets held for sale	8,869	8,790
Other assets	1,345	810
Total Assets	\$30,222	\$ 31,833
LIABILITIES AND EQUITY		
Accounts payable	\$984	\$ 1,001
Accrued expenses and other liabilities	1,009	1,033
Deferred tax liability	896	924
Unrealized loss on derivative contracts	460	1,275
Securities sold, not yet purchased, at fair value	368	1,023
Due to brokers	—	1,057
Liabilities held for sale	6,145	6,202
Debt	7,884	7,923
Total liabilities	17,746	20,438
Commitments and contingencies (Note 16)		
Equity:		
Limited partner	5,728	5,420
General partner	(284	) (287
Equity attributable to Icahn Enterprises Holdings	5,444	5,133
Equity attributable to non-controlling interests	7,032	6,262
Total equity	12,476	11,395
Total Liabilities and Equity	\$30,222	\$ 31,833

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,	
	2018	2017	2018	2017
	(Unaudited)			
Revenues:				
Net sales	\$2,919	\$2,332	\$5,356	\$4,704
Other revenues from operations	210	265	406	524
Net gain from investment activities	409	314	842	184
Interest and dividend income	37	32	63	60
(Loss) gain on disposition of assets, net	(4)	1,523	—	1,523
Other income (loss), net	7	(1)	66	(31)
	3,578	4,465	6,733	6,964
Expenses:				
Cost of goods sold	2,510	2,068	4,601	4,120
Other expenses from operations	162	172	313	325
Selling, general and administrative	352	307	697	622
Restructuring, net	1	2	3	2
Impairment	7	69	7	76
Interest expense	124	176	276	360
	3,156	2,794	5,897	5,505
Income from continuing operations before income tax benefit (expense)	422	1,671	836	1,459
Income tax benefit (expense)	12	(3)	(14)	5
Income from continuing operations	434	1,668	822	1,464
Income from discontinued operations	155	58	190	102
Net income	589	1,726	1,012	1,566
Less: net income attributable to non-controlling interests	279	172	565	30
Net income attributable to Icahn Enterprises Holdings	\$310	\$1,554	\$447	\$1,536
Net income attributable to Icahn Enterprises from:				
Continuing operations	\$165	\$1,503	\$273	\$1,451
Discontinued operations	145	51	174	85
	\$310	\$1,554	\$447	\$1,536
Net income attributable to Icahn Enterprises Holdings allocable to:				
Limited partner	\$307	\$1,539	\$443	\$1,521
General partner	3	15	4	15
	\$310	\$1,554	\$447	\$1,536

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,	
	2018	2017	2018	2017
	(Unaudited)			
Net income	\$589	\$1,726	\$1,012	\$1,566
Other comprehensive income (loss), net of tax:				
Post-retirement benefits	6	5	17	10
Hedge instruments	(1)	3	(2)	3
Translation adjustments and other	(108)	13	(75)	108
Other comprehensive (loss) income, net of tax	(103)	21	(60)	121
Comprehensive income	486	1,747	952	1,687
Less: Comprehensive income attributable to non-controlling interests	270	175	559	39
Comprehensive income attributable to Icahn Enterprises Holdings	\$216	\$1,572	\$393	\$1,648
Comprehensive income attributable to Icahn Enterprises Holdings allocable to:				
Limited partner	\$214	\$1,557	\$389	\$1,632
General partner	2	15	4	16
	\$216	\$1,572	\$393	\$1,648

Accumulated other comprehensive loss was \$1,471 million and \$1,411 million at June 30, 2018 and December 31, 2017, 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				Total Equity
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partner's Equity	Non-controlling Interests	
Balance, December 31, 2017	\$(287)	\$5,420	\$5,133	\$ 6,262	\$11,395
Net income	4	443	447	565	1,012
Other comprehensive loss	—	(54)	(54)	(6)	(60)
Partnership distributions	(1)	(47)	(48)	—	(48)
Investment segment contributions	—	—	—	280	280
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(78)	(78)
Cumulative effect adjustment from adoption of accounting principle	—	(29)	(29)	—	(29)
Changes in subsidiary equity and other	—	(5)	(5)	9	4
Balance, June 30, 2018	\$(284)	\$5,728	\$5,444	\$ 7,032	\$12,476

	Equity Attributable to Icahn Enterprises Holdings				Total Equity
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partner's Equity	Non-controlling Interests	
Balance, December 31, 2016	\$(317)	\$2,496	\$2,179	\$ 5,863	\$8,042
Net income	15	1,521	1,536	30	1,566
Other comprehensive income	1	111	112	9	121
Partnership distributions	—	(40)	(40)	—	(40)
Partnership contributions	6	606	612	—	612
Investment segment contributions	—	—	—	600	600
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(24)	(24)
Cumulative effect adjustment from adoption of accounting principle	—	(47)	(47)	—	(47)
Changes in subsidiary equity and other	(1)	(94)	(95)	(179)	(274)
Balance, June 30, 2017	\$(296)	\$4,553	\$4,257	\$ 6,299	\$10,556

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, 2018 2017 (Unaudited)	
Cash flows from operating activities:		
Net income	\$1,012	\$1,566
Adjustments to reconcile net income to net cash used in operating activities:		
Income from discontinued operations	(190)	(102)
Net gain from securities transactions	(834)	(1,064)
Purchases of securities	(3,064)	(613)
Proceeds from sales of securities	5,217	1,841
Purchases to cover securities sold, not yet purchased	(1,119)	(220)
Proceeds from securities sold, not yet purchased	485	1,222
Changes in receivables and payables relating to securities transactions	(1,425)	(2,904)
Gain on disposition of assets, net	—	(1,523)
Depreciation and amortization	261	273
Impairment	7	76
Deferred taxes	8	(7)
Other, net	19	47
Changes in operating assets and liabilities	(1,091)	186
Net cash used in operating activities from continuing operations	(714)	(1,222)
Net cash provided by operating activities from discontinued operations	228	285
Net cash used in operating activities	(486)	(937)
Cash flows from investing activities:		
Capital expenditures	(144)	(232)
Acquisition of businesses, net of cash acquired	(10)	(49)
Purchase of additional interests in consolidated subsidiaries	—	(254)
Proceeds from disposition of assets	20	1,226
Other, net	(6)	5
Net cash (used in) provided by investing activities from continuing operations	(140)	696
Net cash used in investing activities from discontinued operations	(255)	(181)
Net cash (used in) provided by investing activities	(395)	515
Cash flows from financing activities:		
Investment segment contributions from non-controlling interests	280	600
Partnership contributions	—	612
Partnership distributions	(48)	(40)
Proceeds from offering of subsidiary equity	6	—
Dividends and distributions to non-controlling interests in subsidiaries	(64)	(24)
Proceeds from Holding Company senior unsecured notes	—	1,195
Repayments of Holding Company senior unsecured notes	—	(1,175)
Proceeds from subsidiary borrowings	586	566
Repayments of subsidiary borrowings	(625)	(641)
Other, net	(21)	1
Net cash provided by financing activities from continuing operations	114	1,094
Net cash used in financing activities from discontinued operations	(58)	(21)
Net cash provided by financing activities	56	1,073
Effect of exchange rate changes on cash and cash equivalents	(1)	1

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Add back decrease in cash of assets held for sale	21	60
Net (decrease) increase in cash and cash equivalents and restricted cash and restricted cash equivalents	(805) 712
Cash and cash equivalents and restricted cash and restricted cash equivalents, beginning of period	2,030	2,097
Cash and cash equivalents and restricted cash and restricted cash equivalents, end of period	\$1,225	\$2,809

See notes to condensed consolidated financial statements.

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

1. Description of Business.

Overview

Icahn Enterprises L.P. ("Icahn Enterprises") owns a 99% limited partner interest in Icahn Enterprises Holdings L.P. ("Icahn Enterprises Holdings"). Icahn Enterprises G.P. Inc. ("Icahn Enterprises GP"), which is owned and controlled by Mr. Carl C. Icahn, owns a 1% general partner interest in each of Icahn Enterprises and Icahn Enterprises Holdings as of June 30, 2018. Icahn Enterprises Holdings and its subsidiaries own substantially all of the assets and liabilities of Icahn Enterprises and conduct substantially all of its operations. Therefore, the financial results of Icahn Enterprises and Icahn Enterprises Holdings are substantially the same, with differences relating primarily to allocations of the general partner interest, which is reflected as an aggregate 1.99% general partner interest in the financial statements of Icahn Enterprises, as well as due to the carrying amount of deferred financing costs related to our senior unsecured notes. In addition to the above, Mr. Icahn and his affiliates owned approximately 91.3% of Icahn Enterprises' outstanding depositary units as of June 30, 2018.

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

Description of Continuing Operating Businesses

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Automotive, Energy, Railcar, Metals, Mining, Food Packaging, Real Estate and Home Fashion. We also report the results of our Holding Company, which includes the results of certain subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings (unless otherwise noted), and investment activity and expenses associated with our Holding Company. See Note 11, "Segment Reporting," for a reconciliation of each of our reporting segment's results of operations to our consolidated results. Certain additional information with respect to our segments is discussed below.

Investment

Our Investment segment is comprised of various private investment funds ("Investment Funds") in which we have general partner interests and through which we invest our proprietary capital. We and certain of Mr. Icahn's wholly owned affiliates are the only investors in the Investment Funds. As general partner, we provide investment advisory and certain administrative and back office services to the Investment Funds but do not provide such services to any other entities, individuals or accounts. Interests in the Investment Funds are not offered to outside investors. We had interests in the Investment Funds with a fair value of approximately \$3.3 billion and \$3.0 billion as of June 30, 2018 and December 31, 2017, respectively.

Automotive

We conduct our Automotive segment through our wholly owned subsidiary Icahn Automotive Group LLC ("Icahn Automotive"). Icahn Automotive is engaged in the retail and wholesale distribution of automotive parts in the aftermarket as well as providing automotive repair and maintenance services to its customers.

Energy

We conduct our Energy segment through our majority ownership in CVR Energy, Inc. ("CVR Energy"). CVR Energy is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries through its holdings in CVR Refining L.P. ("CVR Refining") and CVR Partners L.P. ("CVR Partners"), respectively. CVR Refining is a petroleum refiner and marketer of high value transportation fuels. CVR Partners produces and markets nitrogen fertilizers in the form of ammonia and urea ammonium nitrate. As of June 30, 2018, CVR Energy owned 100% of each of the general partners of CVR Refining and CVR Partners and approximately 66% and 34% of the common units of CVR Refining and CVR Partners, respectively.

As of June 30, 2018, we owned approximately 82.0% of the total outstanding common stock of CVR Energy. In addition, as of June 30, 2018, we directly owned approximately 3.9% of the total outstanding common units of CVR Refining.

In June 2018, CVR Energy commenced an exchange offer to acquire additional common units of CVR Refining in exchange for shares of CVR Energy common stock. The exchange offer expired on July 27, 2018. A total of 21,625,106 common units of CVR Refining were validly tendered and not properly withdrawn, which, together with the common units already owned by CVR Energy and its affiliates (including affiliates of Icahn Enterprises L.P.), represent approximately 84.5% of CVR Refining's outstanding common units. All of the common units that were validly tendered and not properly withdrawn

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

have been exchanged for 13,699,505 shares of CVR Energy common stock. As a result, effective July 27, 2018, we owned approximately 70.8% of the total outstanding common stock of CVR Energy.

Railcar

We conduct our Railcar segment through our majority ownership in American Railcar Industries, Inc. ("ARI") and, prior to its sale on June 1, 2017, our wholly owned subsidiary American Railcar Leasing, LLC ("ARL"). As of June 30, 2018, we owned approximately 62.2% of the total outstanding common stock of ARI.

ARI is a North American designer and manufacturer of hopper and tank railcars. ARI provides its railcar customers with integrated solutions through a comprehensive set of high-quality products and related services through its manufacturing, railcar leasing and railcar services operations. ARI's manufacturing consists of railcar manufacturing and railcar and industrial component manufacturing. ARI's railcar leasing business consists of railcars built by ARI leased to third parties under operating leases. ARI's railcar services consist of railcar repair, engineering and field services.

Metals

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

Mining

We conduct our Mining segment through our majority ownership in Ferrous Resources Ltd. ("Ferrous Resources"). As of June 30, 2018, we owned approximately 77.2% of the total outstanding common stock of Ferrous Resources. Ferrous Resources acquired certain rights to iron ore mineral resources in Brazil and develops mining operations and related infrastructure to produce and sell iron ore products to the global steel industry.

Food Packaging

We conduct our Food Packaging segment through our majority ownership in Viskase Companies, Inc. ("Viskase"). During January 2018, Viskase received \$50 million in connection with its common stock rights offering. In connection with this rights offering, we fully exercised our subscription rights under our basic and over subscription privileges to purchase additional shares of Viskase common stock, thereby increasing our ownership of Viskase from 74.6% to 78.6%, for an aggregate additional investment of \$44 million.

Viskase is a producer of cellulosic, fibrous and plastic casings used to prepare and package processed meat products.

Real Estate

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

Home Fashion

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

Description of Discontinued Operating Businesses

As of June 30, 2018, we also operated discontinued operations previously reported in our Automotive and former Gaming segments as discussed below. In addition, see Note 12, "Discontinued Operations," for additional information with respect to our discontinued operating businesses.

Automotive

Our discontinued Automotive operations consists of our wholly owned subsidiary Federal-Mogul LLC ("Federal-Mogul"). During January 2017, we increased our ownership in Federal-Mogul from 82.0% to 100% for an aggregate purchase price of \$305 million.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

On April 10, 2018, we announced a definitive agreement to sell Federal-Mogul to Tenneco Inc. ("Tenneco") for approximately \$5.4 billion, comprised of \$800 million in cash and 29.5 million shares of Tenneco common stock, of which 23.8 million shares will be non-voting shares that will convert to voting shares if and when sold. There will be restrictions on how many shares of Tenneco common stock can be sold by us within the first 150 days after the closing of the sale. In addition, under this agreement, Tenneco can reduce the amount of non-voting shares of common stock by up to 7.3 million shares and increase the cash consideration proportionately at closing. The voting and non-voting shares of Tenneco common stock will have the same economic value. All of Federal-Mogul's outstanding debt at the time of closing will be assumed by Tenneco. We expect the sale to close in the second half of 2018, subject to regulatory approvals, approval by Tenneco shareholders and other customary closing conditions. This agreement is also subject to a \$200 million termination clause. Following the close of this transaction, we will own a non-controlling interest in Tenneco which we will value using the fair value option. This transaction met all the criteria to be classified as held for sale on April 10, 2018 upon execution of the definitive agreement.

Gaming

Our discontinued Gaming operations consists of our majority ownership in Tropicana Entertainment Inc. ("Tropicana") and the Trump Taj Mahal Casino Resort ("Taj Mahal"). As of June 30, 2018, we owned approximately 83.9% of the total outstanding common stock of Tropicana.

On April 16, 2018, we announced a definitive agreement to sell Tropicana's real estate to Gaming and Leisure Properties, Inc. and to merge Tropicana's gaming and hotel operations into Eldorado Resorts, Inc. for aggregate consideration of approximately \$1.85 billion. The transaction does not include Tropicana's Aruba assets, which will be disposed of as a condition to closing. The aggregate consideration of approximately \$1.85 billion will be increased by the amount of the net proceeds received in connection with the Aruba disposition and will be further adjusted to pay corporate level taxes. We expect the sale to close in the second half of 2018, subject to receipt of required gaming approvals, termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other customary closing conditions. This transaction met all the criteria to be classified as held for sale on April 15, 2018 upon execution of the definitive agreement.

Taj Mahal closed in October 2016 and was subsequently sold on March 31, 2017.

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

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

As discussed above, in April 2018, we announced definitive agreements to sell Federal-Mogul and Tropicana. Following the closing of our contemplated sale of Federal-Mogul, it is likely that we would be considered an investment company but for an exemption under the '40 Act that would provide us up to one year to take steps to avoid becoming classified as an investment company. We expect to take steps to avoid becoming classified as an investment company during this exemption period, but no assurance can be made that we will successfully be able to take the steps necessary to avoid becoming classified as an investment company.

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, 2017. The condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") related to interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or

omitted pursuant to such rules and regulations. The financial information contained herein is unaudited; however, management believes all adjustments have been made that are necessary to present fairly the results for the interim periods. All such adjustments are of a normal and recurring nature.

Principles of Consolidation

As of June 30, 2018, 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

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

of the voting interests; and (2) for VIEs, we consolidate these entities in which we are the primary beneficiary. See below for a discussion of our VIEs. Kick-out rights, which are the rights underlying the limited partners' ability to dissolve the limited partnership or otherwise remove the general partners, held through voting interests of partnerships and similar entities that are not VIEs are considered the equivalent of the equity interests of corporations that are not VIEs.

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

Discontinued Operations and Held For Sale

As discussed above, in April 2018, we announced separate definitive agreements to sell Federal-Mogul and Tropicana, each of which are considered separate disposal groups. Each transaction met the criteria to be classified as discontinued operations in the second quarter of 2018. As a result, in accordance with U.S. GAAP, the assets and liabilities of each disposal group have been reclassified to held for sale and their respective results of operations have been reclassified to discontinued operations for all periods presented. Each disposal group is reported at the lesser of carrying value or fair value less cost to sell.

Reclassifications

In connection with our adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-18, Restricted Cash, as discussed below, our net cash used in operating activities for the six months ended June 30, 2017 was decreased by \$215 million.

In connection with our adoption of FASB ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, as discussed below, we decreased our selling, general and administrative costs by \$1 million and decreased other income, net by \$1 million for the three months ended June 30, 2017. For the six months ended June 30, 2017, we decreased our selling, general and administrative costs by \$2 million and decreased other income, net by \$2 million.

In addition, certain other reclassifications from the prior year presentation have been made to conform to the current year presentation, which did not have an impact on previously reported net income and equity and are not deemed material.

Variable Interest Entities

Icahn Enterprises Holdings

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

Investment

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

Energy

CVR Refining and CVR Partners are each considered VIEs because each of these limited partnerships lack both substantive kick-out and participating rights. In addition, CVR Energy also concluded that, based upon its general partner's roles and rights in CVR Refining and CVR Partners as afforded by their respective partnership agreements, coupled with its exposure to losses and benefits in each of CVR Refining and CVR Partners through its significant

limited partner interests, intercompany credit facilities and services agreements, it is the primary beneficiary of both CVR Refining and CVR Partners. Based upon this evaluation, CVR Energy continues to consolidate both CVR Refining and CVR Partners.

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

Food Packaging

Viskase holds a variable interest in a joint venture for which Viskase is the primary beneficiary. Viskase's interest in the joint venture includes a 50% equity interest and also relates to the sales, operations, administrative and financial support to the joint venture through providing many of the assets used in its business.

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

	June 30,	December 31,
	2018	2017
	(in millions)	
Cash and cash equivalents	\$286	\$ 223
Cash held at consolidated affiliated partnerships and restricted cash	316	734
Investments	8,215	9,615
Due from brokers	334	506
Property, plant and equipment, net	3,098	3,191
Inventories, net	433	385
Intangible assets, net	288	298
Other assets	840	48
Accounts payable, accrued expenses and other liabilities	934	1,816
Securities sold, not yet purchased, at fair value	368	1,023
Due to brokers	—	1,057
Debt	1,167	1,166

Fair Value of Financial Instruments

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

The fair value of our long-term debt is based on the quoted market prices for the same or similar issues or on the current rates offered to us for debt of the same remaining maturities. The carrying value and estimated fair value of our long-term debt as of June 30, 2018 was approximately \$7.9 billion and \$8.0 billion, respectively. The carrying value and estimated fair value of our long-term debt as of December 31, 2017 was approximately \$7.9 billion and \$8.2 billion, respectively.

Cash Flow

Cash and cash equivalents and restricted cash and restricted cash equivalents on our condensed consolidated statements of cash flows is comprised of (i) cash and cash equivalents and (ii) cash held at consolidated affiliated partnerships and restricted cash.

Restricted Cash

Our restricted cash balance was \$286 million and \$574 million as of June 30, 2018 and December 31, 2017, respectively.

Revenue From Contracts With Customers and Contract Balances

As discussed below, on January 1, 2018, we adopted FASB ASC Topic 606, Revenue from Contracts with Customers. Due to the nature of our business, we derive revenue from various sources in various industries. Investment segment and Holding Company revenues are not in scope of FASB ASC Topic 606. Railcar leasing and Real Estate leasing revenues are also not in scope of FASB ASC Topic 606. The following is a summary of our revenue recognition that is in scope of FASB ASC Topic 606 for certain of our reporting segments. In addition, we present disaggregated revenue information in Note 11, "Segment Reporting."

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

Automotive

Revenue: Our Automotive segment recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Our Automotive segment revenue from retail and commercial sales is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. Automotive service revenues are recognized on completion of the service and consist of products and the labor charged for installing products or maintaining or repairing vehicles. Automotive services labor revenues are included in other revenues from operations in our condensed consolidated statements of operations, however, the sale of any installed parts or materials related to automotive services are included in net sales. Our Automotive segment recognizes revenues from extended warranties offered to its customers on tires it sells, including lifetime warranties for road hazard assistance (recognized over 3 years) and 1-year, 3-year and lifetime plans for alignments (recognized over 1 year, 3 years and 5 years, respectively), for which it receives payment upfront. Revenues from extended warranties are recognized over the term of the warranty contract with the satisfaction of its performance obligations measured using the output method. Our Automotive segment recognizes revenues from franchise fees, which it receives payment upfront, and franchise royalties, for which it receives payment over time. Revenues from upfront franchise fees are recognized at the time the store opens, as that is when our Automotive segment's performance obligations are deemed complete, and revenues from franchise royalties are recognized in the period in which royalties are earned, generally based on a percentage of franchise sales.

Contract balances: Our Automotive segment has deferred revenue with respect to extended warranty plans of \$42 million and \$42 million as of June 30, 2018 and January 1, 2018, respectively, which are included in accrued expenses and other liabilities on the condensed consolidated balance sheets. For the three and six months ended June 30, 2018, our Automotive segment recorded revenue of \$6 million and \$12 million, respectively, with respect to deferred revenue outstanding as of January 1, 2018. For deferred revenue outstanding as of June 30, 2018, our Automotive segment expects to recognize approximately \$30 million in 2019 and thereafter.

Energy

Revenue: Our Energy segment revenues from the sale of petroleum products are recorded upon delivery of the products to customers, which is the point at which title is transferred and the customer has assumed the risk of loss. This generally takes place as product passes into the pipeline, as a product transfer order occurs within a pipeline system, or as product enters equipment or locations supplied or designated by the customer. For our Energy segment's nitrogen fertilizer products sold, revenues are recorded at the point in time at which the customer obtains control of the product, which is generally upon delivery and acceptance by the customer. Nitrogen fertilizer products are sold on a wholesale basis under a contract or by purchase order. Excise and other taxes collected from customers and remitted to governmental authorities by our Energy segment are not included in reported revenues.

Many of the petroleum business' contracts have index-based pricing which is considered variable consideration that should be estimated in determining the transaction price. Our Energy segment determined that it does not need to estimate the variable consideration because the uncertainty related to the consideration is resolved on the pricing date or the date when the product is delivered. The nitrogen fertilizer business has an immaterial amount of variable consideration for contracts with an original duration of less than a year. A small portion of the nitrogen fertilizer partnership's revenue includes contracts extending beyond one year and contain variable pricing in which the majority of the variability is attributed to the market-based pricing. The nitrogen fertilizer business' contracts do not contain a significant financing component.

Our Energy segment has elected to not disclose the amount of the transaction price allocated to remaining performance obligations for contracts with an original expected duration of less than one year. Our Energy segment has elected to not disclose variable consideration allocated to wholly unsatisfied performance obligations that are based on market prices that have not yet been determined.

Contract balances: Our Energy segment's deferred revenue is a contract liability that primarily relates to fertilizer sales contracts requiring customer prepayment prior to product delivery to guarantee a price and supply of nitrogen

fertilizer. Deferred revenue is recorded at the point in time in which a prepaid contract is legally enforceable and the associated right to consideration is unconditional prior to transferring product to the customer. An associated receivable is recorded for uncollected prepaid contract amounts. Contracts requiring prepayment are generally short-term in nature and, as discussed above, revenue is recognized at the point in time in which the customer obtains control of the product. Our Energy segment had deferred revenue of \$11 million and \$34 million as of June 30, 2018 and December 31, 2017, respectively, which is included in accrued expense and other liabilities on the condensed consolidated balance sheets. For the three and six months ended June 30, 2018, our Energy segment recorded revenue of \$20 million and \$32 million, respectively, with respect to deferred revenue outstanding as of January 1, 2018.

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

Railcar

Revenue: Revenues from manufactured railcar sales are recognized following completion of manufacturing, inspection, customer acceptance and title transfer, which is when the risk for any damage or loss with respect to the railcars passes to the customer, in accordance with our Railcar segment's contractual terms. Revenues from railcar and industrial components are recorded at the time of product shipment, in accordance with our Railcar segment's contractual terms. Revenues from railcar maintenance services are recognized upon completion and shipment of railcars from our Railcar segment's plants. Our Railcar segment does not currently bundle railcar service contracts with new railcar sales. Revenues from engineering and field services are recognized as performed.

As of June 30, 2018, our Railcar segment had \$241 million of remaining performance obligations for contractual commitments from customers for which work is partially completed. Our Railcar segment expects to recognize approximately \$98 million of these performance obligations as revenue during the remainder of 2018 and an additional \$143 million thereafter. There was no revenue recognized for the three and six months ended June 30, 2018 from performance obligations satisfied, or partially satisfied, in previous periods due to the adoption of FASB ASC Topic 606.

Contract balances: ARI bills its customers once services have been rendered or products have been delivered and ARI has an unconditional right to consideration as only the passage of time is required before payment of that consideration is due. The contract assets that ARI maintains are related to unbilled revenues recognized on repair services that have been performed but the entire project has not yet been completed, and the railcar has not yet been shipped to the customer. Contract liabilities represent deferred revenue related to railcar manufacturing and repair services. Our Railcar segment contract assets and liabilities are not material.

Adoption of New Accounting Standards

Revenue Accounting Standards Updates

In May 2014, the FASB issued ASU No. 2014-09, creating a new topic, FASB ASC Topic 606, Revenue from Contracts with Customers, superseding revenue recognition requirements in FASB ASC Topic 605, Revenue Recognition. This ASU requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In addition, an entity is required to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU was amended by ASU No. 2015-14, issued in August 2015, which deferred the original effective date by one year; the effective date of this ASU is for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017, using one of two retrospective application methods. In addition, the FASB issued other amendments during 2016 and 2017 to FASB ASC Topic 606 that include implementation guidance to principal versus agent considerations, guidance to identifying performance obligations and licensing guidance and other narrow scope improvements. We adopted these new standards on January 1, 2018 using the modified retrospective application method which required a cumulative effect adjustment recognized in equity at such date. The standard has been applied to all contracts at the date of initial application. No adjustment to revenue for periods prior to adoption were required. We have not identified any material differences in our revenue recognition methods that required modification under the new standards. Additionally, our internal control framework did not materially change as a result of the adoption of these new standards. The impact of adopting these new standards on our condensed consolidated financial statements is a cumulative effect adjustment to decrease our equity attributable to Icahn Enterprises and Icahn Enterprises Holdings as of January 1, 2018 by \$29 million, primarily relating to our Automotive segment.

As of January 1, 2018, our Automotive segment increased accrued expenses and other liabilities by \$42 million and decreased deferred tax liabilities by \$10 million for certain extended warranties to reflect the revenues from these plans as deferred revenue. Previously, revenues from these plans were recognized upfront. Our Automotive segment also recognizes revenue from the sale of goods on a drop ship basis. Previously, revenues from these transactions were

recognized gross. For the three months ended June 30, 2018, net sales and costs of goods sold would have been higher by \$16 million and \$16 million, respectively, under prior accounting principles. For the six months ended June 30, 2018, net sales and cost of goods sold would have been higher by \$32 million and \$32 million, respectively.

As of January 1, 2018, our Energy segment increased each of accounts receivable, net and accrued expenses and other liabilities by \$21 million for customer prepayments prior to delivery and to gross up certain fees collected from customers to reflect a receivable and deferred revenue recorded at the point in time in which a prepaid contract is legally enforceable and the associated right to consideration is unconditional. Previously, deferred revenue was recorded by our Energy segment upon customer prepayment.

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

In addition to the above, we increased assets by an aggregate of \$32 million and increased liabilities by \$29 million as of January 1, 2018, primarily assets and liabilities held for sale, respectively. For the three and six months ended June 30, 2018, the impact on revenues would have been immaterial under prior accounting principles.

Other Accounting Standards Updates

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 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. We adopted this new standard on January 1, 2018 using the modified retrospective application method which required a cumulative effect adjustment recognized in equity at such date. The amendments related to equity securities without readily determinable fair values were applied prospectively to equity investments that existed as of the date of adoption. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments, which amends FASB ASC Topic 230, Statement of Cash Flows. This ASU seeks to reduce the diversity currently in practice by providing guidance on the presentation of eight specific cash flow issues in the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We adopted this standard on January 1, 2018 using the retrospective application method. The adoption of this standard did not have a material impact on our condensed consolidated statements of cash flows.

In November 2016, the FASB issued ASU No. 2016-18, Restricted Cash, which amends FASB ASC Topic 230, Statement of Cash Flows. This ASU requires that the statement of cash flows explain the change during the period total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We have adopted this standard on January 1, 2018 using the retrospective application method. The impact of adopting this new standard is discussed above under "Reclassifications."

In March 2017, the FASB issued ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which amends FASB ASC Topic 715, Compensation - Retirement Benefits. This ASU requires entities to present the service cost component of net periodic benefit cost in the same line item or items in the financial statements as other compensation costs arising from services rendered by the pertinent employees during the period. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We adopted this standard on January 1, 2018 using the retrospective application method. The impact of adopting this new standard is discussed above under "Reclassifications."

In May 2017, the FASB issued ASU No. 2017-09, Scope of Modification Accounting, which amends FASB ASC Topic 718, Compensation - Stock Compensation. This ASU provides updated guidance about which changes to the terms and conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We adopted this standard on January 1, 2018 which has been applied prospectively and which did not have a material impact on our condensed consolidated financial statements.

Recently Issued Accounting Standards

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 right-of-use 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. Furthermore, quantification and qualitative disclosures, including disclosures regarding significant judgments made by management, will be required. 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. In addition, in July 2018, the FASB issued ASU No. 2018-11, Leases

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

(Topic 842), which provides an additional (and optional) transition method to adopt the new leases standard. We anticipate adopting the new leases standard using the new transition method option effective January 1, 2019, which will require adopting the new leases standard at the adoption date and recognizing a cumulative-effect adjustment to the opening balance of equity in the period of adoption instead of the earliest period presented. In addition, prior period presentation and disclosure will not be adjusted. We believe the most significant impact will relate to the recognition of right-of-use assets and lease liabilities on our condensed consolidated balance sheets for long-term operating leases primarily within our Automotive segment. We anticipate our assessment and implementation plan to be ongoing during the remainder of 2018 and continue to evaluate the impact of this standard on our condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, which amends FASB ASC Topic 326, Financial Instruments - Credit Losses. This ASU requires financial assets measured at amortized cost to be presented at the net amount to be collected and broadens the information, including forecasted information incorporating more timely information, that an entity must consider in developing its expected credit loss estimate for assets measured. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted for fiscal years beginning after December 15, 2018. We are currently evaluating the impact of this standard on our condensed consolidated financial statements. In August 2017, the FASB issued ASU 2017-12, Targeting Improvements to Accounting for Hedging Activities, which amends FASB ASC Topic 815, Derivatives and Hedging. This ASU includes amendments to existing guidance to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this standard on our condensed consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which amends FASB ASC Topic 220, Income Statement - Reporting Comprehensive Income. This ASU allows a reclassification out of accumulated other comprehensive loss within equity for standard tax effects resulting from the Tax Cuts and Jobs Act and consequently, eliminates the stranded tax effects resulting from the Tax Cuts and Jobs Act. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this standard on our condensed consolidated financial statements.

3. Related Party Transactions.

Our second 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 Funds

During the six months ended June 30, 2018 and 2017, Mr. Icahn and his affiliates (excluding us) invested \$280 million and \$600 million, respectively, in the Investment Funds, net of redemptions. As of June 30, 2018 and December 31, 2017, the total fair market value of investments in the Investment Funds made by Mr. Icahn and his affiliates (excluding us) was approximately \$5.1 billion and \$4.4 billion, respectively, representing approximately 60% and 59% of the Investment Funds' assets under management as of each respective date.

We pay for expenses pertaining to the operation, administration and investment activities of our Investment segment for the benefit of the Investment Funds (including salaries, benefits and rent). Effective April 1, 2011, based on an

expense-sharing arrangement, certain expenses borne by us are reimbursed by the Investment Funds. For the three months ended June 30, 2018 and 2017, \$2 million and \$3 million, respectively, was allocated to the Investment Funds based on this expense-sharing arrangement and for the six months ended June 30, 2018 and 2017, such allocation was \$2 million and \$5 million, respectively.

Hertz Global Holdings, Inc.

As discussed in Note 4, "Investments and Related Matters," the Investment Funds have an investment in the common stock of Hertz Global Holdings, Inc. ("Hertz") measured at fair value that would have otherwise been subject to the equity method of accounting. Icahn Automotive provides services to Hertz in the ordinary course of business. For the three months ended June 30, 2018 and 2017, revenue from Hertz was \$10 million and \$3 million, respectively, and \$18 million and \$5

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

million for the six months ended June 30, 2018 and 2017, respectively. Additionally, Federal-Mogul had payments to Hertz in the ordinary course of business of \$1 million and \$1 million for the three and six months ended June 30, 2018, respectively.

For the six months ended June 30, 2018, the Investment Funds purchased shares of a certain investment from Hertz in the amount of \$36 million.

In addition to our transactions with Hertz disclosed above, in January 2018, we entered into a Master Motor Vehicle Lease and Management Agreement with Hertz, pursuant to which Hertz granted 767 Auto Leasing LLC ("767 Leasing"), a joint venture created to purchase vehicles for lease, the option to acquire certain vehicles from Hertz at rates aligned with the rates at which Hertz sells vehicles to third parties. Under this agreement, Hertz will lease the vehicles that 767 Leasing purchases from Hertz, or from third parties, under a mutually developed fleet plan and Hertz will manage, service, repair, sell and maintain those leased vehicles on behalf of 767 Leasing. Additionally, Hertz will rent the leased vehicles to transportation network company drivers from rental counters within locations leased or owned by us. This agreement has an initial term of 18 months and is subject to automatic six-month renewals thereafter, unless terminated by either party (with or without cause) prior to the start of any such six-month renewal. Our agreement with Hertz was unanimously approved by the independent directors of Icahn Enterprises' audit committee. Due to the nature of our involvement with 767 Leasing, which includes guaranteeing the payment obligations of 767 Leasing and sharing in the profits of 767 Leasing with Hertz, we determined that 767 Leasing is a variable interest entity. Furthermore, we determined that we are not the primary beneficiary as we do not have the power to direct the activities of 767 Leasing that most significantly impact its economic performance. Therefore, we do not consolidate the results of 767 Leasing. As of June 30, 2018, we had an investment in 767 Leasing of \$10 million. For the three and six months ended June 30, 2018, purchases from Hertz by 767 Leasing were \$7 million. ACF Industries, Inc.

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

- Railcar component purchases from ACF;
- Railcar parts purchases from and sales to ACF;
- Railcar purchasing and engineering services agreements with ACF;
- Lease of certain intellectual property to ACF;
- Railcar repair services and support for ACF; and
- Railcar purchases from ACF.

Purchases from ACF were \$1 million and \$2 million for the three months ended June 30, 2018 and 2017, respectively, and \$2 million and \$4 million for the six months ended June 30, 2018 and 2017, respectively. For each of the three and six months ended June 30, 2018 and 2017, revenues from ACF were not material.

Insight Portfolio Group LLC

Insight Portfolio Group LLC ("Insight Portfolio Group") is an entity formed and controlled by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services and tangible and intangible property at negotiated rates. Icahn Enterprises Holdings has a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. In addition to the minority equity interest held by Icahn Enterprises Holdings, certain subsidiaries of ours, including Federal-Mogul, CVR Energy, PSC Metals, ARI, ARL (prior to June 1, 2017), Tropicana, Viskase and WPH also acquired minority equity interests in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. A number of other entities with which Mr. Icahn has a relationship also have minority equity interests in Insight Portfolio Group and also agreed to pay certain of Insight Portfolio Group's operating expenses. For the three months ended June 30, 2018 and 2017, we and certain of our subsidiaries paid certain of Insight Portfolio Group's operating expenses of \$1 million and \$1 million, and for the six

months ended June 30, 2018 and 2017, such expenses paid were \$2 million and \$1 million, respectively, in respect to certain of Insight Portfolio Group's operating expenses.

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

4. Investments and Related Matters.

Investment

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

	June 30, December 31,	
	2018	2017
	(in millions)	
Assets		
Investments:		
Equity securities:		
Basic materials	\$693	\$ 1,170
Consumer, non-cyclical	2,277	2,551
Consumer, cyclical	1,471	777
Energy	1,606	1,489
Financial	529	2,185
Technology	1,169	833
Other	226	372
	7,971	9,377
Corporate debt securities	161	155
	\$8,132	\$ 9,532
Liabilities		
Securities sold, not yet purchased, at fair value:		
Equity securities:		
Consumer, non-cyclical	\$74	\$ 101
Consumer, cyclical	104	667
Energy	113	110
Industrial	77	110
	368	988
Corporate debt securities	—	35
	\$368	\$ 1,023

The portion of trading gains that relates to trading securities still held by our Investment segment was \$345 million and \$388 million for the three months ended June 30, 2018 and 2017, respectively, and \$397 million and \$622 million for the six months ended June 30, 2018 and 2017, respectively.

As of June 30, 2018, the Investment Funds owned approximately 27.9% of the outstanding common stock of Hertz. Our Investment segment recorded net losses of \$106 million and \$142 million for the three months ended June 30, 2018 and 2017, respectively, and net losses of \$158 million and \$236 million for the six months ended June 30, 2018 and 2017, respectively, with respect to its investment in Hertz. As of June 30, 2018 and December 31, 2017, the aggregate fair value of our Investment segment's investment in Hertz was \$359 million and \$517 million, respectively. The Investment Funds also owned approximately 17.1% of the outstanding common stock of Herbalife Ltd. ("Herbalife") as of June 30, 2018. We are deemed to have significant influence with respect to our investment in Herbalife after considering the collective ownership in Herbalife by us and affiliates of Mr. Icahn, as well as our collective representation on the board of directors of Herbalife. Our Investment segment recorded net gains of \$173 million and \$241 million for the three months ended June 30, 2018 and 2017, respectively, and net gains of \$717

million and \$423 million for the six months ended June 30, 2018

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

and 2017, respectively, with respect to its investment in Herbalife. As of June 30, 2018 and December 31, 2017, the aggregate fair value of our Investment segment's investment in Herbalife was approximately \$1.5 billion and \$1.2 billion, respectively.

Herbalife and Hertz each file annual, quarterly and current reports, and proxy and information statements with the SEC, which are publicly available.

Other Segments

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

	June 30,	December 31,
	2018	2017
	(in millions)	
Equity method investments	\$ 114	\$ 106
Other investments (measured at fair value)	460	400
	\$ 574	\$ 506

5. Fair Value Measurements.

U.S. GAAP requires enhanced disclosures about investments and non-recurring non-financial assets and liabilities that are measured and reported at fair value and has established a 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 and non-financial assets and/or liabilities as of the reporting date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies where all significant inputs are observable. 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, the investments', non-financial assets' and/or liabilities' level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the investment. Significant transfers, if any, between the levels within the fair value hierarchy are recognized at the beginning of the reporting period when changes in circumstances require such transfers.

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes the valuation of our assets and liabilities by the above fair value hierarchy levels measured on a recurring basis:

	June 30, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Investments (Note 4)	\$7,972	\$275	\$333	\$8,580	\$9,378	\$264	\$278	\$9,920
Derivative contracts, at fair value (Note 6) ⁽¹⁾	10	17	—	27	—	—	—	—
	\$7,982	\$292	\$333	\$8,607	\$9,378	\$264	\$278	\$9,920
Liabilities								
Securities sold, not yet purchased (Note 4)	\$368	\$—	\$—	\$368	\$988	\$35	\$—	\$1,023
Other liabilities	—	11	—	11	—	1	—	1
Derivative contracts, at fair value (Note 6)	—	460	—	460	36	1,239	—	1,275
	\$368	\$471	\$—	\$839	\$1,024	\$1,275	\$—	\$2,299

⁽¹⁾ Amounts are classified within other assets 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,	
	2018	2017
	(in millions)	
Balance at January 1	\$278	\$207
Net unrealized gains	55	17
Balance at June 30	\$333	\$224

Net unrealized gains during the six months ended June 30, 2018 and 2017 relate to a certain equity investment which is considered a Level 3 investment due to unobservable market data and is measured at fair value on a recurring basis. We determined the fair value of this investment based on recent market transactions. As of June 30, 2018 and December 31, 2017, the fair value of this investment was \$329 million and \$274 million, respectively.

Assets Measured at Fair Value on a Non-Recurring Basis for Which We Use Level 3 Inputs to Determine Fair Value
 Certain assets measured at fair value using Level 3 inputs on a non-recurring basis have been impaired. During the three and six months ended June 30, 2018, we recorded impairment charges of \$7 million relating to property, plant and equipment, and during the six months ended June 30, 2017, we recorded impairment charges of \$2 million relating to property, plant and equipment. We determined the fair value of property, plant and equipment by applying probability weighted, expected present value techniques to the estimated future cash flows using assumptions a market participant would utilize. In addition, during the three and six months ended June 30, 2017, we recorded a loss of \$2 million and \$7 million, respectively, from marking inventory down to net realizable value at our Automotive segment. Additionally, in connection with our reclassification of certain railcars leased to others from held and used to assets held for sale, we recorded an impairment charge at our Railcar segment of \$67 million for each of the three and six months ended June 30, 2017. Refer to Note 11, "Segment Reporting," for total impairment recorded by each of our segments.

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

6. Financial Instruments.

Overview

Investment

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

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

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

The Investment Funds may trade futures contracts. A futures contract is a firm commitment to buy or sell a specified quantity of a standardized amount of a deliverable grade commodity, security, currency or cash at a specified price and specified future date unless the contract is closed before the delivery date. Payments (or variation margin) are made or received by the Investment Funds each day, depending on the daily fluctuations in the value of the contract, and the whole value change is recorded as an unrealized gain or loss by the Investment Funds. When the contract is closed, the Investment Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

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

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

The Investment Funds may also purchase and write option contracts. As a writer of option contracts, the Investment Funds receive a premium at the outset and then bear the market risk of unfavorable changes in the price of the underlying financial instrument. As a result of writing option contracts, the Investment Funds are obligated to

purchase or sell, at the holder's option, the underlying financial instrument. Accordingly, these transactions result in off-balance-sheet risk, as the Investment Funds' satisfaction of the obligations may exceed the amount recognized in our condensed consolidated balance sheets.

Certain terms of the Investment Funds' contracts with derivative counterparties, which are standard and customary to such contracts, contain certain triggering events that would give the counterparties the right to terminate the derivative instruments. In such events, the counterparties to the derivative instruments could request immediate payment on derivative instruments in net liability positions. The aggregate fair value of all of the Investment Funds' derivative instruments with credit-risk-related

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

contingent features that are in a liability position at June 30, 2018 and December 31, 2017 was zero and \$17 million, respectively.

The following table summarizes the volume of our Investment segment's derivative activities based on their notional exposure, categorized by primary underlying risk:

	June 30, 2018		December 31, 2017	
	Long	Short	Long	Short
	Notional	Notional	Notional	Notional
	Exposure	Exposure	Exposure	Exposure
Primary underlying risk: (in millions)				
Equity contracts	\$239	\$ 6,850	\$243	\$ 6,660
Credit contracts ⁽¹⁾	—	—	—	391
Commodity contracts	—	237	—	634

The short notional amount on our credit default swap positions was approximately \$2.5 billion as of December 31, ⁽¹⁾ 2017. However, because credit spreads cannot compress below zero, our downside short notional exposure to loss is \$391 million as of December 31, 2017.

Energy

CVR Refining enters into commodity swap contracts in order to fix the margin on a portion of future production. Additionally, CVR Refining may enter into price and basis swaps in order to fix the price on a portion of its commodity purchases and product sales. The physical volumes are not exchanged and these contracts are net settled with cash. The contract fair value of the commodity swaps is reflected on the condensed consolidated balance sheets with changes in fair value currently recognized in the condensed consolidated statements of operations. Quoted prices for similar assets or liabilities in active markets (Level 2) are considered to determine the fair values for the purpose of marking to market the hedging instruments at each period end. CVR Refining did not have open commodity swap instruments at June 30, 2018. At December 31, 2017, CVR Refining had open commodity swap instruments consisting of 14 million barrels of crack spreads, primarily to fix the margin on a portion of its future gasoline and distillate production. Additionally, as of June 30, 2018 and December 31, 2017, CVR Refining had open forward purchase and sale commitments for 4 million barrels and 6 million barrels, respectively, of Canadian crude oil priced at fixed differentials that are not considered probable of physical settlement and are accounted for as derivatives.

Consolidated Derivative Information

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

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

Derivatives Not Designated as Hedging Instruments	Asset Derivatives ⁽¹⁾		Liability Derivatives	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	(in millions)			
Equity contracts	\$16	\$ —	\$433	\$ 1,159
Credit contracts	—	—	—	17
Commodity contracts	16	7	32	106
Sub-total	32	7	465	1,282

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Netting across contract types ⁽²⁾	(5) (7)	(5) (7)
Total ⁽²⁾	\$27 \$ —	\$460 \$ 1,275

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

Excludes netting of cash collateral received and posted. The total collateral posted at June 30, 2018 and

⁽²⁾ December 31, 2017 was \$252 million and \$542 million, respectively, across all counterparties, which are included in cash held at consolidated affiliated partnerships and restricted cash on the condensed consolidated balance sheets.

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

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

Derivatives Not Designated as Hedging Instruments	Gain (Loss) Recognized in Income ⁽¹⁾			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Equity contracts	\$(147)	\$(262)	\$(89)	\$(835)
Credit contracts	—	8	53	(17)
Commodity contracts	19	(11)	114	(16)
	\$(128)	\$(265)	\$78	\$(868)

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. Gains (losses) recognized on derivatives for our Investment segment were \$(139) million and \$(265) million for the three months ended June 30, 2018 and 2017, respectively, and \$8 million and \$(880) million for the six months ended June 30, 2018 and 2017, respectively. Gains recognized on derivatives for our other segments were \$11 million and zero for the three months ended June 30, 2018 and 2017, respectively, and \$70 million and \$12 million for the six months ended June 30, 2018 and 2017, respectively.

Non-Derivative Instruments Designated as Hedging Instruments

As of June 30, 2018 and December 31, 2017, Federal-Mogul had foreign currency denominated debt (included in liabilities held for sale on our condensed consolidated balance sheets), of which \$845 million and \$884 million, respectively, was designated as a net investment hedge in certain foreign subsidiaries and affiliates of Federal-Mogul. Changes to its carrying value are included in other comprehensive loss as translation adjustments and other. The amount recognized in accumulated other comprehensive loss was a gain (loss) of \$1 million and \$(60) million for the three months ended June 30, 2018 and 2017, respectively, and \$(23) million and \$(46) million for the six months ended June 30, 2018 and 2017, respectively.

7. Inventories, Net.

Inventories, net consists of the following:

	June 30, December 31,	
	2018	2017
	(in millions)	
Raw materials	\$304	\$252
Work in process	136	127
Finished goods	1,511	1,426
	\$1,951	\$1,805

8. Goodwill and Intangible Assets, Net.

Goodwill consists of the following:

June 30, 2018			December 31, 2017		
Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value

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	(in millions)					
Automotive	\$322	\$	—\$ 322	\$320	\$	—\$ 320
Railcar	7	—	7	7	—	7
Food Packaging	7	—	7	7	—	7
	\$336	\$	—\$ 336	\$334	\$	—\$ 334

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

Intangible assets, net consists of the following:

	June 30, 2018			December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
	(in millions)					
Definite-lived intangible assets:						
Customer relationships	\$397	\$ (125)	\$ 272	\$397	\$ (115)	\$ 282
Developed technology	4	(4)	—	4	(4)	—
In-place leases	121	(97)	24	121	(92)	29
Gasification technology license	60	(15)	45	60	(14)	46
Other	150	(32)	118	149	(24)	125
	\$732	\$ (273)	\$ 459	\$731	\$ (249)	\$ 482
Indefinite-lived intangible assets:						
Trademarks and brand names			\$ 62			\$ 62
Intangible assets, net			\$ 521			\$ 544

Amortization expense associated with definite-lived intangible assets was \$12 million and \$9 million for the three months ended June 30, 2018 and 2017, respectively, and \$24 million and \$18 million for the six months ended June 30, 2018 and 2017, respectively. We utilize the straight-line method of amortization, recognized over the estimated useful lives of the assets.

9. Debt.

Debt consists of the following:

	June 30, December 31, 2018 2017	
	(in millions)	
Holding Company:		
6.000% senior unsecured notes due 2020	\$1,703	\$ 1,703
5.875% senior unsecured notes due 2022	1,342	1,342
6.250% senior unsecured notes due 2022	1,215	1,216
6.750% senior unsecured notes due 2024	498	498
6.375% senior unsecured notes due 2025	747	748
	5,505	5,507
Reporting Segments:		
Automotive	324	340
Energy	1,167	1,166
Railcar	533	546
Metals	1	1
Mining	54	58
Food Packaging	270	273
Real Estate	20	22
Home Fashion	6	5
	2,375	2,411
Total Debt	\$7,880	\$ 7,918

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

10. Net Income Per LP Unit.

The components of the computation of basic and diluted income (loss) per LP unit from continuing and discontinued operations of Icahn Enterprises are as follows:

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	2018	2017	2018	2017
	(in millions, except per unit data)			
Net income attributable to Icahn Enterprises from continuing operations	\$164	\$1,502	\$272	\$1,450
Net income attributable to Icahn Enterprises from continuing operations allocable to limited partners (98.01% allocation)	\$161	\$1,472	\$267	\$1,421
Net income attributable to Icahn Enterprises from discontinued operations allocable to limited partners	\$142	\$50	\$170	\$83
Basic and diluted income per LP unit:				
Continuing operations	\$0.90	\$9.20	\$1.52	\$9.23
Discontinued operations	0.80	0.31	0.96	0.54
	\$1.70	\$9.51	\$2.48	\$9.77
Basic and diluted weighted average LP units outstanding	178	160	176	154

Icahn Enterprises Rights Offering

In January 2017, Icahn Enterprises commenced a rights offering entitling holders of the rights to acquire newly issued depositary units of Icahn Enterprises. In connection with this rights offering, we received proceeds of \$600 million during the six months ended June 30, 2017.

LP Unit Distribution

On February 27, 2018, Icahn Enterprises declared a quarterly distribution in the amount of \$1.75 per depositary unit in which each depositary unit holder had the option to make an election to receive either cash or additional depositary units.

On May 2, 2018, Icahn Enterprises declared a quarterly distribution in the amount of \$1.75 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 of the above distributions declared, during the six months ended June 30, 2018, Icahn Enterprises distributed an aggregate 8,608,269 depositary units to unit holders electing to receive depositary units, of which an aggregate of 8,494,768 depositary units were distributed to Mr. Icahn and his affiliates. In connection with these distributions, aggregate cash distributions to all depositary unitholders was \$47 million during the three and six months ended June 30, 2018.

2017 Incentive Plan

During the three months ended June 30, 2018 and 2017, Icahn Enterprises distributed 3,087 and 2,358 depositary units, respectively, and 18,158 and 3,030 depositary units during the six months ended June 30, 2018 and 2017, respectively, net of payroll withholdings, with respect to certain restricted depositary units and deferred unit awards that vested during the period in connection with the Icahn Enterprises L.P. 2017 Long Term Incentive Plan ("2017 Incentive Plan"). The aggregate impact of the 2017 Incentive Plan is not material with respect to our condensed consolidated financial statements, including the calculation of potentially dilutive units and diluted income per LP unit.

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

11. Segment Reporting.

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

Condensed Statements of Operations

Icahn Enterprises' condensed statements of operations by reporting segment are presented below. Icahn Enterprises Holdings' condensed statements of operations are substantially the same, with immaterial differences relating to our Holding Company's interest expense.

	Three Months Ended June 30, 2018										
	Investment	Automotive	Energy	Railcar	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Consolidated
	(in millions)										
Revenues:											
Net sales	\$—	\$ 602	\$ 1,914	\$ 90	\$ 132	\$ 26	\$ 104	\$ 6	\$ 45	\$ —	\$ 2,919
Other revenues from operations	—	135	—	57	—	—	—	18	—	—	210
Net gain (loss) from investment activities	372	—	—	(1)	—	—	—	—	—	38	409
Interest and dividend income	28	—	1	1	—	—	—	5	—	2	37
(Loss) gain on disposition of assets, net	—	—	(5)	1	(1)	1	—	—	—	—	(4)
Other (loss) income, net	(1)	—	12	—	—	4	(7)	—	1	(2)	7
	399	737	1,922	148	131	31	97	29	46	38	3,578
Expenses:											
Cost of goods sold	—	384	1,776	84	124	19	80	4	39	—	2,510
Other expenses from operations	—	117	—	32	—	—	—	13	—	—	162
Selling, general and administrative	1	258	39	11	4	6	15	4	9	5	352
Restructuring, net	—	—	—	—	—	—	—	—	1	—	1
Impairment	—	3	—	4	—	—	—	—	—	—	7
Interest expense	1	5	27	6	—	—	3	—	—	83	125
	2	767	1,842	137	128	25	98	21	49	88	3,157
Income (loss) from continuing operations before income tax benefit	397	(30)	80	11	3	6	(1)	8	(3)	(50)	421

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(expense)											
Income tax benefit	—	12	(12)) (4)) —	(1)) —	—	—	17	12
(expense)											
Net income (loss) from continuing operations	397	(18)) 68	7	3	5	(1)) 8	(3)) (33)) 433
Less: net income (loss) from continuing operations attributable to non-controlling interests	240	—	26	3	—	1	(1)	) —	—	—	269
Net income (loss) from continuing operations attributable to Icahn Enterprises	\$157	\$ (18)	) \$42	\$4	\$3	\$4	\$—	\$ 8	\$ (3)	) \$ (33)	) \$ 164
Supplemental information:											
Capital expenditures	\$—	\$ 18	\$22	\$5	\$1	\$10	\$6	\$ 1	\$ 2	\$—	\$ 65
Depreciation and amortization ⁽¹⁾	\$—	\$ 22	\$72	\$16	\$4	\$2	\$6	\$ 5	\$ 2	\$—	\$ 129

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

	Three Months Ended June 30, 2017											
	Investment	Automotive	Energy	Railcar	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Consolidated	
	(in millions)											
Revenues:												
Net sales	\$—	\$ 569	\$ 1,434	\$ 55	\$ 102	\$ 22	\$ 99	\$ 6	\$ 45	\$ —	\$ 2,332	
Other revenues from operations	—	125	—	121	—	—	—	19	—	—	265	
Net gain from investment activities	294	—	—	2	—	—	—	—	—	18	314	
Interest and dividend income	27	—	—	1	—	1	—	—	—	3	32	
Gain (loss) on disposition of assets, net	—	3	(1	) 1,521	—	—	—	—	—	—	1,523
Other income (loss), net	—	—	—	—	—	1	(2) —	—	—	(1)
	321	697	1,433	1,700	102	24	97	25	45	21	4,465	
Expenses:												
Cost of goods sold	—	372	1,416	50	98	13	75	4	40	—	2,068	
Other expenses from operations	—	120	—	39	—	—	—	13	—	—	172	
Selling, general and administrative	3	212	32	15	4	2	16	5	9	9	307	
Restructuring, net	—	—	—	—	—	—	2	—	—	—	2	
Impairment	—	2	—	67	—	—	—	—	—	—	69	
Interest expense	45	4	27	15	—	1	4	1	—	80	177	
	48	710	1,475	186	102	16	97	23	49	89	2,795	
Income (loss) from continuing operations before income tax benefit (expense)	273	(13	) (42	) 1,514	—	8	—	2	(4	) (68	) 1,670
Income tax benefit (expense)	—	11	13	(507) 1	(2) —	—	—	481	(3)
Net income (loss) from continuing operations	273	(2	) (29	) 1,007	1	6	—	2	(4	) 413	1,667
Less: net income (loss) from continuing operations attributable to non-controlling interests	176	—	(16	) 4	—	1	—	—	—	—	165
Net income (loss) from continuing operations attributable to Icahn Enterprises	\$ 97	\$ (2	) \$(13	) \$ 1,003	\$ 1	\$ 5	\$ —	\$ 2	\$ (4	) \$ 413	\$ 1,502
Supplemental information:												
Capital expenditures	\$—	\$ 25	\$ 34	\$ 50	\$—	\$ 8	\$ 6	\$ —	\$ 1	\$ —	\$ 124	
Depreciation and amortization ⁽¹⁾	\$—	\$ 27	\$ 71	\$ 18	\$ 5	\$ 1	\$ 7	\$ 5	\$ 2	\$ —	\$ 136	

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Six Months Ended June 30, 2018

	Investment	Automotive	Energy	Railcar	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Consolidated
	(in millions)										
Revenues:											
Net sales	\$—	\$ 1,160	\$ 3,451	\$ 154	\$ 250	\$ 46	\$ 201	\$ 7	\$ 87	\$—	\$ 5,356
Other revenues from operations	—	263	—	109	—	—	—	34	—	—	406
Net gain from investment activities	782	—	—	—	—	—	—	—	—	60	842
Interest and dividend income	46	—	1	1	—	—	—	10	—	5	63
(Loss) gain on disposition of assets, net	—	—	(5)	5	—	—	—	—	—	—	—
Other (loss) income, net	(1)	—	73	2	—	5	(13)	—	1	(1)	66
	827	1,423	3,520	271	250	51	188	51	88	64	6,733
Expenses:											
Cost of goods sold	—	746	3,206	142	234	36	157	5	75	—	4,601
Other expenses from operations	—	229	—	61	—	—	—	23	—	—	313
Selling, general and administrative	2	516	71	20	9	12	30	8	18	11	697
Restructuring, net	—	—	—	—	—	—	—	—	3	—	3
Impairment	—	3	—	4	—	—	—	—	—	—	7
Interest expense	27	8	54	11	—	2	7	1	—	167	277
	29	1,502	3,331	238	243	50	194	37	96	178	5,898
Income (loss) from continuing operations before income tax benefit (expense)	798	(79)	189	33	7	1	(6)	14	(8)	(114)	835
Income tax benefit (expense)	—	27	(29)	(10)	—	(2)	2	—	—	(2)	(14)
Net income (loss) from continuing operations	798	(52)	160	23	7	(1)	(4)	14	(8)	(116)	821
Less: net income (loss) from continuing operations attributable to non-controlling interests	480	—	63	8	—	(1)	(1)	—	—	—	549
Net income (loss) from continuing operations attributable to Icahn Enterprises	\$ 318	\$ (52)	\$ 97	\$ 15	\$ 7	\$ —	\$ (3)	\$ 14	\$ (8)	\$ (116)	\$ 272
Supplemental information:											
Capital expenditures	\$—	\$ 37	\$ 42	\$ 24	\$ 2	\$ 23	\$ 11	\$ 2	\$ 3	\$—	\$ 144
Depreciation and amortization ⁽¹⁾	\$—	\$ 49	\$ 140	\$ 31	\$ 9	\$ 4	\$ 13	\$ 10	\$ 4	\$—	\$ 260

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

	Six Months Ended June 30, 2017											
	Investment	Automotive	Energy	Railcar	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Consolidated	
	(in millions)											
Revenues:												
Net sales	\$—	\$ 1,098	\$ 2,942	\$ 116	\$ 205	\$ 55	\$ 189	\$ 7	\$ 92	\$ —	\$ 4,704	
Other revenues from operations	—	233	—	254	—	—	—	37	—	—	524	
Net loss from investment activities	166	—	—	2	—	—	—	—	—	16	184	
Interest and dividend income	53	—	—	1	—	1	—	—	—	5	60	
Gain (loss) on disposition of assets, net	—	3	(1	) 1,521	—	—	—	—	—	—	1,523
Other (loss) income, net	(41) 1	12	1	—	(1) (3) —	—	—	(31)
	178	1,335	2,953	1,895	205	55	186	44	92	21	6,964	
Expenses:												
Cost of goods sold	—	729	2,834	105	194	30	143	5	80	—	4,120	
Other expenses from operations	—	219	—	82	—	—	—	24	—	—	325	
Selling, general and administrative	5	428	70	29	9	8	31	10	19	13	622	
Restructuring, net	—	—	—	—	—	—	2	—	—	—	2	
Impairment	—	7	—	67	—	—	—	2	—	—	76	
Interest expense	92	8	54	34	—	3	7	1	—	162	361	
	97	1,391	2,958	317	203	41	183	42	99	175	5,506	
Income (loss) from continuing operations before income tax benefit (expense)	81	(56	) (5	) 1,578	2	14	3	2	(7	) (154	) 1,458
Income tax benefit (expense)	—	36	4	(519	) 1	(2	) (1	) —	—	486	5
Net income (loss) from continuing operations	81	(20	) (1	) 1,059	3	12	2	2	(7	) 332	1,463
Less: net income (loss) from continuing operations attributable to non-controlling interests	7	—	(5	) 8	—	2	1	—	—	—	13
Net income (loss) from continuing operations attributable to Icahn Enterprises	\$74	\$(20	) \$4	\$ 1,051	\$ 3	\$ 10	\$ 1	\$ 2	\$(7	) \$ 332	\$ 1,450
Supplemental information:												
Capital expenditures	\$—	\$ 35	\$ 58	\$ 109	\$ 2	\$ 17	\$ 9	\$ —	\$ 2	\$ —	\$ 232	

Depreciation and amortization ⁽¹⁾	\$—	\$ 55	\$ 138	\$ 36	\$ 10	\$ 2	\$ 13	\$ 10	\$ 4	\$ —	\$ 268
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Excludes amounts related to the amortization of deferred financing costs and debt discounts and premiums

(1) included in interest expense in the amounts of \$1 million and \$3 million for the three months ended June 30, 2018 and 2017, respectively, and \$2 million and \$6 million for the six months ended June 30, 2018 and 2017, respectively.

Disaggregation of Revenue

In addition to the condensed statements of operations by reporting segment above, we provide additional disaggregated revenue information for certain reportable segments below. Refer to Note 2, "Basis of Presentation and Summary of Significant Accounting Policies," for certain revenue recognition policies with respect to the following reporting segments.

Automotive

Disaggregated revenue for our Automotive segment net sales and other revenues from operations is presented below:

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	2018	2017	2018	2017
	(in millions)			
Automotive services	\$334	\$294	\$651	\$561
Commercial sales	264	259	500	497
Retail sales	139	141	272	273
	\$737	\$694	\$1,423	\$1,331

As discussed in Note 1, "Description of Business," we adopted FASB ASC Topic 606 effective January 1, 2018 which affected the revenue recognized on the of sale of goods on a drop ship basis. Beginning in 2018, revenue from drop ship sales is recorded on a net basis and for prior periods was recorded on a gross basis. Prior periods were not adjusted for the adoption of FASB ASC Topic 606 in our condensed consolidated financial statements. Therefore, for the three months ended June 30, 2017, our Automotive segment's commercial net sales and costs of goods sold would each have been lower by \$18 million under

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

current accounting principles. For the six months ended June 30, 2017, commercial net sales and cost of goods sold would each have been lower by \$36 million.

Energy

Disaggregated revenue for our Energy segment net sales is presented below:

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Petroleum products	\$1,821	\$1,336	\$3,278	\$2,759
Nitrogen fertilizer products	93	98	173	183
	\$1,914	\$1,434	\$3,451	\$2,942

Condensed Balance Sheets

Icahn Enterprises' condensed balance sheets by reporting segment are presented below. Icahn Enterprises Holdings' condensed balance sheets are substantially the same, with immaterial differences relating to our Holding Company's other assets, debt and equity attributable to Icahn Enterprises Holdings.

June 30, 2018

	Investment	Automotive	Energy	Railcar	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Discontinued Operations	Consolidated
	(in millions)											
ASSETS												
Cash and cash equivalents	\$6	\$53	\$534	\$104	\$11	\$11	\$46	\$30	\$1	\$79	\$—	\$875
Cash held at consolidated affiliated partnerships and restricted cash	316	—	—	19	5	—	1	2	7	—	—	350
Investments	8,132	10	83	21	—	—	—	16	—	444	—	8,706
Accounts receivable, net	—	266	190	38	67	6	80	3	32	—	—	682
Inventories, net	—	1,218	433	78	33	27	99	—	63	—	—	1,951
Property, plant and equipment, net	—	951	3,113	1,190	105	208	167	448	71	—	—	6,253
Goodwill and intangible assets, net	—	500	288	7	3	—	35	24	—	—	—	857
Assets held for sale	—	—	6	—	1	—	—	—	—	—	8,862	8,869
Other assets	890	144	69	24	8	22	88	394	5	3	—	1,647
Total assets	\$9,344	\$3,142	\$4,716	\$1,481	\$233	\$274	\$516	\$917	\$179	\$526	\$8,862	\$30,190
LIABILITIES AND EQUITY												
Accounts payable, accrued expenses and other liabilities	\$497	\$941	\$1,106	\$277	\$55	\$43	\$158	\$54	\$36	\$182	\$—	\$3,349
Securities sold, not yet purchased, at	368	—	—	—	—	—	—	—	—	—	—	368

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fair value												
Due to brokers	—	—	—	—	—	—	—	—	—	—	—	—
Liabilities held for sale	—	—	—	—	—	—	—	—	—	—	6,145	6,145
Debt	—	324	1,167	533	1	54	270	20	6	5,505	—	7,880
Total liabilities	865	1,265	2,273	810	56	97	428	74	42	5,687	6,145	17,742
Equity attributable to Icahn Enterprises	3,354	1,877	1,139	418	177	154	66	843	137	(5,169)	2,420	5,416
Equity attributable to non-controlling interests	5,125	—	1,304	253	—	23	22	—	—	8	297	7,032
Total equity	8,479	1,877	2,443	671	177	177	88	843	137	(5,161)	2,717	12,448
Total liabilities and equity	\$9,344	\$3,142	\$4,716	\$1,481	\$233	\$274	\$516	\$917	\$179	\$526	\$8,862	\$30,190

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

	December 31, 2017											
	Investment	Automotive	Energy	Railcar	Metals	Mining	Food Packaging	Real Estate	Home Fashion	Holding Company	Discontinued Operations	Consolidated
	(in millions)											
ASSETS												
Cash and cash equivalents	\$ 17	\$ 52	\$ 482	\$ 100	\$ 24	\$ 15	\$ 16	\$ 32	\$ —	\$ 526	\$ —	\$ 1,264
Cash held at consolidated affiliated partnerships and restricted cash	734	—	—	19	5	—	2	2	4	—	—	766
Investments	9,532	—	83	23	—	—	—	16	—	384	—	10,038
Accounts receivable, net	—	224	178	44	40	10	78	3	35	—	—	612
Inventories, net	—	1,145	385	54	33	30	92	—	66	—	—	1,805
Property, plant and equipment, net	—	958	3,213	1,199	110	188	170	454	72	—	—	6,364
Goodwill and intangible assets, net	—	505	298	7	3	—	36	29	—	—	—	878
Assets held for sale	—	—	—	14	2	—	—	—	—	—	8,774	8,790
Other assets	516	127	61	27	9	22	93	395	6	28	—	1,284
Total assets	\$ 10,799	\$ 3,011	\$ 4,700	\$ 1,487	\$ 226	\$ 265	\$ 487	\$ 931	\$ 183	\$ 938	\$ 8,774	\$ 31,801
LIABILITIES AND EQUITY												
Accounts payable, accrued expenses and other liabilities	\$ 1,302	\$ 944	\$ 1,125	\$ 262	\$ 43	\$ 45	\$ 172	\$ 63	\$ 34	\$ 243	\$ —	\$ 4,233
Securities sold, not yet purchased, at fair value	1,023	—	—	—	—	—	—	—	—	—	—	1,023
Due to brokers	1,057	—	—	—	—	—	—	—	—	—	—	1,057
Liabilities held for sale	—	—	—	—	—	—	—	—	—	—	6,202	6,202
Debt	—	340	1,166	546	1	58	273	22	5	5,507	—	7,918
Total liabilities	3,382	1,284	2,291	808	44	103	445	85	39	5,750	6,202	20,433
Equity attributable to Icahn Enterprises	3,052	1,727	1,098	428	182	138	28	846	144	(4,821)	2,284	5,106
Equity attributable to non-controlling interests	4,365	—	1,311	251	—	24	14	—	—	9	288	6,262
Total equity	7,417	1,727	2,409	679	182	162	42	846	144	(4,812)	2,572	11,368
	\$ 10,799	\$ 3,011	\$ 4,700	\$ 1,487	\$ 226	\$ 265	\$ 487	\$ 931	\$ 183	\$ 938	\$ 8,774	\$ 31,801

Total liabilities
and equity

34

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

12. Discontinued Operations.

As discussed in Note 1, "Description of Business," we operated discontinued operations previously included in our Automotive segment and our former Gaming segment effective in the second quarter of 2018.

Income from discontinued operations is summarized as follows:

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Automotive	Gaming	Total	Automotive	Gaming	Total
(in millions)						
Revenues:						
Net sales	\$2,047	\$ —	\$2,047	\$1,949	\$ —	\$1,949
Other revenues from operations	—	231	231	—	222	222
Interest and dividend income	—	—	—	1	—	1
Gain on disposition of assets, net	1	—	1	2	—	2
Other (loss) income, net	—	(1)	(1)	5	—	5
	2,048	230	2,278	1,957	222	2,179
Expenses:						
Cost of goods sold	1,672	—	1,672	1,652	—	1,652
Other expenses from operations	—	106	106	—	106	106
Selling, general and administrative	196	74	270	219	90	309
Restructuring, net	(2)	—	(2)	—	—	—
Impairment	2	—	2	—	—	—
Interest expense	48	2	50	38	3	41
	1,916	182	2,098	1,909	199	2,108
Income from discontinued operations before income tax expense	132	48	180	48	23	71
Income tax expense	(18)	(7)	(25)	(6)	(7)	(13)
Income from discontinued operations	114	41	155	42	16	58
Less: income from discontinued operations attributable to non-controlling interests	3	7	10	3	4	7
Income from discontinued operations attributable to Icahn Enterprises	\$111	\$ 34	\$145	\$39	\$ 12	\$51
Supplemental information:						
Capital expenditures ⁽¹⁾	\$97	\$ 23	\$120	\$84	\$ 31	\$115
Depreciation and amortization ⁽²⁾	\$—	\$ —	\$—	\$99	\$ 17	\$116

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

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Automotive	Gaming	Total	Automotive	Gaming	Total
(in millions)						
Revenues:						
Net sales	\$4,103	\$ —	\$4,103	\$3,897	\$ —	\$3,897
Other revenues from operations	—	455	455	—	438	438
Interest and dividend income	1	1	2	1	1	2
Loss on disposition of assets, net	—	—	—	—	(3)	(3)
Other income (loss), net	9	(1)	8	13	1	14
	4,113	455	4,568	3,911	437	4,348
Expenses:						
Cost of goods sold	3,437	—	3,437	3,287	—	3,287
Other expenses from operations	—	210	210	—	207	207
Selling, general and administrative	416	165	581	428	189	617
Restructuring, net	(2)	—	(2)	7	—	7
Impairment	2	—	2	1	—	1
Interest expense	92	3	95	74	6	80
	3,945	378	4,323	3,797	402	4,199
Income from discontinued operations before income tax expense	168	77	245	114	35	149
Income tax expense	(41)	(14)	(55)	(26)	(21)	(47)
Income from discontinued operations	127	63	190	88	14	102
Less: income from discontinued operations attributable to non-controlling interests	6	10	16	6	11	17
Income from discontinued operations attributable to Icahn Enterprises	\$121	\$ 53	\$174	\$82	\$ 3	\$85
Supplemental information:						
Capital expenditures ⁽¹⁾	\$215	\$ 46	\$261	\$185	\$ 53	\$238
Depreciation and amortization ⁽²⁾	\$100	\$ 19	\$119	\$192	\$ 35	\$227

⁽¹⁾ Capital expenditures in the tables above represent cash used in investing activities. In addition, non-cash capital expenditures included in accounts payable, accrued expenses and other liabilities for the six months ended June 30, 2018 and 2017 aggregated \$60 million and \$56 million, respectively.

⁽²⁾ Excludes amounts related to the amortization of deferred financing costs and debt discounts and premiums included in interest expense aggregating \$0 million and \$1 million for the three months ended June 30, 2018 and 2017, respectively, and \$1 million and \$3 million for the six months ended June 30, 2018 and 2017, respectively.

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

Assets and liabilities held for sale consist of the following:

	June 30, 2018			December 31, 2017		
	Automotive	Gaming	Total	Automotive	Gaming	Total
	(in millions)					
Assets Held For Sale						
Cash and cash equivalents	\$293	\$98	\$391	\$315	\$103	\$418
Restricted cash	5	16	21	4	16	20
Investments	312	7	319	324	7	331
Accounts receivable, net	1,290	11	1,301	1,182	11	1,193
Inventories, net	1,487	—	1,487	1,456	—	1,456
Property, plant and equipment, net	2,587	813	3,400	2,545	792	3,337
Goodwill	934	—	934	941	—	941
Intangible assets, net	503	74	577	517	74	591
Other assets	353	79	432	394	93	487
Assets held for sale (discontinued operations)	\$7,764	\$1,098	\$8,862	\$7,678	\$1,096	\$8,774
Other assets held for sale			7			16
Total assets held for sale			\$8,869			\$8,790
Liabilities Held For Sale						
Accounts payable, accrued expenses and other liabilities	\$1,808	\$124	\$1,932	\$1,718	\$142	\$1,860
Post-retirement benefit liability	1,033	—	1,033	1,075	—	1,075
Debt	3,093	87	3,180	3,130	137	3,267
Liabilities held for sale (discontinued operations)	\$5,934	\$211	\$6,145	\$5,923	\$279	\$6,202
Other assets held for sale in the table above primarily consists of property, plant and equipment, net for other operations not classified as discontinued operations.						

13. Income Taxes.

On December 22, 2017, The Tax Cuts and Jobs Act (the "Tax Legislation") was enacted in the United States, significantly revising certain U.S. corporate income tax provisions; including, among other items, a reduction of the U.S. corporate rate from 35% to 21%; the imposition of a deemed repatriation tax on unremitted foreign earnings to facilitate a shift from a worldwide tax system to a territorial system; and the creation of new limitations on certain deductions. We do not currently anticipate significant revisions to the amounts recorded. However, under the guidance of Staff Accounting Bulletin No. 118 issued on December 22, 2017, we will account for the income tax effects of any additional guidance associated with the Tax Legislation under the measurement period approach.

For the three months ended June 30, 2018, we recorded an income tax benefit of \$12 million on pre-tax income from continuing operations of \$421 million compared to an income tax expense of \$3 million on pre-tax income from continuing operations of approximately \$1.7 billion for the three months ended June 30, 2017. Our effective income tax rate was (2.9)% and 0.2% for the three months ended June 30, 2018 and 2017, respectively.

For the three months ended June 30, 2018, the effective tax rate was lower than the statutory federal rate of 21%, primarily due to partnership income for which there was no tax expense, as such income is allocated to the partners, and favorable permanent tax adjustments, including estimated deductions related to internal reorganization of certain corporate entities within the American Entertainment Properties Corp. consolidated group.

For the three months ended June 30, 2017, the effective tax rate was lower than the statutory federal rate of 35%, primarily due to partnership income for which there was no tax expense, as such income is allocated to the partners.

For the six months ended June 30, 2018, we recorded an income tax expense of \$14 million on pre-tax income from continuing operations of \$835 million compared to an income tax benefit of \$5 million on pre-tax income from continuing

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

operations of approximately \$1.5 billion for the six months ended June 30, 2017. Our effective income tax rate was 1.7% and (0.3)% for the six months ended June 30, 2018 and 2017, respectively.

For the six months ended June 30, 2018, the effective tax rate was lower than the statutory federal rate of 21%, primarily due to partnership income for which there was no tax expense, as such income is allocated to the partners, and favorable permanent tax adjustments, including estimated deductions related to internal reorganization of certain corporate entities within the American Entertainment Properties Corp. consolidated group.

For the six months ended June 30, 2017, the effective tax rate was lower than the statutory federal rate of 35%, primarily due to a decrease in the valuation allowance and partnership income for which there was no tax expense, as such income is allocated to the partners.

14. Changes in Accumulated Other Comprehensive Loss.

Changes in accumulated other comprehensive loss consists of the following:

	Post-Retirement Benefits, Net of Tax	Hedge Instruments, Net of Tax	Translation Adjustments and Other, Net of Tax	Total
	(in millions)			
Balance, December 31, 2017	\$ (564)	\$ (23)	\$ (824)	\$ (1,411)
Other comprehensive income (loss) before reclassifications, net of tax	2	(1)	(75)	(74)
Reclassifications from accumulated other comprehensive loss to earnings	15	(1)	—	14
Other comprehensive income (loss), net of tax	17	(2)	(75)	(60)
Balance, June 30, 2018	\$ (547)	\$ (25)	\$ (899)	\$ (1,471)

15. Other Income, Net.

Other income, net consists of the following:

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	(in millions)			
Realized and unrealized gain on derivatives, net (Note 6)	\$11	\$—	\$70	\$12
Other derivative loss	—	—	—	(41)
Equity earnings from non-consolidated affiliates	2	1	5	1
Foreign currency transaction gain (loss)	3	(1)	5	(1)
Non-service pension and other post-retirement benefits expense	—	(1)	(8)	(2)
Other	(9)	—	(6)	—
	\$7	\$ (1)	\$66	\$ (31)

16. Commitments and Contingencies.

Environmental Matters

Due to the nature of our business, certain of our subsidiaries' operations are subject to numerous existing and proposed laws and governmental regulations designed to protect the environment, particularly regarding plant wastes and emissions and solid waste disposal. Our consolidated environmental liabilities were \$38 million and \$34 million as of June 30, 2018 and December 31, 2017, respectively, primarily within our Energy and Metals segments and which are

included in accrued expenses and other liabilities in our condensed consolidated balance sheets. In addition to the above, Federal-Mogul has environmental liabilities of \$15 million and \$16 million as of June 30, 2018 and December 31, 2017, respectively, which are included in liabilities held for

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

sale in our condensed consolidated balance sheets. We do not believe that environmental matters will have a material adverse impact on our consolidated results of operations and financial condition.

There have been no new developments or material changes to the environmental accruals or expected capital expenditures related to compliance with the environmental matters from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

Renewable Fuel Standards

CVR Refining is subject to the Renewable Fuel Standard ("RFS") of the Environmental Protection Agency ("EPA") which requires refiners to either blend "renewable fuels" in with their transportation fuels or purchase renewable fuel credits, known as renewable identification numbers ("RINs"), in lieu of blending. Due to mandates in the RFS requiring increasing volumes of renewable fuels to replace petroleum products in the U.S. transportation fuel market, there may be a decrease in demand for petroleum products. CVR Refining is not able to blend the substantial majority of its transportation fuels and has to purchase RINs on the open market, as well as waiver credits for cellulosic biofuels from the EPA, in order to comply with the RFS.

The net cost of RINs for the three months ended June 30, 2018 and 2017 was \$50 million and \$106 million, respectively, and \$27 million and \$99 million for the six months ended June 30, 2018 and 2017, respectively, which is included in cost of goods sold in the condensed consolidated statements of operations. RINs expense includes the purchased cost of RINs, the impact of recognizing CVR Refining's uncommitted biofuel blending obligation at fair value based on market prices at each reporting date, and is reduced by the valuation change of RINs purchases in excess of CVR Refining's RFS obligation as of the reporting date. As of June 30, 2018 and December 31, 2017, CVR Refining's biofuel blending obligation was \$16 million and \$28 million, respectively, which is included in accrued expenses and other liabilities in our condensed consolidated balance sheets and is reduced by the valuation change of RINs purchases in excess of CVR Refining's RFS obligation as of the reporting date. As of June 30, 2018, our Energy segment recorded a RINs asset within other assets in the condensed consolidated balance sheet of \$14 million, representing excess RINs primarily due to a reduction in its RFS obligation during the first quarter of 2018.

Litigation

From time to time, we and our subsidiaries are involved in various lawsuits arising in the normal course of business. We do not believe that such normal routine litigation will have a material effect on our financial condition or results of operations.

Federal-Mogul

On March 3, 2017, certain purported former stockholders of Federal-Mogul Holdings Corporation filed a petition in the Delaware Court of Chancery seeking an appraisal of the value of common stock they claim to have held at the time of the January 23, 2017 merger of IEH FM Holdings, LLC into Federal-Mogul Holdings Corporation. IEH FM Holdings, LLC was a wholly owned subsidiary of Icahn Enterprises. Federal-Mogul Holdings LLC filed an answer to the petition on March 28, 2017. A second petition for appraisal was filed by purported former stockholders of Federal-Mogul Holdings Corporation on May 1, 2017. The two cases were consolidated on May 10, 2017, captioned *In re Appraisal of Federal-Mogul Holdings LLC*, C.A. No. 2017-0158-AGB. Discovery is ongoing and a trial date has not yet been set. Federal-Mogul believes that it has a meritorious defense and intends to vigorously defend the matter. On April 25, 2014, a group of plaintiffs brought an action against Federal-Mogul Products, Inc. ("FM Products"), a wholly-owned subsidiary of Federal-Mogul, alleging injuries and damages associated with the discharge of chlorinated hydrocarbons by the former owner of a facility located in Kentucky. Since 1998, when FM Products acquired the facility, it has been cooperating with the applicable regulatory agencies on remediating the prior discharges pursuant to an order entered into by the facility's former owner. FM Products negotiated a settlement agreement with plaintiff's counsel which was approved by the required number of plaintiffs and, following a fairness hearing, given final approval by the court on July 13, 2018. FM Products will pay approximately \$3 million pursuant to the settlement agreement, likely during the third quarter of 2018.

Other Matters

FRA Directive

On September 30, 2016, the Federal Railroad Administration ("FRA") issued Railworthiness Directive ("RWD") No. 2016-01 (the "Original Directive"). The Original Directive addressed, among other things, certain welding practices in one weld area in specified DOT 111 tank railcars manufactured between 2009 and 2015 by ARI and ACF. Our Railcar segment met and corresponded with the FRA following the issuance of the Original Directive to express its concerns with the Original Directive and its impact on our Railcar segment, as well as the industry as a whole. On November 18, 2016 (the "Issuance Date"), the

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

FRA issued RWD No. 2016-01 [Revised] (the "Revised Directive"). The Revised Directive changed and superseded the Original Directive in several ways.

The Revised Directive required owners to identify their subject tank railcars and then from that population identify the 15% of subject tank railcars then in hazardous materials service with the highest mileage in each tank car owner's fleet. Visual inspection of each of the subject tank railcars is required by the car operator prior to putting any railcar into service. Owners must ensure appropriate inspection, testing and repairs, if needed, within twelve months of the Issuance Date for the 15% of their subject tank railcars identified to be in hazardous materials service with the highest mileage. The FRA reserved the right to impose additional test and inspection requirements for the remaining tank railcars subject to the Revised Directive. The FRA also reserved the right to seek civil penalties or to take any other appropriate enforcement action for violation of the Federal Hazardous Materials Regulations that have occurred. Although the Revised Directive addressed some of our Railcar segment's concerns and clarified certain requirements of the Original Directive, our Railcar segment identified significant issues with the Revised Directive. As a result, in December 2016, our Railcar segment sought judicial review of and relief from the Revised Directive by filing a petition for review against the FRA in the United States Court of Appeals for the District of Columbia Circuit. On August 17, 2017, our Railcar segment entered into a settlement agreement with the FRA, which covered the subject railcars owned by our Railcar segment. This agreement, among other things, extended the deadline for our Railcar segment to complete the inspection, testing and repairs, if needed, for the 15% identified railcars to December 31, 2017. Adding clarity regarding certain unknown requirements referenced in the Revised Directive, under the settlement agreement, our Railcar segment is required to inspect, test, and if necessary repair the remaining 85% subject tank railcars at the next tank railcar qualification, scheduled routine or regular maintenance, shopping or repair event, but no later than December 31, 2025. However, the settlement agreement permits our Railcar segment to: (i) if the FRA does not impose a similar requirement by July 31, 2018 on other owners' railcars subject to the Revised Directive, suspend compliance with this requirement until such time as the FRA imposes requirements on all 85% railcars subject to the Revised Directive, and (ii) elect to be governed by any different requirements later imposed by the FRA on other owners' railcars subject to the Revised Directive. In addition, the settlement agreement also provides that railcars owned by our Railcar segment are no longer required to have a surface inspection performed when the railcars are being inspected pursuant to the Revised Directive. The description above includes a summary of the terms of the settlement agreement. Finally, as part of the settlement agreement, our Railcar segment dismissed its lawsuit against the FRA.

Our Railcar segment has evaluated its potential exposure related to the Revised Directive and has a loss contingency reserve remaining of \$9 million, as of June 30, 2018, to cover its probable and estimable liabilities with respect to our Railcar segment's response to the Revised Directive. The loss contingency reserve takes into account information available as of June 30, 2018 and our Railcar segment's contractual obligations in its capacity as both a manufacturer and owner of railcars subject to the Revised Directive. This amount is included in accrued expenses and other liabilities on the consolidated balance sheets. This amount will continue to be evaluated as our Railcar segment's and its customers' compliance with the Revised Directive and the settlement agreement progress. Actual results could differ from this estimate.

Pension Obligations

Mr. Icahn, through certain affiliates, owns 100% of Icahn Enterprises GP and approximately 91.3% of Icahn Enterprises' outstanding depository units as of June 30, 2018. Applicable pension and tax laws make each member of a "controlled group" of entities, generally defined as entities in which there is at least an 80% common ownership interest, jointly and severally liable for certain pension plan obligations of any member of the controlled group. These pension obligations include ongoing contributions to fund the plan, as well as liability for any unfunded liabilities that may exist at the time the plan is terminated. In addition, the failure to pay these pension obligations when due may result in the creation of liens in favor of the pension plan or the Pension Benefit Guaranty Corporation ("PBGC") against the assets of each member of the controlled group.

As a result of the more than 80% ownership interest in us by Mr. Icahn's affiliates and our ownership of more than 80% in certain of our subsidiaries, we and certain of our subsidiaries are subject to the pension liabilities of entities in which Mr. Icahn has a direct or indirect ownership interest of at least 80%. ACF and Federal-Mogul, are the sponsors of several pension plans. All the minimum funding requirements of the Internal Revenue Code, as amended, and the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006, for these plans have been met as of June 30, 2018 and December 31, 2017. If the plans were voluntarily terminated, they would be underfunded by approximately \$435 million and \$424 million as of June 30, 2018 and December 31, 2017, respectively. These results are based on the most recent information provided by the plans' actuaries. These liabilities could increase or decrease, depending on a number of factors, including future changes in benefits, investment returns, and the assumptions used to calculate the liability. As members of the controlled group,

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

we would be liable for any failure of ACF and Federal-Mogul to make ongoing pension contributions or to pay the unfunded liabilities upon a termination of the pension plans of ACF and Federal-Mogul. In addition, other entities now or in the future within the controlled group in which we are included may have pension plan obligations that are, or may become, underfunded and we would be liable for any failure of such entities to make ongoing pension contributions or to pay the unfunded liabilities upon termination of such plans.

The current underfunded status of the pension plans of ACF and Federal-Mogul requires them to notify the PBGC of certain "reportable events," such as if we cease to be a member of the ACF and Federal-Mogul controlled group, or if we make certain extraordinary dividends or stock redemptions. The obligation to report could cause us to seek to delay or reconsider the occurrence of such reportable events.

Starfire Holding Corporation ("Starfire") which is 99.4% owned by Mr. Icahn, has undertaken to indemnify us and our subsidiaries from losses resulting from any imposition of certain pension funding or termination liabilities that may be imposed on us and our subsidiaries or our assets as a result of being a member of the Icahn controlled group. The Starfire indemnity (which does not extend to pension liabilities of our subsidiaries that would be imposed on us as a result of our interest in these subsidiaries and not as a result of Mr. Icahn and his affiliates holding more than an 80% ownership interest in us, and as such would not extend to the unfunded pension termination liability for Federal-Mogul) provides, among other things, that so long as such contingent liabilities exist and could be imposed on us, Starfire will not make any distributions to its stockholders that would reduce its net worth to below \$250 million. Nonetheless, Starfire may not be able to fund its indemnification obligations to us.

Other

The U.S. Attorney's office for the Southern District of New York contacted Icahn Enterprises L.P. in September 2017 seeking production of information pertaining to our and Mr. Icahn's activities relating to the Renewable Fuels Standard and Mr. Icahn's role as an advisor to the President. We are cooperating with the request and are providing information in response to the subpoena. The U.S. Attorney's office has not made any claims or allegations against us or Mr. Icahn. We maintain a strong compliance program and, while no assurances can be made, we do not believe this inquiry will have a material impact on our business, financial condition, results of operations or cash flows.

17. Supplemental Cash Flow Information.

Supplemental cash flow information from continuing operations consists of the following:

	Six Months Ended June 30,	
	2018	2017
	(in millions)	
Cash payments for interest, net of amounts capitalized	\$ 252	\$ 255
Net cash payments for income taxes, net of refunds	12	16
Acquisition of subsidiary common stock included in accrued expenses and other liabilities	—	51
Capital expenditures included in accounts payable, accrued expenses and other liabilities	11	10

Accrued dividends and
distributions to
non-controlling interests 12
in subsidiaries

—

18. Subsequent Events.

Icahn Enterprises

On July 31, 2018, the Board of Directors of the general partner of Icahn Enterprises declared a quarterly distribution in the amount of \$1.75 per depositary unit. The quarterly distribution is payable in either cash or additional depositary units, at the election of each depositary unit holder and will be paid on or about September 18, 2018 to depositary unit holders of record at the close of business on August 13, 2018. Depositary unit holders have until September 7, 2018 to make an election to receive either cash or additional depositary units; if a holder does not make an election, it will automatically be deemed to have elected to receive the distribution in cash. Depositary unit holders who elect to receive additional depositary units will receive units valued at the volume weighted average trading price of the units on NASDAQ during the 5 consecutive trading days ending September 14, 2018. No fractional depositary units will be issued pursuant to the distribution payment. Icahn Enterprises will make a cash payment in lieu of issuing fractional depositary units to any holders electing to receive depositary units. Any

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

holders that would only be eligible to receive a fraction of a depositary unit based on the above calculation will receive a cash payment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion is intended to assist you in understanding our present business and the results of operations together with our present financial condition. This section should be read in conjunction with our condensed consolidated financial statements and the accompanying notes contained in this Quarterly Report on Form 10-Q for the period ended June 30, 2018 (this "Report").

Executive Overview

Introduction

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 L.P. ("Icahn Enterprises Holdings"). Icahn Enterprises Holdings and its subsidiaries own substantially all of the assets and liabilities of Icahn Enterprises and conduct substantially all of its operations. Therefore, the financial results of Icahn Enterprises and Icahn Enterprises Holdings are substantially the same, with differences relating primarily to allocations to the general and limited partners. We do not discuss Icahn Enterprises and Icahn Enterprises Holdings separately unless we believe it is necessary to an understanding of the businesses.

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Automotive, Energy, Railcar, Metals, Mining, Food Packaging, Real Estate and Home Fashion. We also report the results of our Holding Company, which includes the results of certain subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings (unless otherwise noted), and investment activity and expenses associated with our Holding Company.

Significant Transactions and Developments

Discontinued Operations. In April 2018, we announced definitive agreements to sell Federal-Mogul LLC ("Federal-Mogul") and Tropicana Entertainment Inc. ("Tropicana"). The transactions are expected to close in the second half of 2018. The results of Federal-Mogul and Tropicana are reported in discontinued operations and classified as held for sale for all periods presented.

Results of Operations

Consolidated Financial Results

Our operating businesses comprise consolidated subsidiaries which operate in various industries and are managed on a decentralized basis. Results of operations for our continuing operating businesses primarily consist of net sales of various products, services revenue, franchisor operations and leasing of certain assets. Due to the structure and nature of our business, we primarily discuss the results of operations by individual reporting segment in order to better understand our consolidated operating performance. Certain other financial information is discussed on a consolidated basis following our segment discussion, including our results from discontinued operations. In addition to the summarized financial results below, refer to Note 11, "Segment Reporting," to the condensed consolidated financial statements for a reconciliation of each of our reporting segment's results of continuing operations to our consolidated results.

The comparability of our summarized consolidated financial results from continuing operations presented below is affected by, among other factors, (i) the performance of the Investment Funds, (ii) various acquisitions, primarily within our Automotive segment during 2017 and (iii) dispositions of assets, primarily with respect to our railcar lease fleet in 2017. Refer to our respective segment discussions and "Other Consolidated Results of Operations," below for further discussion.

Revenues			Net Income (Loss) From Continuing Operations		Net Income (Loss) From Continuing Operations Attributable to Icahn Enterprises	
	Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,	
	2018	2017	2018	2017	2018	2017
	(in millions)					
Investment	\$399	\$321	\$397	\$273	\$157	\$97
Automotive	737	697	(18)	(2)	(18)	(2)
Energy	1,922	1,433	68	(29)	42	(13)
Railcar	148	1,700	7	1,007	4	1,003
Metals	131	102	3	1	3	1
Mining	31	24	5	6	4	5
Food Packaging	97	97	(1)	—	—	—
Real Estate	29	25	8	2	8	2
Home Fashion	46	45	(3)	(4)	(3)	(4)
Holding Company	38	21	(33)	413	(33)	413
	\$3,578	\$4,465	\$433	\$1,667	\$164	\$1,502

Revenues			Net Income (Loss) From Continuing Operations		Net Income (Loss) From Continuing Operations Attributable to Icahn Enterprises	
	Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017	2018	2017
	(in millions)					
Investment	\$827	\$178	\$798	\$81	\$318	\$74
Automotive	1,423	1,335	(52)	(20)	(52)	(20)
Energy	3,520	2,953	160	(1)	97	4
Railcar	271	1,895	23	1,059	15	1,051
Metals	250	205	7	3	7	3
Mining	51	55	(1)	12	—	10
Food Packaging	188	186	(4)	2	(3)	1
Real Estate	51	44	14	2	14	2
Home Fashion	88	92	(8)	(7)	(8)	(7)
Holding Company	64	21	(116)	332	(116)	332
	\$6,733	\$6,964	\$821	\$1,463	\$272	\$1,450

Investment

We invest our proprietary capital through various private investment funds ("Investment Funds"). As of June 30, 2018 and December 31, 2017, we had investments with a fair market value of approximately \$3.3 billion and \$3.0 billion, respectively, in the Investment Funds. As of June 30, 2018 and December 31, 2017, the total fair market value of investments in the Investment Funds made by Mr. Icahn and his affiliates (excluding us) was approximately \$5.1 billion and \$4.4 billion, respectively.

Our Investment segment's results of operations are reflected in net income on the condensed consolidated statements of operations. Our Investment segment's net income is driven by the amount of funds allocated to the Investment Funds and the performance of the underlying investments in the Investment Funds. Future funds allocated to the Investment Funds may increase or decrease based on the contributions and redemptions by our Holding Company and by Mr. Icahn and his affiliates. Additionally, historical performance results of the Investment Funds are not indicative of future results as past market conditions, investment opportunities and investment decisions may not occur in the future. Changes in general market conditions coupled with changes in exposure to short and long positions have significant impact on our Investment segment's results of operations and the comparability of results of operations year over year and as such, future results of operations will be impacted by our future exposures and future market conditions, which may not be consistent with prior trends. Refer to the "Investment Segment Liquidity" section of our "Liquidity and Capital Resources" discussion for additional information regarding our Investment segment's exposure as of June 30, 2018.

For the three months ended June 30, 2018 and 2017, our Investment Funds' returns were 4.9% and 4.3%, respectively, and for the six months ended June 30, 2018 and 2017, our Investment Funds' returns were 10.5% and 1.4%, respectively. Our Investment Funds' returns represent a weighted-average composite of the average returns, net of expenses. The following table sets forth the performance attribution for the Investment Funds' returns.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Long positions	6.5 %	3.8 %	9.7 %	4.4 %
Short positions	(1.7)%	0.7 %	0.1 %	(2.7)%
Other	0.1 %	(0.2)%	0.7 %	(0.3)%
	4.9 %	4.3 %	10.5%	1.4 %

The following table presents net income (loss) for our Investment segment for the three and six months ended June 30, 2018 and 2017.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Long positions	\$532	\$241	\$725	\$660
Short positions	(149)	49	21	(535)
Other	14	(17)	52	(44)
	\$397	\$273	\$798	\$81

Three Months Ended June 30, 2018 and 2017

For the three months ended June 30, 2018, the Investment Funds' positive performance was driven by net gains in their long positions, offset in part by net losses in their short positions. The positive performance of our Investment segment's long positions was driven by gains from an energy sector investment and a consumer, non-cyclical sector investment aggregating \$478 million, offset in part by losses from a consumer non-cyclical sector investment of \$106 million. The aggregate performance of investments with net gains across various other sectors accounted for the additional positive performance of our Investment segment's long positions. Losses in short positions were attributable to the negative performance of broad market hedges of \$167 million offset in part by the performance of short

positions with net gains across various other sectors.

For the three months ended June 30, 2017, our Investment Funds' positive performance was driven by net gains in their long and short positions. The positive performance of our Investment segment's long positions was driven by gains from two consumer, non-cyclical sector investments with gains aggregating \$422 million. The aggregate performance of investments with gains across various other sectors accounted for the additional positive performance of our Investment segment's long positions. These gains were offset in part by the aggregate performance of investments with losses across various sectors,

including a consumer non-cyclical sector investment with a loss of \$141 million. Gains in short positions were attributable to the positive performance of three consumer, cyclical sector investments with gains aggregating \$448 million offset in part by the negative performance of broad market hedges aggregating \$378 million and losses from various other short positions.

Six Months Ended June 30, 2018 and 2017

For the six months ended June 30, 2018, the Investment Funds' positive performance was driven by net gains in their long positions. The positive performance of our Investment segment's long positions was driven by gains from an energy sector investment and consumer, non-cyclical sector investment aggregating approximately \$1.0 billion, offset in part by losses from a consumer non-cyclical sector investment of \$158 million and the aggregate performance of investments with net losses across various other sectors.

For the six months ended June 30, 2017, the Investment Funds' positive performance was driven by net gains in their long positions, offset in part by net losses in their short positions. The positive performance of our Investment segment's long positions was driven by gains from two consumer, non-cyclical sector investments, an energy sector investment and a technology sector investment with gains aggregating approximately \$1.0 billion. The aggregate performance of investments with gains across various other sectors accounted for the additional positive performance of our Investment segment's long positions. These gains were offset in part by the aggregate performance of investments with losses across various sectors, including a consumer non-cyclical sector investment with a loss of \$236 million. Losses in short positions were attributable to the negative performance of broad market hedges of approximately \$1.1 billion and the negative performance of various other short positions across multiple sectors. Losses in short positions were offset in part by the positive performance of short positions in the consumer, cyclical sector aggregating \$628 million.

Automotive

Our Automotive segment's results of operations are generally driven by the distribution and installation of automotive parts and are affected by the relative strength of automotive part replacement trends, among other factors. Acquisitions in recent years within our Automotive segment, including our acquisitions of the franchise businesses of Precision Tune Auto Care and American Driveline Systems, the franchisor of AAMCO and licensor of Cottman Transmission service centers, in 2017, provided operating synergies, expanded our market presence, strengthened our parts distribution channel and enhanced our Automotive segment's ability to better service its customers. Our Automotive segment's results of operations also include automotive services labor. Automotive services labor revenues are included in other revenues from operations in our condensed consolidated statements of operations, however, the sale of any installed parts or materials related to automotive services are included in net sales. Therefore, we discuss the combined results of our automotive net sales and automotive services labor revenues below.

Our Automotive segment is in the process of implementing a multi-year transformation plan, which includes the integration and restructuring of the operations of The Pep Boys - Manny, Moe & Jack ("Pep Boys"), IEH Auto Parts Holding LLC ("IEH Auto") and the franchise businesses of Precision Tune Auto Care and American Driveline Systems. Our Automotive segment's priorities include:

- Positioning the service business to take advantage of opportunities in the do-it-for-me market and vehicle fleets;
- Growing the commercial parts distribution business in high volume markets;
- Optimizing inventory across Icahn Automotive's parts and tire distribution network;
- Optimizing the store and warehouse footprint through openings, closings, consolidations and conversions by market;
- Digital initiatives including a new e-commerce platform and enhanced e-fulfillment capabilities;
- Investment in customer experience initiatives such as enhanced customer loyalty programs and selective upgrades in facilities;
- Investment in employees with focus on training and career development investments; and
- Continued integration of the businesses including, but not limited to, supply chain and information technology capabilities.

	Three Months		Six Months	
	Ended June		Ended June 30,	
	30,		30,	
	2018	2017	2018	2017
Net sales and services labor revenues	\$737	\$694	\$1,423	\$1,331
Cost of goods sold and services labor	501	492	975	948
Gross margin	\$236	\$202	\$448	\$383

(in millions)

Three Months Ended June 30, 2018 and 2017

Net sales and automotive services labor revenues for our Automotive segment for the three months ended June 30, 2018 increased by \$43 million (6%) as compared to the comparable prior year period. The increase was due to acquisitions which accounted for \$33 million of the increase and organic revenue growth of \$28 million, offset in part by \$18 million from the effects of the adoption of FASB ASC Topic 606. On an organic basis, commercial sales increased \$17 million (7%) driven by growth in both Pep Boys commercial programs as well as increases in IEH Auto sales, service sales (including labor) increased \$13 million (4%) due to growing do-it-for-me and fleet businesses, and retail sales decreased \$2 million (1%).

Cost of goods sold and automotive services labor for the three months ended June 30, 2018 increased by \$9 million (2%), as compared to the comparable prior year period. The increase was due to volume increases offset in part by the effects of the adoption of FASB ASC Topic 606 as discussed above. Gross margin on net sales and automotive services labor revenues for the three months ended June 30, 2018 increased by \$34 million (17%) as compared to the comparable prior year period. Gross margin as a percentage of net sales and automotive services labor revenues was 32% and 29% for the three months ended June 30, 2018 and 2017, respectively. The improvement in gross margin primarily reflects higher margin percentages from franchisor operations as well as higher margins in automotive services due to cost improvements and selective price increases.

Six Months Ended June 30, 2018 and 2017

Net sales and automotive services labor revenues for our Automotive segment for the six months ended June 30, 2018 increased by \$92 million (7%) as compared to the comparable prior year period. The increase was due to acquisitions which accounted for \$71 million of the increase and organic revenue growth of \$57 million, offset in part by \$36 million from the effects of the adoption of FASB ASC Topic 606. On an organic basis, services sales (including labor) increased \$33 million (6%) due to growing do-it-for-me and fleet businesses, commercial sales increased \$25 million (6%) driven by growth in both Pep Boys commercial programs as well as increases in IEH Auto sales, and retail sales decreased by \$1 million (0%).

Cost of goods sold and automotive services labor for the six months ended June 30, 2018 increased by \$27 million (3%), as compared to the comparable prior year period. The increase was due to volume increases offset in part by the effects of the adoption of FASB ASC Topic 606 as discussed above. Gross margin on net sales and automotive services labor revenues for the six months ended June 30, 2018 increased by \$65 million (17%) as compared to the comparable prior year period. Gross margin as a percentage of net sales and automotive services labor revenues was 31% and 29% for the six months ended June 30, 2018 and 2017, respectively. The improvement in gross margin primarily reflects higher margin percentages from franchisor operations as well as higher margins in automotive services due to cost improvements and selective price increases.

Energy

Our Energy segment is primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing businesses. The petroleum business accounted for approximately 95%, and 94% of our Energy segment's net sales for the six months ended June 30, 2018 and 2017, respectively.

The results of operations of the petroleum business are primarily affected by the relationship between refined product prices and the prices for crude oil and other feedstocks that are processed and blended into petroleum products, such as gasoline, diesel fuel and jet fuel, that are produced by a refinery ("refined products"). The cost to acquire crude oil and other feedstocks and the price for which refined products are ultimately sold depend on factors beyond our Energy

segment's control, including the supply of and demand for crude oil, as well as gasoline and other refined products. This supply and demand depends on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and the extent of government regulation. Because the petroleum business applies first-in, first-out accounting to value its inventory, crude oil price movements may impact gross margin in the short term because of changes in the value of its unhedged on-hand inventory. The effect of changes in crude oil prices on the petroleum business' results of operations is influenced by the rate at which the prices of refined products adjust to reflect these changes.

In addition to current market conditions, there are long-term factors that may impact the demand for refined products. These factors include mandated renewable fuels standards, proposed climate change laws and regulations, and increased mileage standards for vehicles. The petroleum business is also subject to the Renewable Fuel Standard of the United States Environmental Protection Agency, which requires it to either blend “renewable fuels” in with its transportation fuels or purchase renewable fuel credits, known as renewable identification numbers (“RINs”), in lieu of blending. The price of RINs has been extremely volatile and the future cost of RINs for the petroleum business is difficult to estimate. Additionally, the cost of RINs is dependent upon a variety of factors, which include the availability of RINs for purchase, the price at which RINs can be purchased, transportation fuel production levels, the mix of the petroleum business' petroleum products, as well as the fuel blending performed at its refineries and downstream terminals, all of which can vary significantly from period to period. Refer to Note 16, "Commitments and Contingencies," to the condensed consolidated financial statements for further discussion of RINs.

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Net sales	\$1,914	\$1,434	\$3,451	\$2,942
Cost of goods sold	1,776	1,416	3,206	2,834
Gross margin	\$138	\$18	\$245	\$108

Three Months Ended June 30, 2018 and 2017

Net sales for our Energy segment increased by \$480 million (33%) for the three months ended June 30, 2018 as compared to the comparable prior year period. The increase was primarily due to our petroleum business as a result of higher sales prices, including increases of approximately 32% for gasoline and 42% for distillates as compared to the comparable prior year period. This increase was offset in part by a decrease in sales volume for our petroleum and nitrogen fertilizer business' products.

Cost of goods sold for our Energy segment increased by \$360 million (25%) for the three months ended June 30, 2018 as compared to the comparable prior year period. The increase was primarily due to our petroleum business as a result of a higher cost of consumed crude oil costs due to an increase in crude oil prices. This increase was offset in part by volume decreases for our petroleum business' products and lower third-party costs and volume for our nitrogen fertilizer business.

Gross margin for our Energy segment increased by \$120 million for the three months ended June 30, 2018 as compared to the comparable prior year period. Gross margin as a percentage of net sales was 7% and 1% for the three months ended June 30, 2018 and 2017, respectively, with an increase attributable to our petroleum business offset in part by a decrease attributable to our fertilizer business. The increase in the gross margin as a percentage of net sales for our petroleum business was primarily due to higher gross margins per barrel resulting from a higher spread between crude oil and transportation fuels pricing.

Six Months Ended June 30, 2018 and 2017

Net sales for our Energy segment increased by \$509 million (17%) for the six months ended June 30, 2018 as compared to the comparable prior year period. The increase was primarily due to our petroleum business as a result of higher sales prices, including increases of approximately 26% for gasoline and 35% for distillates as compared to the comparable prior year period. This increase was offset in part by a decrease in sales volume for our petroleum and nitrogen fertilizer business' products.

Cost of goods sold for our Energy segment increased by \$372 million (13%) for the six months ended June 30, 2018 as compared to the comparable prior year period. The increase was primarily due to our petroleum business as a result of a higher cost of consumed crude oil costs due to an increase in crude oil prices, offset in part by a decrease in the cost of other feedstocks and RINs as well as by volume decreases for our petroleum business' products.

Gross margin for our Energy segment increased by \$137 million for the six months ended June 30, 2018 as compared to the comparable prior year period. Gross margin as a percentage of net sales was 7% and 4% for the six months ended June 30, 2018 and 2017, respectively, with an increase attributable to our petroleum business offset in part by a decrease attributable to our fertilizer business. The increase in the gross margin as a percentage of net sales for our petroleum business was primarily due to higher gross margins per barrel resulting from a higher spread between crude

oil and transportation fuels pricing.

48

Railcar

Our Railcar segment's results of operations are generally driven by the manufacturing and leasing of railcars. On June 1, 2017 we sold American Railcar Leasing, LLC ("ARL") along with a majority of its railcar lease fleet. We sold the substantial majority of the remaining railcars previously owned by ARL throughout the remainder of 2017 and the first half of 2018.

	Three Months Ended June 30, 2018 2017		Six Months Ended June 30, 2018 2017	
	(in millions)			
Net Sales/Other Revenues From Operations:				
Manufacturing	\$90	\$55	\$154	\$116
Railcar Leasing	35	95	69	214
Railcar Services	22	26	40	40
	\$147	\$176	\$263	\$370
Cost of Goods Sold/Other Expenses From Operations:				
Manufacturing	\$84	\$50	\$142	\$105
Railcar Leasing	14	23	27	57
Railcar Services	18	16	34	25
	\$116	\$89	\$203	\$187
Gross Margin:				
Manufacturing	\$6	\$5	\$12	\$11
Railcar Leasing	21	72	42	157
Railcar Services	4	10	6	15
	\$31	\$87	\$60	\$183

Summarized shipments of railcars to leasing and non-leasing customers for the three and six months ended June 30, 2018 and 2017 are as follows:

	Three Months Ended June 30, 20182017		Six Months Ended June 30, 2018 2017	
Shipments to leasing customers	19	545	214	1,147
Shipments to non-leasing customers	914	531	1,530	1,080
	933	1,076	1,744	2,227

As of June 30, 2018, our Railcar segment had a backlog of 3,387 railcars, including 1,041 railcars expected to be built for lease customers and 2,346 railcars for non-lease customers. In response to changes in customer demand, our Railcar segment continues to adjust production rates at its railcar manufacturing facilities as needed.

Three Months Ended June 30, 2018 and 2017

Total manufacturing revenues for the three months ended June 30, 2018 increased by \$35 million (64%) as compared to the comparable prior year period. The increase was primarily due to an increase in shipments to non-leasing customers offset in part by a decrease in average selling prices due to a shift in mix of railcars shipped as well as more competitive pricing for both hopper and tank railcars.

Gross margin from manufacturing operations for the three months ended June 30, 2018 increased by \$1 million as compared to the comparable prior year period. Gross margin from manufacturing operations as a percentage of manufacturing revenues was 7% and 9% for the three months ended June 30, 2018 and 2017, respectively. The decrease in gross margin as a percentage of revenue was due to higher costs associated with lower production volumes and a more competitive market for both hopper and tank railcars.

Railcar leasing revenues decreased for the three months ended June 30, 2018 as compared to the comparable prior year period due to a decrease in leased railcars as a result of the closing of the ARL Initial Sale on June 1, 2017 as well as a decrease

in weighted average lease rates. The lease fleet decreased to 13,128 railcars at June 30, 2018 from 16,905 railcars at June 30, 2017.

Six Months Ended June 30, 2018 and 2017

Total manufacturing revenues for the six months ended June 30, 2018 increased by \$38 million (33%) as compared to the comparable prior year period. The increase was primarily due to an increase in shipments to non-leasing customers offset in part by a decrease in average selling prices due to a shift in mix of railcars shipped as well as more competitive pricing for both hopper and tank railcars.

Gross margin from manufacturing operations for the six months ended June 30, 2018 increased by \$1 million as compared to the comparable prior year period. Gross margin from manufacturing operations as a percentage of manufacturing revenues was 8% and 9% for the six months ended June 30, 2018 and 2017, respectively. The decrease in gross margin as a percentage of revenue was due to higher costs associated with lower production volumes and a more competitive market for both hopper and tank railcars.

Railcar leasing revenues decreased for the six months ended June 30, 2018 as compared to the comparable prior year period due to a decrease in leased railcars as a result of the sale of ARL in 2017 as well as a decrease in weighted average lease rates. The lease fleet decreased to 13,128 railcars at June 30, 2018 from 16,905 railcars at June 30, 2017.

Metals

The scrap metals business is highly cyclical and is substantially dependent upon the overall economic conditions in the United States and other global markets. Ferrous and non-ferrous scrap has been historically vulnerable to significant declines in consumption and product pricing during prolonged periods of economic downturn or stagnation.

Three Months Ended June 30, 2018 and 2017

Net sales for the three months ended June 30, 2018 increased by \$30 million (29%) compared to the comparable prior year period primarily due to higher shipment volumes of ferrous and non-ferrous materials and higher average selling prices for most grades of material. Ferrous selling prices increased due to higher market pricing as domestic mill production benefited from trade cases and speculation regarding the recent probe into steel imports. Improved consumer market pricing was also driven primarily by the increased demand from domestic steel mills. Non-ferrous shipment volumes increased primarily due to the capital investment in aluminum processing at one of our facilities made in late 2017, while higher pricing reflected higher terminal market prices.

Cost of goods sold for the three months ended June 30, 2018 increased by \$26 million (27%) compared to the comparable prior year period. The increase was due to higher shipment volumes, as discussed above, and to increased material costs due to higher market prices. Gross margin as a percentage of net sales was 6% and 4% for the three months ended June 30, 2018 and 2017, respectively. Our Metals segments continues to focus on disciplined buying and efforts to bring processing costs in line with volume and market pricing.

Six Months Ended June 30, 2018 and 2017

Net sales for the six months ended June 30, 2018 increased by \$45 million (22%) compared to the comparable prior year period primarily due to higher shipment volumes of ferrous and non-ferrous materials and higher average selling prices for most grades of material. Ferrous selling prices increased due to higher market pricing as domestic mill production benefited from trade cases and speculation regarding the recent probe into steel imports. Improved consumer market pricing was also driven primarily by the increased demand from domestic steel mills. Non-ferrous shipment volumes increased primarily due to the capital investment in aluminum processing at one of our facilities made in late 2017, while higher pricing reflected higher terminal market prices.

Cost of goods sold for the six months ended June 30, 2018 increased by \$40 million (21%) compared to the comparable prior year period. The increase was primarily due to higher shipment volumes, as discussed above, and to increased material costs due to higher market prices. Gross margin as a percentage of net sales was 6% and 5% for the six months ended June 30, 2018 and 2017, respectively. As discussed above, our Metals segments continues to focus on disciplined buying and efforts to bring processing costs in line with volume and market pricing.

Mining

Our Mining segment's performance is driven by global iron ore prices and demand for raw materials from Chinese steelmakers. Since acquiring Ferrous Resources Ltd. in 2015, our Mining segment has been concentrating on sales in

its domestic market, Brazil.

50

Three Months Ended June 30, 2018 and 2017

Net sales for the three months ended June 30, 2018 increased \$4 million as compared to the comparable prior year period primarily due to iron ore price and volume increases. Cost of goods sold for the three months ended June 30, 2018 increased \$6 million (46%) compared to the comparable prior year period due to a certain plant operation resuming in 2018, increasing the cost of production.

Six Months Ended June 30, 2018 and 2017

Net sales for the six months ended June 30, 2018 decreased \$9 million as compared to the comparable prior year period primarily due to iron ore price and volume decreases. Cost of goods sold for the six months ended June 30, 2018 increased \$6 million (20%) compared to the comparable prior year period due to a certain plant operation resuming in 2018, increasing the cost of production, offset in part by volume decreases.

Food Packaging

Our Food packaging segment's results of operations are primarily driven by the production and sale of cellulosic, fibrous and plastic casings for the processed meat and poultry industry and derives a majority of its total net sales from customers located outside the United States.

Three Months Ended June 30, 2018 and 2017

Net sales for the three months ended June 30, 2018 increased by \$5 million (5%) as compared to the corresponding prior year period. The increase was primarily due to higher sales volume and the favorable effects of foreign exchange, offset in part by unfavorable price and product mix. Cost of goods sold for the three months ended June 30, 2018 increased by \$5 million (7%) as compared to the corresponding prior year period due to higher sales volume, lower production volume resulting in lower fixed cost absorption, input material and labor cost increases, offset in part by lower cost related to acquisition synergies. Gross margin as a percentage of net sales was 23% and 24% for the three months ended June 30, 2018 and 2017, respectively.

Six Months Ended June 30, 2018 and 2017

Net sales for the six months ended June 30, 2018 increased by \$12 million (6%) as compared to the corresponding prior year period. The increase was primarily due to higher sales volume and the favorable effects of foreign exchange, offset in part by unfavorable price and product mix. Cost of goods sold for the six months ended June 30, 2018 increased by \$14 million (10%) as compared to the corresponding prior year period due to higher sales volume, lower production volume resulting in lower fixed cost absorption, input material and labor cost increases, offset in part by lower cost related to acquisition synergies. Gross margin as a percentage of net sales was 22% and 24% for the six months ended June 30, 2018 and 2017, respectively. The decrease in gross margin as a percentage of net sales over the comparable periods was primarily due to increasing raw material costs and lower fixed cost absorption.

Real Estate

Real Estate revenues and expenses include sales of residential units, results from club operations and rental income and expenses, including income from financing leases. Sales of residential units are included in net sales in our condensed consolidated financial statements. Results from club and rental operations, including financing lease income, are included in other revenues from operations in our condensed consolidated financial statements. Revenue from our real estate operations for each of the three and six months ended June 30, 2018 and 2017 were substantially derived from income from club and rental operations.

Home Fashion

Our Home Fashion segment is significantly influenced by the overall economic environment, including consumer spending, at the retail level, for home textile products.

Three Months Ended June 30, 2018 and 2017

Net sales for the three months ended June 30, 2018 was flat compared to the comparable prior year period. Cost of goods sold for the three months ended June 30, 2018 decreased by \$1 million (3%) compared to the comparable prior year period. The decrease was primarily due to product mix. Gross margin as a percentage of net sales was 13% and 11% for the three months ended June 30, 2018 and 2017, respectively.

Six Months Ended June 30, 2018 and 2017

Net sales for the six months ended June 30, 2018 decreased by \$5 million (5%) compared to the comparable prior year period. The decrease was primarily due to lower sales volume. Cost of goods sold for the six months ended June 30, 2018

decreased by \$5 million (6%) compared to the comparable prior year period. The decrease was primarily due to lower sales volume. Gross margin as a percentage of net sales was 14% and 13% for the six months ended June 30, 2018 and 2017, respectively.

Other Consolidated Results of Operations

Gain On Disposition of Assets, Net

On June 1, 2017, we closed on the initial sale of ARL, resulting in a pretax gain on disposition of assets of approximately \$1.5 billion recorded by our Railcar segment for the three and six months ended June 30, 2017.

Selling, General and Administrative

Three Months Ended June 30, 2018 and 2017

Our consolidated selling, general and administrative for the three months ended June 30, 2018 increased by \$45 million (15%) as compared to the comparable prior year period. The increase was primarily attributable to an increase from our Automotive segment of \$46 million primarily due to the inclusion of various acquisitions of automotive businesses as well as costs associated with the growth of the commercial parts business.

Six Months Ended June 30, 2018 and 2017

Our consolidated selling, general and administrative for the six months ended June 30, 2018 increased by \$75 million (12%) as compared to the comparable prior year period. The increase was primarily attributable to an increase from our Automotive segment of \$88 million primarily due to the inclusion of various acquisitions of automotive businesses as well as costs associated with the growth of the commercial parts business. This increase was offset in part by a decrease in our Railcar segment due to the sale of ARL in the second quarter of 2017.

Interest Expense

Three Months Ended June 30, 2018 and 2017

Our consolidated interest expense during the three months ended June 30, 2018 decreased by \$52 million as compared the corresponding prior year period. The decrease was primarily due to lower interest expense from our Investment segment attributable to a decrease in due to broker balances over the respective periods, as well as lower interest expense from our Railcar segment due to the sale of ARL in the second quarter of 2017. These decreases were offset in part by higher interest expense from our Holding Company due to debt refinancing in December 2017, resulting in debt with higher interest rates.

Six Months Ended June 30, 2018 and 2017

Our consolidated interest expense during the six months ended June 30, 2018 decreased by \$84 million as compared the corresponding prior year period. The decrease was primarily due to lower interest expense from our Investment segment attributable to a decrease in due to broker balances over the respective periods, as well as lower interest expense from our Railcar segment due to the sale of ARL in the second quarter of 2017. These decreases were offset in part by higher interest expense from our Holding Company due to debt refinancing in December 2017, resulting in debt with higher interest rates.

Income Tax Expense

Certain of our subsidiaries are partnerships not subject to taxation in our consolidated financial statements and certain other subsidiaries are corporations, or subsidiaries of corporations, subject to taxation in our consolidated financial statements. Therefore, our consolidated effective tax rate generally differs from the statutory federal tax rate. For the three and six months ended June 30, 2018, the statutory federal tax rate was 21% which decreased as compared to the statutory federal tax rate of 35% for the three and six months ended June 30, 2017, as a result of tax legislation enacted in December 2017. Refer to Note 13, "Income Taxes," to the condensed consolidated financial statements for a discussion of income taxes.

Discontinued Operations

As discussed in Note 1, "Description of Business," we operated discontinued operations previously included in our Automotive segment and our former Gaming segment effective in the second quarter of 2018. The sales of the businesses are each expected to close in the second half of 2018.

Following the sale of Federal-Mogul, we will obtain a non-controlling interest in Tenneco Inc. ("Tenneco"), the purchaser of Federal-Mogul. In addition, All of Federal-Mogul's outstanding debt at the time of closing will be assumed by Tenneco.

See Note 12, "Discontinued Operations," for financial information with respect to each of our discontinued operating businesses.

Liquidity and Capital Resources

Holding Company Liquidity

We are a holding company. Our cash flow and our ability to meet our debt service obligations and make distributions with respect to depositary units likely will depend on the cash flow resulting from divestitures, equity and debt financings, interest income, returns on our interests in the Investment Funds and the payment of funds to us by our subsidiaries in the form of loans, dividends and distributions. We may pursue various means to raise cash from our subsidiaries. To date, such means include receipt of dividends and distributions from subsidiaries, obtaining loans or other financings based on the asset values of subsidiaries or selling debt or equity securities of subsidiaries through capital market transactions. To the degree any distributions and transfers are impaired or prohibited, our ability to make payments on our debt or distributions on our depositary units could be limited. The operating results of our subsidiaries may not be sufficient for them to make distributions to us. In addition, our subsidiaries are not obligated to make funds available to us and distributions and intercompany transfers from our subsidiaries to us may be restricted by applicable law or covenants contained in debt agreements and other agreements.

As of June 30, 2018, our Holding Company had cash and cash equivalents of \$79 million and total debt of approximately \$5.5 billion. As of June 30, 2018, our Holding Company had investments in the Investment Funds with a total fair market value of approximately \$3.3 billion. We may redeem our direct investment in the Investment Funds upon notice. See "Segment Liquidity and Capital Resources" below for additional information with respect to our Investment segment liquidity.

Agreements to Sell Interests in Consolidated Subsidiaries

In April 2018, we announced definitive agreements to sell Federal-Mogul and Tropicana which are expected to provide significant additional liquidity to our Holding Company. Each transaction is expected to close in the second half of 2018. Refer to Note 1, "Description of Business," to the condensed consolidated financial statements for further discussion.

Distributions From/Investments In Subsidiaries

During the six months ended June 30, 2018, we received \$77 million in aggregate dividends and distributions from our Energy segment. In addition, CVR Energy and CVR Refining declared a quarterly dividend and distribution, respectively, which will result in an additional aggregate \$57 million in dividends and distributions payable to us in the third quarter of 2018.

During the six months ended June 30, 2018, we received \$26 million in aggregate dividends and distributions from our Railcar segment. In addition, ARI declared a quarterly dividend, which will result in an additional \$5 million in dividends payable to us in the third quarter of 2018.

During the six months ended June 30, 2018, we received \$22 million in distributions from our Real Estate segment.

During the six months ended June 30, 2018, we invested \$240 million in our Automotive segment.

Purchase of Additional Interests in Consolidated Subsidiaries

During January 2018, we increased our ownership in Viskase to 78.6% through a rights offering for additional shares of Viskase common stock for an aggregate additional investment of \$44 million.

Holding Company Borrowings and Availability

	June 30, December 31,	
	2018	2017
	(in millions)	
6.000% senior unsecured notes due 2020	\$1,703	\$ 1,703
5.875% senior unsecured notes due 2022	1,342	1,342
6.250% senior unsecured notes due 2022	1,215	1,216
6.750% senior unsecured notes due 2024	498	498
6.375% senior unsecured notes due 2025	747	748
	\$5,505	\$ 5,507

Holding Company debt consists of various issues of fixed-rate senior unsecured notes issued by Icahn Enterprises and Icahn Enterprises Finance Corp. and guaranteed by Icahn Enterprises Holdings. Interest on each of the senior unsecured notes are payable semi-annually.

The indentures governing our senior unsecured notes described above restrict the payment of cash distributions, the purchase of equity interests or the purchase, redemption, defeasance or acquisition of debt subordinated to the senior unsecured notes. The indentures also restrict the incurrence of debt or the issuance of disqualified stock, as defined in the indentures, with certain exceptions. In addition, the indentures require that on each quarterly determination date we and the guarantor of the notes (currently only Icahn Enterprises Holdings) maintain certain minimum financial ratios, as defined therein. The indentures also restrict the creation of liens, mergers, consolidations and sales of substantially all of our assets, and transactions with affiliates. Additionally, each of the senior unsecured notes outstanding as of June 30, 2018 are subject to optional redemption premiums in the event we redeem any of the notes prior to certain dates as described in the indentures.

As of June 30, 2018 and 2017, we were in compliance with all covenants, including maintaining certain minimum financial ratios, as defined in the indentures. Additionally, as of June 30, 2018, based on covenants in the indentures governing our senior unsecured notes, we are permitted to incur approximately \$705 million of additional indebtedness.

Distributions on Depositary Units

On July 31, 2018, the Board of Directors of the general partner of Icahn Enterprises declared a quarterly distribution in the amount of \$1.75 per depositary unit. The quarterly distribution is payable in either cash or additional depositary units, at the election of each depositary unit holder and will be paid on or about September 18, 2018 to depositary unit holders of record at the close of business on August 13, 2018.

During the six months ended June 30, 2018, we declared two quarterly distributions aggregating \$3.50 per depositary unit. Mr. Icahn and his affiliates elected to receive their proportionate share of these distributions in depositary units. Mr. Icahn and his affiliates owned approximately 91.3% of Icahn Enterprises' outstanding depositary units as of June 30, 2018. In connection with these distributions, aggregate cash distributions to all depositary unit holders was \$47 million during the six months ended June 30, 2018.

The declaration and payment of distributions is reviewed quarterly by Icahn Enterprises GP's board of directors based upon a review of our balance sheet and cash flow, our expected capital and liquidity requirements, the provisions of our partnership agreement and provisions in our financing arrangements governing distributions, and keeping in mind that limited partners subject to U.S. federal income tax have recognized income on our earnings even if they do not receive distributions that could be used to satisfy any resulting tax obligations. The payment of future distributions will be determined by the board of directors quarterly, based upon the factors described above and other factors that it deems relevant at the time that declaration of a distribution is considered. Payments of distributions are subject to certain restrictions, including certain restrictions on our subsidiaries which limit their ability to distribute dividends to us. There can be no assurance as to whether or in what amounts any future distributions might be paid.

Investment Segment Liquidity

During the six months ended June 30, 2018, affiliates of Mr. Icahn (excluding us and our subsidiaries) invested \$280 million in the Investment Funds. In addition to investments by us and Mr. Icahn, the Investment Funds historically have access to significant amounts of cash available from prime brokerage lines of credit, subject to customary terms and market conditions.

Additionally, our Investment segment liquidity is driven by the investment activities and performance of the Investment Funds. As of June 30, 2018, the Investment Funds' had a net long notional exposure of 11%. The Investment Funds' long exposure was 99% (97% long equity and 2% long credit and other) and its short exposure was 88% (85% short equity, 3% short credit and other). The notional exposure represents the ratio of the notional exposure of the Investment Funds' invested capital to the net asset value of the Investment Funds at June 30, 2018.

Of the Investment Funds' 99% long exposure, 96% was comprised of the fair value of its long positions (with certain adjustments) and 3% was comprised of single name equity forward contracts and credit contracts. Of the Investment Funds' 88% short exposure, 4% was comprised of the fair value of our short positions and 84% was comprised of short credit default swap contracts and short broad market index swap derivative contracts.

With respect to both our long positions that are not notionalized (96% long exposure) and our short positions that are not notionalized (4% short), each 1% change in exposure as a result of purchases or sales (assuming no change in value) would have a 1% impact on our cash and cash equivalents (as a percentage of net asset value). Changes in exposure as a result of purchases and sales as well as adverse changes in market value would also have an effect on

funds available to us pursuant to prime brokerage lines of credit.

With respect to the notional value of our other short positions (84% short exposure), our liquidity would decrease by the balance sheet unrealized loss if we were to close the positions at quarter end prices. This would be offset by a release of restricted cash balances collateralizing these positions as well as an increase in funds available to us pursuant to certain prime

brokerage lines of credit. If we were to increase our short exposure by adding to these short positions, we would be required to provide cash collateral equal to a small percentage of the initial notional value at counterparties that require cash as collateral and then post additional collateral equal to 100% of the mark to market on adverse changes in fair value. For our counterparties who do not require cash collateral, funds available from lines of credit would decrease.

Other Segment Liquidity

Segment Cash and Cash Equivalents

Segment cash and cash equivalents (excluding our Investment segment) consists of the following:

	June 30,	December 31,
	2018	2017
	(in millions)	
Automotive	\$53	\$ 52
Energy	534	482
Railcar	104	100
Metals	11	24
Mining	11	15
Food Packaging	46	16
Real Estate	30	32
Home Fashion	1	—
	\$790	\$ 721

Segment Borrowings and Availability

Segment debt consists of the following:

	June	December 31,
	30,	2017
	2018	
	(in millions)	
Automotive	\$324	\$ 340
Energy	1,167	1,166
Railcar	533	546
Metals	1	1
Mining	54	58
Food Packaging	270	273
Real Estate	20	22
Home Fashion	6	5
	\$2,375	\$ 2,411

Refer to our Annual Report on Form 10-K for the year ended December 31, 2017 for information concerning terms, restrictions and covenants pertaining to our subsidiaries' debt. As of June 30, 2018, our subsidiaries are in compliance with all debt covenants.

Our segments have additional borrowing availability under certain revolving credit facilities as summarized below:

	June 30,
	2018
	(in
	millions)
Automotive	\$ 96
Energy	444
Railcar	200
Food Packaging	8
Home Fashion	24
	\$ 772

In addition to the above, in July 2018, our Metals segment obtained an asset-based lending facility with borrowing availability of up to \$65 million. The above outstanding debt and borrowing availability with respect to each of our continuing operating segments reflects third-party obligations. Certain terms of financings for certain of our businesses impose restrictions on the business' ability to transfer funds to us, including restrictions on dividends, distributions, loans and other transactions.

Subsidiary Dividends and Distributions to Non-Controlling Interests

During the six months ended June 30, 2018, our Energy and Railcar segments had dividends and distributions to non-controlling interests of \$58 million and \$6 million, respectively.

Consolidated Cash Flows

Our Holding Company's cash flows are generally driven by payments and proceeds associated with our senior unsecured debt obligations and payments and proceeds associated with equity transactions with Icahn Enterprises' depositary unitholders. Additionally, our Holding Company's cash flows include transactions with our Investment and other operating segments. Our Investment segment's cash flows are primarily driven by investment transactions, which are included in net cash flows from operating activities due to the nature of its business, as well as contributions and distributions from Mr. Icahn and his affiliates (including Icahn Enterprises and Icahn Enterprises Holdings), which are included in net cash flows from financing activities. Our other operating segments' cash flows are driven by the activities and performance of each business as well as transactions with our Holding Company, as discussed below.

The following table summarizes cash flow information for the six months ended June 30, 2018 and 2017 for Icahn Enterprises' reporting segments, discontinued operations and our Holding Company:

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Net Cash Provided By (Used In)			Net Cash Provided By (Used In)		
	Operating Activities	Investing Activities	Financing Activities	Operating Activities	Investing Activities	Financing Activities
	(in millions)					
Holding Company	\$ (166)	\$ (233)	\$ (48)	\$ (146)	\$ 107	\$ 467
Investment	(709)	—	280	(1,380)	—	1,600
Other Operating Segments:						
Automotive	(139)	(57)	253	(97)	(53)	148
Energy	229	(41)	(136)	242	(59)	(89)
Railcar	52	(3)	(45)	134	(89)	(234)
Metals	(10)	(2)	(1)	(3)	(3)	11
Mining	(1)	(23)	20	15	(17)	13
Food Packaging	(2)	(11)	43	5	(40)	9
Real Estate	27	(1)	(20)	8	51	(32)
Home Fashion	5	(2)	1	—	(2)	2
Other operating segments	161	(140)	115	304	(212)	(172)
Discontinued operations	228	(255)	(58)	285	(181)	(21)
Total before eliminations	(486)	(628)	289	(937)	(286)	1,874
Eliminations	—	233	(233)	—	801	(801)
Consolidated	\$ (486)	\$ (395)	\$ 56	\$ (937)	\$ 515	\$ 1,073

Eliminations

Eliminations in the table above relate to our Holding Company's transactions with our Investment and other operating segments. Our Holding Company's net investments in the Investments Funds were zero and \$1.0 billion for the six months ended June 30, 2018 and 2017, respectively, which are included in cash flows from investing activities for our Holding Company and cash flows from financing activities for our Investment segment. Our Holding Company's net (investments in) distributions from our other operating segments were \$(233) million and \$79 million for the six

months ended June 30, 2018 and 2017, respectively, which are included in cash flows from investing activities for our Holding Company and cash flows from financing activities for our other operating segments. In addition, our Holding Company repaid a loan from our Railcar segment of \$120 million during the six months ended June 30, 2017.

Holding Company

Our Holding Company's cash flows from operating activities for each of the six months ended June 30, 2018 and 2017 were primarily attributable to our semi-annual interest payments on our senior unsecured notes.

Our Holding Company's cash flows from investing activities for the six months ended June 30, 2018 were due to an investment in our Automotive segment of \$240 million, contributions to our Food Packaging segment in connection with Viskase's rights offering of \$44 million and other net contributions to our subsidiaries of \$74 million, offset in part by dividends and distributions received from our Energy, Railcar and Real Estate segments aggregating \$125 million. For the six months ended June 30, 2017, our Holding Company had proceeds of approximately \$1.3 billion from the sale of ARL and aggregate dividends and distributions received from our Energy, Railcar and Real Estate segments aggregating \$113 million, offset in part by net investments in the Investment Funds of \$1.0 billion and payments to acquire additional outstanding common stock of Federal-Mogul for \$254 million and other net contributions to our subsidiaries of \$34 million.

Our Holding Company's cash flows from financing activities for the six months ended June 30, 2018 was due to payments on our aggregate quarterly distributions of \$48 million (including \$1 million in distributions to our general partner in order to maintain its ownership percentage in us). Our Holding Company's cash flows from financing activities for the six months ended June 30, 2017 were due to aggregate proceeds from our rights offering of \$612 million (which includes a contribution of \$12 million from our general partner in order to maintain its aggregate 1.99% general partner interest in us) and net proceeds from our senior unsecured debt refinancing of \$20 million, offset in part by repayment of an intercompany loan due to ARL of \$120 million and payments on our aggregate quarterly distributions of \$40 million.

Investment Segment

Our Investment segment's cash flows from operating activities for the comparable periods were attributable to its net investment transactions.

Our Investment segment's cash flows from financing activities for the comparable periods were due to net contributions from our Holding Company and Mr. Icahn and his affiliates. For the six months ended June 30, 2018, Mr. Icahn and his affiliates (excluding us) invested \$280 million in the Investment Funds. For the six months ended June 30, 2017, our Holding Company invested \$1.0 billion in the Investment Funds, net of redemptions and Mr. Icahn and his affiliates (excluding us) invested an additional \$600 million in the Investment Funds.

Other Operating Segments

Our other operating segments' cash flows from operating activities were primarily attributable to net cash flows from operating activities before changes in operating assets and liabilities of \$388 million and \$396 million for the six months ended June 30, 2018 and 2017, respectively. The change in net cash provided by operating activities from our other operating segments in 2018 compared to 2017 was primarily attributable to changes in operating assets and liabilities, particularly from our Energy segment, offset in part by our Automotive segment.

Our other operating segments cash flows from investing activities for the six months ended June 30, 2018 and 2017 were primarily due to capital expenditures. For the six months ended June 30, 2018, our Automotive segment's capital expenditures were \$37 million, primarily for store improvements, our Energy segment had capital expenditures of \$42 million, primarily for maintenance, our Railcar segment's capital expenditures were \$24 million, primarily for railcars for lease, and our Mining segment capital expenditures were \$23 million. For the six months ended June 30, 2017, our Automotive, Energy, Railcar and Mining segments had capital expenditures of \$35 million, \$58 million, \$109 million, and \$17 million, respectively.

Our other operating segments cash flows from financing activities for the six months ended June 30, 2018 and 2017 were primarily due to contributions from us, dividends and distributions to us and non-controlling interests, and net debt transactions. For the six months ended June 30, 2018 and 2017, our other operating segments had net cash contributions from (distributions to) our Holding Company of \$233 million and \$(79) million, respectively, as described above. Distributions to non-controlling interests were \$62 million and \$24 million for the six months ended June 30, 2018 and 2017, respectively, primarily from our Energy, Railcar and Real Estate segments. In addition, for the six months ended June 30, 2018 and 2017, our other operating segments had net cash repayments for debt transactions of \$39 million and \$75 million, respectively.

Discontinued Operations

Our cash flows from operating activities from discontinued operations for the six months ended June 30, 2018 was comprised of \$146 million provided by Federal-Mogul and \$82 million provided by our former Gaming segment compared to \$228 million provided by Federal-Mogul and \$57 million provided by our former Gaming segment for the six months ended June 30, 2017. Cash flows provided by operating activities from discontinued operations was net of cash payments for interest

of \$86 million for Federal-Mogul and \$3 million for our former Gaming segment for the six months ended June 30, 2018 and \$64 million for Federal-Mogul and \$7 million for our former Gaming segment for the six months ended June 30, 2017.

Our cash flows from investing activities from discontinued operations for the six months ended June 30, 2018 was comprised of \$210 million used by Federal-Mogul and \$45 million used by our former Gaming segment compared to \$181 million used by Federal-Mogul and zero for our former Gaming segment for the six months ended June 30, 2017. Federal-Mogul's capital expenditures were \$215 million and \$185 million for the six months ended June 30, 2018 and 2017, respectively, and our former Gaming segment's capital expenditures were \$46 million and \$53 million for the six months ended June 30, 2018 and 2017, respectively. Our former Gaming segment also had proceeds from the disposition of assets of \$50 million for the six months ended June 30, 2017.

Our cash flows from financing activities from discontinued operations for the six months ended June 30, 2018 was comprised of \$8 million used by Federal-Mogul and \$50 million used by our former Gaming segment compared to \$19 million used by Federal-Mogul and \$2 million used by our former Gaming segment for the six months ended June 30, 2017. Cash flow used in financing activities from discontinued operations relate primarily to net debt transactions. For the six months ended June 30, 2018, Federal-Mogul's cash flows from financing activities included \$2 million paid to non-controlling interests.

Consolidated Capital Expenditures

There have been no significant changes to our capital expenditures during the six months ended June 30, 2018 as compared to the estimated capital expenditures for 2018 as reported in our Annual Report on Form 10-K for the year ended December 31, 2017. Capital expenditures with respect to discontinued operations are discussed under "Consolidated Cash Flows" above and also disclosed in Note 12, "Discontinued Operations."

Consolidated Contractual Commitments and Contingencies

There have been no material changes to our contractual commitments and contingencies as compared to those reported in our Annual Report on Form 10-K for the year ended December 31, 2017. However, certain debt with respect to discontinued operations is classified as held for sale beginning in the second quarter of 2018 and is disclosed in Note 12, "Discontinued Operations," to the condensed consolidated financial statements.

Consolidated Off-Balance Sheet Arrangements

We have off-balance sheet risk related to investment activities associated with certain financial instruments, including futures, options, credit default swaps and securities sold, not yet purchased. For additional information regarding these arrangements, see Note 6, "Financial Instruments," to the condensed consolidated financial statements.

Critical Accounting Policies and Estimates

The critical accounting policies and estimates used in the preparation of our condensed consolidated financial statements that we believe affect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements presented in this Report are described in Management's Discussion and Analysis of Financial Condition and Results of Operations and in the Notes to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Effective January 1, 2018, we adopted FASB ASC Topic 606, Revenue from Contracts with Customers. Although this new standard is not expected to have a material impact on our ongoing results of operations, we determined that it was appropriate to identify our updated accounting policy as a critical accounting policy.

Except for the adoption of FASB ASC Topic 606, discussed above, there have been no material changes to our critical accounting policies and estimates during the six months ended June 30, 2018 as compared to those reported in our Annual Report on Form 10-K for the year ended December 31, 2017.

Recently Issued Accounting Standards

Refer to Note 2, "Basis of Presentation and Summary of Significant Accounting Policies," to the condensed consolidated financial statements for a discussion of recent accounting pronouncements applicable to us.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Except as discussed below, information about our quantitative and qualitative disclosures about market risk did not differ materially from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

Market Risk

Our predominant exposure to market risk is related to our Investment segment and the sensitivities to movements in the fair value of the Investment Funds' investments.

Investment

The fair value of the financial assets and liabilities of the Investment Funds primarily fluctuates in response to changes in the value of securities. The net effect of these fair value changes impacts the net gains from investment activities in our condensed consolidated statements of operations. The Investment Funds' risk is regularly evaluated and is managed on a position basis as well as on a portfolio basis. Senior members of our investment team meet on a regular basis to assess and review certain risks, including concentration risk, correlation risk and credit risk for significant positions. Certain risk metrics and other analytical tools are used in the normal course of business by the Investment segment.

The Investment Funds hold investments that are reported at fair value as of the reporting date, which include securities owned, securities sold, not yet purchased and derivatives as reported on our condensed consolidated balance sheets. Based on their respective balances as of June 30, 2018, we estimate that in the event of a 10% adverse change in the fair value of these investments, the fair values of securities owned, securities sold, not yet purchased and derivatives would decrease by approximately \$813 million, \$37 million and \$733 million, respectively. However, as of June 30, 2018, we estimate that the impact to our share of the net gain (loss) from investment activities reported in our condensed consolidated statement of operations would be less than the change in fair value since we have an investment of approximately 40% in the Investment Funds, and the non-controlling interests in income would correspondingly offset approximately 60% of the change in fair value.

Item 4. Controls and Procedures.

As of June 30, 2018, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of Icahn Enterprises' and Icahn Enterprises Holdings' and subsidiaries' disclosure controls and procedures pursuant to the Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are, and will continue to be, subject to litigation from time to time in the ordinary course of business. Refer to Note 16, “Commitments and Contingencies” to the condensed consolidated financial statements, which is incorporated by reference into this Part II, Item 1 of this Report, for information regarding our lawsuits and proceedings.

Item 1A. Risk Factors.

Except for the risk factor disclosed below, there were no material changes to our risk factors during the six months ended June 30, 2018 as compared to those reported in our Annual Report on Form 10-K for the year ended December 31, 2017.

We are subject to the risk of becoming an investment company.

Because we are a holding company and a significant portion of our assets may, from time to time, consist of investments in companies in which we own less than a 50% interest, we run the risk of inadvertently becoming an investment company that is required to register under the Investment Company Act. In addition, events beyond our control, including significant appreciation or depreciation in the market value of certain of our publicly traded holdings or adverse developments with respect to our ownership of certain of our subsidiaries, could result in our inadvertently becoming an investment company that is required to register under the Investment Company Act. In April 2018, we announced definitive agreements to sell Federal-Mogul and Tropicana. Following the closing of our contemplated sale of Federal-Mogul, it is likely that we would be considered an investment company but for an exemption under the Investment Company Act that would provide us up to one year to take steps to avoid becoming classified as an investment company. We expect to take steps to avoid becoming classified as an investment company during this exemption period, but no assurance can be made that we will successfully be able to take the steps necessary to avoid becoming classified as an investment company.

If we are unsuccessful, then we will be required to register as a registered investment company and will be subject to extensive, restrictive and potentially adverse regulations relating to, among other things, operating methods, management, capital structure, dividends and transactions with affiliates. Registered investment companies are not permitted to operate their business in the manner in which we currently operate our business, nor are registered investment companies permitted to have many of the relationships that we have with our affiliated companies. In addition, if we become required to register under the Investment Company Act, it is likely that we would be treated as a corporation for U.S. federal income tax purposes, and would be subject to the tax consequences described under the caption, “Risk Factors - Risks Relating to Our Structure - We may become taxable as a corporation if we are no longer treated as a partnership for federal income tax purposes” in our Annual Report on Form 10-K for the year ended December 31, 2017.

If it were established that we were an investment company and did not register as an investment company when required to do so, there would be a risk, among other material adverse consequences, that we could become subject to monetary penalties or injunctive relief, or both, in an action brought by the Securities and Exchange Commission, that we would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with us undertaken during the period it was established that we were an unregistered investment company.

Item 6. Exhibits.

Exhibit No.	Description
<u>2.1</u>	<u>Membership Interest Purchase Agreement, dated April 10, 2018, by and among Tenneco Inc., Federal-Mogul LLC, American Entertainment Properties Corp., and Icahn Enterprises L.P. (incorporated by reference to Exhibit 2.1 to Icahn Enterprises' and Icahn Enterprises Holdings' joint Form 8-K (SEC File Nos. 1-9516 and 333-118021-01, respectively) filed April 10, 2018).</u>
<u>2.2</u>	<u>Agreement and Plan of Merger, dated April 15, 2018, by and among Eldorado Resorts, Inc., Delta Merger Sub, Inc., GLP Capital, L.P. and Tropicana Entertainment Inc. (incorporated by reference to Exhibit 2.1 to Icahn Enterprises' and Icahn Enterprises Holdings' joint Form 8-K (SEC File Nos. 1-9516 and 333-118021-01, respectively) filed April 16, 2018).</u>
<u>31.1</u>	<u>Certification of Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 and Rule 13a-14(a) of the Securities Exchange Act of 1934.</u>
<u>31.2</u>	<u>Certification of Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 and Rule 13a-14(a) of the Securities Exchange Act of 1934.</u>
<u>32.1</u>	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and Rule 13a-14(b) of the Securities Exchange Act of 1934.</u>
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Icahn
Enterprises
L.P.

By: Icahn Enterprises G.P. Inc., its
general partner
By: /s/SungHwan Cho
SungHwan Cho,
Chief Financial Officer and Director

By: Icahn Enterprises G.P. Inc., its
general partner
By: /s/Peter Reck
Peter Reck,
Chief Accounting Officer

Date: August 2, 2018

Icahn
Enterprises
Holdings
L.P.

By: Icahn Enterprises G.P. Inc., its
general partner
By: /s/SungHwan Cho
SungHwan Cho,
Chief Financial Officer and Director

By: Icahn Enterprises G.P. Inc., its
general partner
By: /s/Peter Reck
Peter Reck,
Chief Accounting Officer

Date: August 2, 2018