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ICAHN ENTERPRISES L.P.

Form 10-Q

May 02, 2019

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iep:RailcarSegmentMember 2019-01-01 2019-03-31 0000813762 iep:MetalsSegmentMember 2019-01-01

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2019-03-31 0000813762 iep:HoldingCompanyMember 2019-01-01 2019-03-31 0000813762
 iep:MiningsegmentMember 2019-01-01 2019-03-31 0000813762 iep:HomeFashionSegmentMember 2019-01-01
 2019-03-31 0000813762 iep:FoodPackagingSegmentMember 2019-01-01 2019-03-31 0000813762
 iep:MiningsegmentMember 2019-03-31 0000813762 iep:MiningsegmentMember 2018-12-31 0000813762
 iep:PartsnetsalesMember iep:AutomotiveSegmentMember 2018-01-01 2018-03-31 0000813762
 iep:AutomotiveservicesrevenueMember iep:AutomotiveSegmentMember 2018-01-01 2018-03-31 0000813762
 iep:PartsnetsalesMember iep:AutomotiveSegmentMember 2019-01-01 2019-03-31 0000813762
 iep:AutomotiveservicesrevenueMember iep:AutomotiveSegmentMember 2019-01-01 2019-03-31 0000813762
 us-gaap:DiscontinuedOperationsHeldForSaleOrDisposedOfBySaleMember iep:FederalMogulMember 2018-01-01
 2018-03-31 0000813762 us-gaap:DiscontinuedOperationsHeldForSaleOrDisposedOfBySaleMember
 iep:AmericanRailcarIndustriesMember 2018-01-01 2018-03-31 0000813762
 us-gaap:DiscontinuedOperationsHeldForSaleOrDisposedOfBySaleMember iep:TropicanaMember 2018-01-01
 2018-03-31 0000813762 us-gaap:DiscontinuedOperationsHeldForSaleOrDisposedOfBySaleMember 2018-01-01
 2018-03-31 0000813762 us-gaap:ForeignCurrencyGainLossMember 2019-01-01 2019-03-31 0000813762
 iep:OtherIncomeLossNotSpecifiedMember 2019-01-01 2019-03-31 0000813762
 iep:IncomelossfromnonconsolidatedaffiliatesMember 2019-01-01 2019-03-31 0000813762
 iep:NonservicepensionandotherpostretirementbenefitsexpenseMember 2019-01-01 2019-03-31 0000813762
 iep:NonservicepensionandotherpostretirementbenefitsexpenseMember 2018-01-01 2018-03-31 0000813762
 iep:LossgainondispositionofassetsMember 2019-01-01 2019-03-31 0000813762
 us-gaap:ForeignCurrencyGainLossMember 2018-01-01 2018-03-31 0000813762
 iep:IncomelossfromnonconsolidatedaffiliatesMember 2018-01-01 2018-03-31 0000813762
 iep:LossgainondispositionofassetsMember 2018-01-01 2018-03-31 0000813762
 iep:OtherIncomeLossNotSpecifiedMember 2018-01-01 2018-03-31 0000813762 iep:AcfMember 2019-03-31
 0000813762 iep:StarfireHoldingCorporationMember 2019-03-31 0000813762 iep:IcahnEnterprisesGPMember
 iep:PrincipalOwnersAndAffiliatesMember 2019-01-01 2019-03-31 0000813762 us-gaap:SubsequentEventMember
 2019-05-02 2019-05-02 0000813762 us-gaap:SubsequentEventMember 2019-04-30 2019-04-30 xbrli:pure
 xbrli:shares iso4217:USD xbrli:shares iso4217:USD utreg:bbf

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2019

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

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(212) 702-4300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Icahn Enterprises L.P. Yes No

Icahn Enterprises Holdings L.P. Yes No

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

Icahn Enterprises L.P. Yes No

Icahn Enterprises Holdings L.P. Yes No

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

Icahn Enterprises L.P.

Icahn Enterprises Holdings L.P.

Large Accelerated Filer Accelerated Filer

Large Accelerated Filer Accelerated Filer

Non-accelerated Filer Smaller Reporting Company

Non-accelerated Filer Smaller Reporting Company

Emerging Growth Company

Emerging Growth Company

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

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

Icahn Enterprises L.P. Yes No

Icahn Enterprises Holdings L.P. Yes No

As of May 1, 2019, there were 196,236,214 of Icahn Enterprises' depositary units outstanding.

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

	Page No.
<u>Explanatory Note and Forward-Looking Statements</u>	<u>1</u>
 PART I. FINANCIAL INFORMATION	
<u>Item 1. Financial Statements (Unaudited).</u>	<u>2</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>39</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>51</u>
<u>Item 4. Controls and Procedures.</u>	<u>52</u>
 PART II. OTHER INFORMATION	
<u>Item 1. Legal Proceedings.</u>	<u>53</u>
<u>Item 1A. Risk Factors.</u>	<u>53</u>
<u>Item 6. Exhibits.</u>	<u>54</u>

EXPLANATORY NOTE

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

FORWARD-LOOKING STATEMENTS

This Report contains certain statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("the Exchange Act"), or by Public Law 104-67. All statements included in this Report, other than statements that relate solely to historical fact, are "forward-looking statements." Such statements include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events, or any statement that may relate to strategies, plans or objectives for, or potential results of, future operations, financial results, financial condition, business prospects, growth strategy or liquidity, and are based upon management's current plans and beliefs or current estimates of future results or trends. Forward-looking statements can generally be identified by phrases such as "believes," "expects," "potential," "continues," "may," "should," "seeks," "predicts," "anticipates," "intends," "projects," "estimates," "plans," "could," "designed," "should be" and other similar expressions that denote expectations of future or conditional events rather than statements of fact.

Forward-looking statements include certain statements made under the caption, "Management's Discussion and Analysis of Financial Condition and Results of Operations," under Part I, Item 2 of this Report, but also forward-looking statements that appear in other parts of this Report. Forward-looking statements reflect our current views with respect to future events and are based on certain assumptions and are subject to risks and uncertainties that could cause our actual results to differ materially from trends, plans, or expectations set forth in the forward-looking statements. These risks and uncertainties may include the risks and uncertainties described in our Annual Report on Form 10-K for the year ended December 31, 2018 and those set forth in this Report, including under the caption "Risk Factors," under Part II, Item 1A of this Report. Additionally, there may be other factors not presently known to us or which we currently consider to be immaterial that may cause our actual results to differ materially from the forward-looking statements.

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements.****ICAHN ENTERPRISES L.P. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In millions, except unit amounts)**

	March 31,	December 31,
	2019	2018
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$2,764	\$ 2,656
Cash held at consolidated affiliated partnerships and restricted cash	2,299	2,682
Investments	8,103	8,337
Due from brokers	1,224	664
Accounts receivable, net	517	474
Inventories, net	1,852	1,779
Property, plant and equipment, net	4,682	4,688
Goodwill	255	247
Intangible assets, net	464	501
Assets held for sale	364	333
Other assets	1,300	1,128
Total Assets	\$23,824	\$ 23,489
LIABILITIES AND EQUITY		
Accounts payable	\$894	\$ 832
Accrued expenses and other liabilities	1,896	900
Deferred tax liability	685	694
Unrealized loss on derivative contracts	722	36
Securities sold, not yet purchased, at fair value	447	468
Due to brokers	—	141
Liabilities held for sale	136	112
Debt	7,392	7,326
Total liabilities	12,172	10,509
Commitments and contingencies (Note 17)		
Equity:		
Limited partners: Depository units: 191,376,753 units issued and outstanding at March 31, 2019 and 191,366,097 units issued and outstanding at December 31, 2018	6,643	7,350
General partner	(804) (790
Equity attributable to Icahn Enterprises	5,839	6,560
Equity attributable to non-controlling interests	5,813	6,420
Total equity	11,652	12,980
Total Liabilities and Equity	\$23,824	\$ 23,489

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In millions, except per unit amounts)**

	Three Months Ended March 31,	
	2019	2018
Revenues:	(Unaudited)	
Net sales	\$2,300	\$2,364
Other revenues from operations	162	158
Net (loss) gain from investment activities	(674)	432
Interest and dividend income	64	26
Other income, net	3	3
	1,855	2,983
Expenses:		
Cost of goods sold	1,900	1,987
Other expenses from operations	131	125
Selling, general and administrative	336	338
Restructuring, net	7	2
Interest expense	139	147
	2,513	2,599
(Loss) income from continuing operations before income tax expense	(658)	384
Income tax expense	(6)	(17)
(Loss) income from continuing operations	(664)	367
Income from discontinued operations	—	45
Net (loss) income	(664)	412
Less: net (loss) income attributable to non-controlling interests	(270)	280
Net (loss) income attributable to Icahn Enterprises	\$(394)	\$132
Net (loss) income attributable to Icahn Enterprises from:		
Continuing operations	\$(394)	\$98
Discontinued operations	—	34
	\$(394)	\$132
Net (loss) income attributable to Icahn Enterprises allocated to:		
Limited partners	\$(386)	\$129
General partner	(8)	3
	\$(394)	\$132
Basic (loss) income per LP unit:		
Continuing operations	\$(2.02)	\$0.55
Discontinued operations	0.00	0.19
	\$(2.02)	\$0.74
Basic weighted average LP units outstanding	191	174
Diluted (loss) income per LP unit:		
Continuing operations	\$(2.02)	\$0.55
Discontinued operations	0.00	0.19
	\$(2.02)	\$0.74
Diluted weighted average LP units outstanding	191	175
Cash distributions declared per LP unit	\$2.00	\$1.75

See notes to condensed consolidated financial statements.

3

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
(In millions)

	Three Months Ended March 31, 2019 2018	
	<small>(Unaudited)</small>	
Net (loss) income	\$ (664)	\$ 412
Other comprehensive income (loss), net of tax:		
Post-retirement benefits	1	11
Hedge instruments	—	(1)
Translation adjustments and other	(1)	33
Other comprehensive income, net of tax	—	43
Comprehensive (loss) income	(664)	455
Less: Comprehensive (loss) income attributable to non-controlling interests	(270)	283
Comprehensive (loss) income attributable to Icahn Enterprises	\$ (394)	\$ 172
Comprehensive (loss) income attributable to Icahn Enterprises allocated to:		
Limited partners	\$ (386)	\$ 169
General partner	(8)	3
	\$ (394)	\$ 172

See notes to condensed consolidated financial statements.

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

	Equity Attributable to Icahn Enterprises				Total Equity
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	
Balance, December 31, 2018	\$ (790)	\$ 7,350)	\$ 6,560)	\$ 6,420)	\$ 12,980)
Net loss	(8)	(386)	(394)	(270)	(664)
Partnership distributions	(8)	(383)	(391)	—	(391)
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(30)	(30)
Changes in subsidiary equity and other	2	62	64	(307)	(243)
Balance, March 31, 2019	\$ (804)	\$ 6,643)	\$ 5,839)	\$ 5,813)	\$ 11,652)

	Equity Attributable to Icahn Enterprises				Total Equity
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	
Balance, December 31, 2017	\$ (234)	\$ 5,402)	\$ 5,168)	\$ 6,318)	\$ 11,486)
Net income	3	129	132	280	412
Other comprehensive income	—	40	40	3	43
Partnership distributions	(6)	(304)	(310)	—	(310)
Investment segment contributions	—	—	—	280	280
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(31)	(31)
Cumulative effect adjustment from adoption of accounting principle	—	(20)	(20)	—	(20)
Changes in subsidiary equity and other	—	(8)	(8)	10	2
Balance, March 31, 2018	\$ (237)	\$ 5,239)	\$ 5,002)	\$ 6,860)	\$ 11,862)

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	
Cash flows from operating activities:		
Net (loss) income	\$(664)	\$412
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Income from discontinued operations	—	(45)
Net gain from securities transactions	(505)	(285)
Purchases of securities	(584)	(886)
Proceeds from sales of securities	966	3,130
Purchases to cover securities sold, not yet purchased	(113)	(690)
Proceeds from securities sold, not yet purchased	17	—
Changes in receivables and payables relating to securities transactions	(663)	(1,824)
Depreciation and amortization	123	128
Deferred taxes	(8)	20
Other, net	5	6
Changes in operating assets and liabilities	1,138	(673)
Net cash used in operating activities from continuing operations	(288)	(707)
Net cash provided by operating activities from discontinued operations	—	112
Net cash used in operating activities	(288)	(595)
Cash flows from investing activities:		
Capital expenditures	(65)	(62)
Acquisition of businesses, net of cash acquired	(10)	(1)
Purchases of investments	(25)	(5)
Proceeds from sale of investments	424	—
Other, net	(10)	15
Net cash provided by (used in) investing activities from continuing operations	314	(53)
Net cash used in investing activities from discontinued operations	—	(154)
Net cash provided by (used in) investing activities	314	(207)
Cash flows from financing activities:		
Investment segment contributions from non-controlling interests	—	280
Proceeds from offering of subsidiary equity	—	6
Purchase of additional interests in consolidated subsidiaries	(241)	—
Dividends and distributions to non-controlling interests in subsidiaries	(30)	(28)
Proceeds from subsidiary borrowings	269	331
Repayments of subsidiary borrowings	(271)	(349)
Other, net	1	(2)
Net cash (used in) provided by financing activities from continuing operations	(272)	238
Net cash used in financing activities from discontinued operations	—	(13)
Net cash (used in) provided by financing activities	(272)	225
Effect of exchange rate changes on cash and cash equivalents and restricted cash and restricted cash equivalents	(1)	(3)
Add back change in cash and restricted cash of assets held for sale	(28)	60
Net (decrease) increase in cash and cash equivalents and restricted cash and restricted cash equivalents	(275)	(520)
Cash and cash equivalents and restricted cash and restricted cash equivalents, beginning of period	5,338	1,911
Cash and cash equivalents and restricted cash and restricted cash equivalents, end of period	\$5,063	\$1,391

See notes to condensed consolidated financial statements.

6

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS****(In millions)**

	March 31,	December 31,
	2019	2018
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$2,764	\$ 2,656
Cash held at consolidated affiliated partnerships and restricted cash	2,299	2,682
Investments	8,103	8,337
Due from brokers	1,224	664
Accounts receivable, net	517	474
Inventories, net	1,852	1,779
Property, plant and equipment, net	4,682	4,688
Goodwill	255	247
Intangible assets, net	464	501
Assets held for sale	364	333
Other assets	1,332	1,160
Total Assets	\$23,856	\$ 23,521
LIABILITIES AND EQUITY		
Accounts payable	\$894	\$ 832
Accrued expenses and other liabilities	1,896	900
Deferred tax liability	685	694
Unrealized loss on derivative contracts	722	36
Securities sold, not yet purchased, at fair value	447	468
Due to brokers	—	141
Liabilities held for sale	136	112
Debt	7,396	7,330
Total liabilities	12,176	10,513
Commitments and contingencies (Note 17)		
Equity:		
Limited partner	6,738	7,452
General partner	(871) (864
Equity attributable to Icahn Enterprises Holdings	5,867	6,588
Equity attributable to non-controlling interests	5,813	6,420
Total equity	11,680	13,008
Total Liabilities and Equity	\$23,856	\$ 23,521

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	
Revenues:		
Net sales	\$2,300	\$2,364
Other revenues from operations	162	158
Net (loss) gain from investment activities	(674)	432
Interest and dividend income	64	26
Other income, net	3	3
	1,855	2,983
Expenses:		
Cost of goods sold	1,900	1,987
Other expenses from operations	131	125
Selling, general and administrative	336	338
Restructuring, net	7	2
Interest expense	139	147
	2,513	2,599
(Loss) income from continuing operations before income tax expense	(658)	384
Income tax expense	(6)	(17)
(Loss) income from continuing operations	(664)	367
Income from discontinued operations	—	45
Net (loss) income	(664)	412
Less: net (loss) income attributable to non-controlling interests	(270)	280
Net (loss) income attributable to Icahn Enterprises Holdings	\$(394)	\$132
Net (loss) income attributable to Icahn Enterprises from:		
Continuing operations	\$(394)	\$98
Discontinued operations	—	34
	\$(394)	\$132
Net (loss) income attributable to Icahn Enterprises Holdings allocated to:		
Limited partner	\$(390)	\$131
General partner	(4)	1
	\$(394)	\$132

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 March 31,	
	2019	2018
	(Unaudited)	
Net (loss) income	\$(664)	\$412
Other comprehensive income (loss), net of tax:		
Post-retirement benefits	1	11
Hedge instruments	—	(1)
Translation adjustments and other	(1)	33
Other comprehensive income, net of tax	—	43
Comprehensive (loss) income	(664)	455
Less: Comprehensive (loss) income attributable to non-controlling interests	(270)	283
Comprehensive income attributable to Icahn Enterprises Holdings	\$(394)	\$172
Comprehensive (loss) income attributable to Icahn Enterprises Holdings allocated to:		
Limited partner	\$(390)	\$170
General partner	(4)	2
	\$(394)	\$172

See notes to condensed consolidated financial statements.

9

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

(In millions, Unaudited)

	Equity Attributable to Icahn Enterprises Holdings				
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2018	\$(864)	\$ 7,452	\$ 6,588	\$ 6,420	\$ 13,008
Net loss	(4)	(390)	(394)	(270)	(664)
Partnership distributions	(4)	(387)	(391)	—	(391)
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(30)	(30)
Changes in subsidiary equity and other	1	63	64	(307)	(243)
Balance, March 31, 2019	\$(871)	\$ 6,738	\$ 5,867	\$ 5,813	\$ 11,680

	Equity Attributable to Icahn Enterprises Holdings				
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2017	\$(286)	\$ 5,481	\$ 5,195	\$ 6,318	\$ 11,513
Net income	1	131	132	280	412
Other comprehensive income	1	39	40	3	43
Partnership distributions	(3)	(307)	(310)	—	(310)
Investment segment contributions	—	—	—	280	280
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(31)	(31)
Cumulative effect adjustment from adoption of accounting principle	—	(20)	(20)	—	(20)
Changes in subsidiary equity and other	—	(8)	(8)	10	2
Balance, March 31, 2018	\$(287)	\$ 5,316	\$ 5,029	\$ 6,860	\$ 11,889

See notes to condensed consolidated financial statements.

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

(In millions)

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	
Cash flows from operating activities:		
Net (loss) income	\$(664)	\$412
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Income from discontinued operations	—	(45)
Net gain from securities transactions	(505)	(285)
Purchases of securities	(584)	(886)
Proceeds from sales of securities	966	3,130
Purchases to cover securities sold, not yet purchased	(113)	(690)
Proceeds from securities sold, not yet purchased	17	—
Changes in receivables and payables relating to securities transactions	(663)	(1,824)
Depreciation and amortization	123	128
Deferred taxes	(8)	20
Other, net	5	6
Changes in operating assets and liabilities	1,138	(673)
Net cash used in operating activities from continuing operations	(288)	(707)
Net cash provided by operating activities from discontinued operations	—	112
Net cash used in operating activities	(288)	(595)
Cash flows from investing activities:		
Capital expenditures	(65)	(62)
Acquisition of businesses, net of cash acquired	(10)	(1)
Purchases of investments	(25)	(5)
Proceeds from sale of investments	424	—
Other, net	(10)	15
Net cash provided by (used in) investing activities from continuing operations	314	(53)
Net cash used in investing activities from discontinued operations	—	(154)
Net cash provided by (used in) investing activities	314	(207)
Cash flows from financing activities:		
Investment segment contributions from non-controlling interests	—	280
Proceeds from offering of subsidiary equity	—	6
Purchase of additional interests in consolidated subsidiaries	(241)	—
Dividends and distributions to non-controlling interests in subsidiaries	(30)	(28)
Proceeds from subsidiary borrowings	269	331
Repayments of subsidiary borrowings	(271)	(349)
Other, net	1	(2)
Net cash (used in) provided by financing activities from continuing operations	(272)	238
Net cash used in financing activities from discontinued operations	—	(13)
Net cash (used in) provided by financing activities	(272)	225
Effect of exchange rate changes on cash and cash equivalents and restricted cash and restricted cash equivalents	(1)	(3)
Add back change in cash and restricted cash of assets held for sale	(28)	60
Net (decrease) increase in cash and cash equivalents and restricted cash and restricted cash equivalents	(275)	(520)
Cash and cash equivalents and restricted cash and restricted cash equivalents, beginning of period	5,338	1,911
Cash and cash equivalents and restricted cash and restricted cash equivalents, end of period	\$5,063	\$1,391

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") 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.

Icahn Enterprises

91.7%

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Energy, Automotive, Food Packaging, Metals, Real Estate, Home Fashion and Mining. 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. Our historical results also report the results of our Railcar segment through the date we sold our last remaining railcars on lease, which occurred in the third quarter of 2018. See Note 12, "Segment Reporting," for a reconciliation of each of our reporting segment's results of operations to our consolidated results. Certain additional information with respect to our segments 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. 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. We and certain of Mr. Icahn's wholly-owned affiliates are the only investors in the Investment Funds. Interests in the Investment Funds are not offered to outside investors. We had interests in the Investment Funds with a fair value of approximately \$4.8 billion and \$5.1 billion as of March 31, 2019 and December 31, 2018, respectively.

Energy

We conduct our Energy segment through our majority owned subsidiary, CVR Energy, Inc. ("CVR Energy"). CVR Energy is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing businesses through its holdings in CVR Refining, LP ("CVR Refining") and CVR Partners, LP ("CVR Partners"), respectively. CVR Refining is an independent petroleum refiner and marketer of high value transportation fuels. CVR Partners produces and markets nitrogen fertilizers in the form of urea ammonium nitrate and ammonia. As of March 31, 2019, we owned approximately 70.8% of the total outstanding common stock of CVR Energy. On January 29, 2019, CVR Energy, pursuant to the exercise of its right to purchase all of the issued and outstanding common units in CVR Refining, purchased the remaining common units of CVR Refining not already owned by CVR Energy, including the purchase of CVR Refining common units owned directly by us. Prior to this, CVR Energy owned approximately 80.6% of the common units of CVR Refining and we directly owned approximately 3.9% of the common units of CVR Refining. As a result of exercising its purchase right, as of January 29, 2019, CVR Energy owns all of the common units of CVR Refining and we no longer have any direct ownership in CVR Refining. In addition, the common units of CVR Refining have subsequently ceased to be publicly traded or listed on the New

York Stock Exchange any other national securities exchange. The remaining common units of CVR Refining acquired in this transaction were purchased for \$241 million, excluding the amount paid by CVR Energy to us for the common units of CVR Refining directly owned by us.

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

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. Our Automotive segment also includes our investment in 767 Auto Leasing LLC ("767 Leasing"), a joint venture created to purchase vehicles for lease, as described further in Note 3, "Related Party Transactions."

Food Packaging

We conduct our Food Packaging segment through our majority owned subsidiary, 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.

Metals

We conduct our Metals segment through our wholly-owned subsidiary, PSC Metals LLC ("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.

Real Estate

Our Real Estate operations consist primarily 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. In addition, our Real Estate operations also includes a hotel, timeshare and casino resort property in Aruba as well as a casino property in Atlantic City, New Jersey, which ceased operations in 2014 prior to our obtaining control of the property.

Home Fashion

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

Mining

We conduct our Mining segment through our majority owned subsidiary, Ferrous Resources Ltd. ("Ferrous Resources"). As of March 31, 2019, 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. On December 5, 2018, we announced a definitive agreement to sell Ferrous Resources for total consideration of \$550 million. The transaction is expected to close in the second half of 2019. This transaction met all the criteria to be classified as held for sale on December 5, 2018 upon execution of the definitive agreement.

Railcar

We conducted our Railcar segment through our wholly-owned subsidiary, American Railcar Leasing, LLC ("ARL"). ARL operated a leasing business consisting of purchased railcars leased to third parties under operating leases. During 2018, we sold all remaining railcars of ARL not previously sold and as a result, our business no longer includes an active Railcar segment. For the three months ended March 31, 2018, we had proceeds of \$15 million in connection with the sale of railcars and we recorded a pretax gain on disposition of assets of \$4 million.

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

We also report discontinued operations previously reported in our Automotive and Railcar segments and former Gaming segment.

Our discontinued Automotive operations consists of our previously wholly-owned subsidiary, Federal-Mogul LLC ("Federal-Mogul").

Our discontinued Gaming operations consists of our previous majority ownership in Tropicana Entertainment Inc. ("Tropicana").

Our discontinued Railcar operations consists of our previous majority ownership in American Railcar Industries, Inc. ("ARI").

Each of these businesses were sold in the fourth quarter of 2018 and are reflected in discontinued operations for the three months ended March 31, 2018. See Note 13, "Discontinued Operations," for additional information with respect to our discontinued operating businesses.

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 "Investment Company Act"). Therefore, no more than 40% of our total assets can be invested in investment securities, as such term is defined in the Investment Company 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.

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. Our recent sales of Federal-Mogul, Tropicana and ARI did not result in our being considered an investment company. However, additional transactions involving the sale of certain assets could result in our being considered an investment company. Following such events or transactions, an exemption under the Investment Company Act 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, 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, 2018. 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.

As of _____, our condensed consolidated financial statements include the accounts of (i) Icahn Enterprises and Icahn Enterprises Holdings and (ii) the wholly and majority owned subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings, in addition to variable interest entities ("VIEs") in which we are the primary beneficiary. In evaluating whether we have a controlling financial interest in entities that we consolidate, we consider the following: (1) for voting interest entities, including limited partnerships and similar entities that are not VIEs, we consolidate these entities in which we own a majority of the voting interests; and (2) for VIEs, we consolidate these entities in which we are the primary beneficiary. See below for a discussion of our VIEs. Kick-out rights, which are the rights

underlying the limited partners' ability to dissolve the limited partnership or otherwise remove the general partners, held through voting interests of partnerships and similar entities that are not VIEs are considered the equivalent of the equity interests of corporations that are not VIEs.

Except for our Investment segment, for equity investments in which we own 50% or less but greater than 20%, we generally account for such investments using the equity method. All other equity investments are accounted for at fair value.

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

Change in Accounting Principle

Effective January 1, 2019, CVR Energy revised its accounting policy method for the costs of planned major maintenance activities ("turnarounds") specific to its petroleum business from being expensed as incurred (the direct expensing method) to the deferral method. Turnarounds are planned shutdowns of refinery processing units for significant overhaul and refurbishment. Under the deferral method, the costs of turnarounds are deferred and amortized on a straight-line basis over a four-year period, which represents the estimated time until the next turnaround occurs. The new method of accounting for turnarounds is considered preferable as it is more consistent with the accounting policy of CVR Energy's peer companies and better reflects the economic substance of the benefits earned from turnaround expenditures. The comparative condensed consolidated balance sheet as of December 31, 2018 and condensed consolidated statement of operations and cash flows for the three months ended March 31, 2018 have been retrospectively adjusted to apply the new accounting method. These turnaround costs, and related accumulated amortization, are included within other assets in the condensed consolidated balance sheets. The amortization expense related to turnaround costs is included in cost of goods sold in the condensed consolidated statement of operations. CVR Partners will continue to follow the direct expensing method therefore this change had no impact on its current or comparative condensed consolidated financial statements.

As a result of this accounting change, our Energy segment increased other assets by \$108 million and decreased property, plant and equipment, net by \$15 million as of December 31, 2018. In addition, our Energy segment increased deferred tax liability by \$18 million and total equity by \$75 million, including \$31 million attributable to Icahn Enterprises and Icahn Enterprises Holdings as of December 31, 2018. As of December 31, 2017, our Energy segment increased total equity by \$118 million, including \$62 million attributable to Icahn Enterprises and Icahn Enterprises Holdings. For the three months ended March 31, 2018, the effect on net income for our Energy segment as a result of this accounting change was a reduction to net income of \$11 million, including a \$5 million reduction attributable to Icahn Enterprises and Icahn Enterprises Holdings. The impact on net income was comprised of a \$14 million increase to cost of goods sold and a \$3 million decrease to income tax expense for the three months ended March 31, 2018.

Reclassifications

Certain other reclassifications have been made within the condensed consolidated statements of operations to include gain (loss) on derivatives within cost of goods sold for our Energy segment. Prior year balances have been reclassified to conform to the current year presentation. The reclassification of gain on derivatives from other income, net to costs of goods sold was \$59 million for the three months ended March 31, 2018. These reclassifications did not have an impact on previously reported net income.

We have also recast certain historical results for discontinued operations, which we disclose in Note 13, "Discontinued Operations." 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.

Consolidated Variable Interest Entities

We

Holdings, as well as our related party relationship with the general partner, 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 (prior to January 2019), CVR Partners

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

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

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 (prior to January 2019) 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 (prior to January 2019) and CVR Partners. Based upon this evaluation, CVR Energy continues to consolidate both CVR Refining (prior to January 2019) and CVR Partners.

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.

	March 31, 2019	December 31, 2018
	(in millions)	
Cash and cash equivalents	\$97	\$ 415
Cash held at consolidated affiliated partnerships and restricted cash	2,286	2,648
Investments	7,130	6,951
Due from brokers	1,224	664
Property, plant and equipment, net	1,164	3,012
Inventories, net	72	380
Intangible assets, net	266	278
Other assets	55	971
Accounts payable, accrued expenses and other liabilities	851	534
Securities sold, not yet purchased, at fair value	447	468
Due to brokers	—	141
Debt	630	1,170

The due from brokers, a See Investments and

Related Matters Fair Value Measurements
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 March 31, 2019 was approximately \$7.4 billion and \$7.5 billion, respectively. The carrying value and estimated fair value of our long-term debt as of December 31, 2018 was approximately \$7.3 billion and \$7.3 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.

16

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

Our cash held at consolidated affiliated partnerships balance was \$1,673 million and \$2,648 million as of March 31, 2019. Cash held at consolidated affiliated partnerships relates to our Investment segment and consists of cash and cash equivalents held by the Investment Funds that, although not legally restricted, are not available to fund the general liquidity needs of the Investment segment or Icahn Enterprises. Our cash was \$626 million and \$34 million as of March 31, 2019.

Leases

As discussed below, on January 1, 2019, we adopted FASB ASC Topic 842, *Leases*, using the modified retrospective approach, which does not require the application of this Topic to periods prior to January 1, 2019. With the exception of the requirement to recognize right-of-use assets on the balance sheet for operating leases in which we are the lessee beginning in 2019, our accounting policy with respect to leases is not significantly different from prior periods and therefore, our prior period accounting policy is not separately disclosed. Financing leases under current U.S. GAAP are classified and accounted for in substantially the same manner as capital leases under prior U.S. GAAP and therefore, we do not distinguish between financing leases and capital leases unless the context requires.

The determination of whether an arrangement is or contains a lease occurs at inception. We account for arrangements that contain lease and non-lease components as a single lease component for all classes of underlying assets. Leases in which we are the lessor are primarily within our Real Estate segment. Refer to Real Estate below for further discussion. In addition, all of our businesses, including our Real Estate segment, enter into lease arrangements as the lessee. The following is our accounting policy for leases in which we are the lessee.

All Segments and Holding Company

Leases are classified as either operating or financing by the lessee depending on whether or not the lease terms provide for control of the underlying asset to be transferred to the lessee. When control transfers to the lessee, we classify the lease as a financing lease. All other leases are recorded as operating leases. Effective January 1, 2019, for all leases with an initial lease term in excess of twelve months, we record a right-of-use asset with a corresponding liability in the condensed consolidated balance sheet. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

Right-of-use assets and lease liabilities are recognized at commencement of the lease based on the present value of lease payments over the lease term. Right-of-use assets are adjusted for any lease payments made on or before commencement of the lease, less any lease incentives received. As most of our leases do not provide an implicit rate, we use the incremental borrowing rate with respect to each of our businesses based on the information available at commencement of the lease in determining the present value of lease payments. We use the implicit rate when readily determinable. The lease terms used in the determination of our right-of-use assets and liabilities reflect any options to extend or terminate the lease when it is reasonably certain that we will exercise such option. We and our subsidiaries, independently of each other, apply a portfolio approach to account for the right-of-use assets and lease liabilities when we or our subsidiaries do not believe that applying the portfolio approach would be materially different from accounting for right-of-use assets and lease liabilities individually.

Operating lease expense is recorded as a single expense recognized on a straight-line basis over the lease term and is net of sub-lease income. Operating lease right-of-use assets are amortized for the difference between the straight-line expense less the accretion of interest of the related lease liability. Financing lease expense consists of interest expense on the financing lease liability as well as amortization of the right-of-use financing lease assets on a straight-line basis over the lease term.

Real Estate

Leases are classified as either operating, sales-type or direct financing by the lessor. Our Real Estate segment's net lease portfolio consists of commercial real estate leased to others under long-term operating leases and we account for

these leases in accordance with ASC Topic 842. These assets leased to others are recorded at cost, net of accumulated depreciation, and are included in property, plant and equipment, net on our condensed consolidated balance sheets. Assets leased to others are depreciated on a straight-line basis over the useful lives of the assets, ranging from 5 years to 39 years. Lease revenue is recognized on a straight-line basis over the lease term. Cash receipts for all lease payments received are included in net cash flows from operating activities in the condensed consolidated statements of cash flows. Our Real Estate segment's accounting policy for assets leased to others is not significantly different from prior periods.

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

Revenue From Contracts With Customers and Contract Balances

Due to the nature of our business, we derive revenue from various sources in various industries. With the exception of all of our Investment segment's and our Holding Company's revenues, and our Real Estate segment's leasing revenue, our revenue is generally derived from contracts with customers in accordance with U.S. GAAP. Such revenue from contracts with customers are included in net sales and other revenues from operations in the condensed consolidated statements of operations, however, our Real Estate segment's leasing revenue, as disclosed in Note 9, "Leases," is also included in other revenues from operations. Related contract assets are included in accounts receivable, net or other assets and related contract liabilities are included in accrued expenses and other liabilities in the condensed consolidated balance sheets. Our disaggregation of revenue information includes our net sales and other revenues from operations for each of our reporting segments as well as additional disaggregation of revenue information for our Energy and Automotive segments. See Note 12, "Segment Reporting," for our complete disaggregation of revenue information. In addition, we disclose additional information with respect to revenue from contracts with customers and contract balances for our Energy and Automotive segments below.

Energy

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 \$65 million and \$69 million as of March 31, 2019 and December 31, 2018, respectively. For the three months ended March 31, 2019 and 2018, our Energy segment recorded revenue of \$12 million and \$12 million, respectively, with respect to deferred revenue outstanding as of the beginning of each respective period.

As of March 31, 2019, our Energy segment had \$10 million of remaining performance obligations for contracts with an original expected duration of more than one year. Our Energy segment expects to recognize approximately \$4 million of these performance obligations as revenue by the end of 2019 and the remaining balance thereafter.

Automotive

Our Automotive segment has deferred revenue with respect to extended warranty plans of \$41 million and \$42 million as of March 31, 2019 and December 31, 2018. For the three months ended March 31, 2019 and 2018, our Automotive segment recorded revenue of \$6 million and \$4 million, respectively, with respect to deferred revenue outstanding as of the beginning of each respective period.

Adoption of New Accounting Standards

Lease Accounting Standards Updates

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 financing leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases under previous guidance. Furthermore, quantitative 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. In addition, in July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842)*, which provides an additional (and optional) transition method to adopt the new leases standard. We adopted the new leases standards using the new transition method option effective January 1, 2019, which required a cumulative-effect adjustment recognized in equity at such date. No

adjustment to prior period presentation and disclosure were required. The most significant impact related to the recognition of right-of-use assets and lease liabilities in the condensed consolidated balance sheets for long-term operating leases with the significant majority of the impact within our Automotive segment, and to a lesser extent, our Energy and Food Packaging segments. Our Automotive segment has identified approximately 2,300 leases, primarily for real estate (operating leases) and vehicles (financing leases) and recognized operating lease right-of-use assets of \$589 million (which reflects the impact of above market leases, net of below market leases) and related liabilities of \$621 million as of January 1, 2019 as well as financing lease right-of-use assets and obligations of \$24 million and \$27 million, respectively. Our Energy segment recognized operating lease right-of-use assets and liabilities of \$56 million and financing lease right-of-use assets and

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

obligations of \$26 million and \$23 million, respectively, as of January 1, 2019. Our Food Packaging segment recognized operating lease right-of-use assets and liabilities of \$42 million as of January 1, 2019 and financing lease right-of-use assets and obligations of \$1 million. The aggregate impact for all other segments was the recognition of operating lease right-of-use assets and liabilities of \$28 million as of January 1, 2019.

Other Accounting Standards Updates

In March 2017, the FASB issued ASU 2017-08, *Premium Amortization on Purchased Callable Debt Securities*, which amends FASB ASC Sub-Topic 310-20, *Receivables-Nonrefundable Fees and Other Costs*. This ASU amends the amortization period for certain purchased callable debt securities held at a premium by shortening the amortization period for the premium to the earliest call date. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. We have adopted this standard on January 1, 2019 using the modified retrospective application method. The adoption of this standard did not have a significant impact on our condensed consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, *Targeted 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. We have adopted this standard on January 1, 2019. The adoption of this standard did not have a significant impact 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. We have adopted this standard effective on January 1, 2019. See Note 15, "Changes in Accumulated Other Comprehensive Loss," for the impact on our accumulated other comprehensive loss, which is attributable to our Food Packaging segment.

Recently Issued Accounting Standards

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 consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurements*, which amends FASB ASC Topic 820, *Fair Value Measurements*. This ASU eliminates, modifies and adds various disclosure requirements on fair value measurements. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Certain disclosures are required to be applied using a retrospective approach and others using a prospective approach. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*, which amends FASB ASC Subtopic 350-40, *Intangibles-Goodwill and Other-Internal-Use Software*. This ASU adds certain disclosure requirements related to implementation costs incurred for internal-use software and cloud computing arrangements. The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with

the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments in this ASU should be applied either using a retrospective or prospective approach. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

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

3. Related Party Transactions.

Our 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 three months ended March 31, 2018, Mr. Icahn and his affiliates (excluding us) invested \$280 million in the Investment Funds, net of redemptions. As of March 31, 2019 and December 31, 2018, the total fair market value of investments in the Investment Funds made by Mr. Icahn and his affiliates (excluding us) was approximately \$4.7 billion and \$5.0 billion, respectively, representing approximately 50% and 50% 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 March 31, 2019 and 2018, \$3 million and \$1 million, respectively, was allocated to the Investment Funds based on this expense-sharing arrangement.

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 March 31, 2019 and 2018, revenue from Hertz was \$12 million and \$6 million, respectively. Additionally, Federal-Mogul had payments to Hertz in the ordinary course of business of \$1 million for the three months ended March 31, 2018.

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 Leasing 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. Our exposure to loss with respect to 767 Leasing is primarily limited to our direct investment in 767 Leasing as well as any payment obligations of 767 Leasing that we guarantee, which are not material at March 31, 2019 and December 31, 2018. As of March 31, 2019 and December 31, 2018, 767 Leasing had assets of \$87 million and \$60 million, respectively, primarily vehicles for lease, and liabilities of \$1 million and \$1 million, respectively. For the three months ended March 31, 2019 and 2018, our Automotive segment invested \$25 million and \$5 million, respectively, in 767 Leasing. As of March 31, 2019 and December 31, 2018, our Automotive segment had an equity method investment in 767 Leasing of \$86 million and \$59 million, respectively.

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

ACF Industries LLC

Our Railcar operations, prior to December 5, 2018 (the date we closed on the sale of ARI), had 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; and
- Railcar repair services and support for ACF

Purchases from ACF were \$1 million for the three months ended March 31, 2018. For the three months ended March 31, 2018, 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 CVR Energy, Viskase, PSC Metals, WPH, Federal-Mogul (prior to October 1, 2018), ARI (prior to December 5, 2018) and Tropicana (prior to October 1, 2018) 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 March 31, 2019 and 2018, we and certain of our subsidiaries paid certain of Insight Portfolio Group's operating expenses of \$1 million and \$2 million, respectively.

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:

	March 31,	December 31,
	2019	2018
	(in millions)	
Assets		
Investments:		
Equity securities:		
Basic materials	\$456	\$ 414
Consumer, non-cyclical	2,005	2,161
Consumer, cyclical	1,627	1,161
Energy	1,654	1,598
Financial	209	167
Technology	819	1,040
Other	175	145
	6,945	6,686
Corporate debt securities	185	181
	\$7,130	\$ 6,867
Liabilities		
Securities sold, not yet purchased, at fair value:		
Equity securities:		
Consumer, non-cyclical	\$42	\$ 57
Consumer, cyclical	96	106
Energy	309	305
	447	468
Corporate debt securities	—	—
	\$447	\$ 468

The portion of unrealized gains that relates to securities still held by our Investment segment, primarily equity securities, was \$558 million and \$175 million for the three months ended March 31, 2019 and 2018, respectively. Our Investment segment is deemed to have significant influence with respect to its investments in Hertz, Herbalife Ltd. ("Herbalife") and Caesars Entertainment Corporation ("Caesars") after considering the collective ownership in such entities by the Investment Funds and affiliates of Mr. Icahn, as well as their collective representation on each of the boards of directors. Our Investment segment has elected the fair value option with respect to each of these investments as such investments would have otherwise been subject to the equity method of accounting. Hertz, Herbalife and Caesars each file annual, quarterly and current reports, and proxy and information statements with the SEC, which are publicly available.

As of March 31, 2019, the Investment Funds owned approximately 23.1% of the outstanding common stock of Hertz. Our Investment segment recorded net gains (losses) of \$95 million and \$(52) million for the three months ended March 31, 2019 and 2018, respectively, with respect to its investment in Hertz. As of March 31, 2019 and December 31, 2018, the aggregate fair value of our Investment segment's investment in Hertz was \$337 million and

\$320 million, respectively.

As of March 31, 2019, the Investment Funds owned approximately 18.4% of the outstanding common stock of Herbalife. Our Investment segment recorded net (losses) gains of \$(168) million and \$544 million for the three months ended March 31, 2019 and 2018, respectively, with respect to its investment in Herbalife. As of March 31, 2019 and December 31, 2018, the

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

aggregate fair value of our Investment segment's investment in Herbalife was approximately \$1.5 billion and \$1.7 billion, respectively.

As of March 31, 2019, the Investment Funds owned approximately 11.7% of the outstanding common stock of Caesars. We obtained significant influence over Caesars, and elected the fair value option with respect to our investment in Caesars, beginning in the first quarter of 2019. Our Investment segment recorded net gains of \$26 million for the three months ended March 31, 2019 with respect to its investment in Caesars. As of March 31, 2019, the aggregate fair value of our Investment segment's investment in Caesars was \$690 million.

Other Segments and Holding Company

With the exception of certain equity method investments at our operating subsidiaries and our Holding Company 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:

	March 31,	
	2019 2018	
	(in millions)	
Equity method investments	\$ 169	\$ 143
Other investments (measured at fair value)	804	1,327
	\$ 973	\$ 1,470

The portion of unrealized (losses) gains that relates to equity securities still held by our Other segments and Holding Company was \$(154) million and \$23 million for the three months ended March 31, 2019 and 2018, respectively.

5. Fair Value Measurements.

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

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

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

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

	March 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	<i>(in millions)</i>							
Investments (Note 4)	\$7,598	\$321	\$ 3	\$7,922	\$7,493	\$317	\$372	\$8,182
Derivative contracts, at fair value (Note 6) ⁽¹⁾	—	27	—	27	7	517	—	524
	\$7,598	\$348	\$ 3	\$7,949	\$7,500	\$834	\$372	\$8,706
Liabilities								
Securities sold, not yet purchased (Note 4)	\$447	\$—	\$ —	\$447	\$468	\$—	\$—	\$468
Other liabilities	—	16	—	16	—	2	—	2
Derivative contracts, at fair value (Note 6)	—	722	—	722	—	36	—	36
	\$447	\$738	\$ —	\$1,185	\$468	\$38	\$—	\$506

⁽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:

	Three Months Ended March 31, 2019 2018	
	<i>(in millions)</i>	
Balance at January 1	\$372	\$278
Net gains recognized in income	89	23
Sales	(458)	—
Balance at March 31	\$3	\$301

As of December 31, 2018, we had a certain equity investment which was considered a Level 3 investment due to unobservable market data and was measured at fair value on a recurring basis. We determined the fair value of this investment based on recent market transactions. During the three months ended March 31, 2019, we sold this investment in its entirety.

6. Financial Instruments.

Overview

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

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

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 contingent features that are in a liability position at each of March 31, 2019 and December 31, 2018 was zero.

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

March 31, 2019	December 31, 2018
-----------------------	------------------------------

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	Long	Short	Long	Short
	Notional	Notional	Notional	Notional
	Exposure	Exposure	Exposure	Exposure
Primary underlying risk: (in millions)				
Equity contracts	\$686	\$10,870	\$118	\$8,368
Credit contracts ⁽¹⁾	—	563	—	479
Commodity contracts	—	59	—	114

The short notional amount on our credit default swap positions was approximately \$2.5 billion at March 31, 2019. However, because credit spreads cannot compress below zero, our downside short notional exposure is \$563 million as of March 31, 2019. The short notional amount on our credit default swap positions was approximately \$1.8 billion as of December 31, 2018. However, because credit spreads cannot compress below zero, our downside short notional exposure to loss is \$479 million as of December 31, 2018.

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

Energy

CVR Refining is subject to price fluctuations caused by supply conditions, weather, economic conditions, interest rate fluctuations and other factors. To manage price risk on crude oil and other inventories and to fix margins on certain future production, CVR Refining from time to time enters into various commodity derivative transactions. CVR Refining holds derivative instruments, such as exchange-traded crude oil futures and certain over-the-counter forward swap agreements, which it believes provide an economic hedge on future transactions, but such instruments are not designated as hedges under U.S. GAAP. There are no premiums paid or received at inception of the derivative contracts and upon settlement.

CVR Refining's commodity derivatives include commodity swaps and forward purchase and sale commitments. CVR Refining did not have open commodity swap instruments at March 31, 2019 and December 31, 2018. As of March 31, 2019 and December 31, 2018, CVR Refining had open forward purchase and sale commitments for 2 million barrels and 2 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:

	Asset Derivatives⁽¹⁾		Liability Derivatives	
	March 31, 2019		December 31, 2018	
	2019	2018	2019	2018
	<i>(in millions)</i>			
Equity contracts	\$28	\$ 568	\$736	\$ 170
Credit contracts	12	76	—	—
Commodity contracts	1	15	—	1
Sub-total	41	659	736	171
Netting across contract types ⁽²⁾	(14)	(135)	(14)	(135)
Total⁽²⁾	\$27	\$ 524	\$722	\$ 36

⁽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 March 31, 2019 and December 31, 2018 was \$613 million and \$0

⁽²⁾ million, respectively, across all counterparties, which are included in cash held at consolidated affiliated partnerships and restricted cash in 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:

	Gain (Loss)	
	Recognized in	
	Income⁽¹⁾	
	Three Months	
	Ended March	
	31,	
	2019	2018
	(in millions)	
Equity contracts	\$ (1,101)	\$ 58
Credit contracts	(64)	53
Commodity contracts	2	95
	\$ (1,163)	\$ 206

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 cost of goods sold for our Energy segment. (Losses) gains recognized on derivatives for our Investment segment⁽¹⁾ were \$(1,179) million and \$147 million for the three months ended March 31, 2019 and 2018, respectively. Gains recognized on derivatives for our Energy segment were \$16 million and \$59 million for the three months ended March 31, 2019 and 2018, respectively.

7. Inventories, Net.

Inventories, net consists of the following:

	March 31,	
	2019	2018
	(in millions)	
Raw materials	\$ 220	\$ 217
Work in process	99	70
Finished goods	1,533	1,492
	\$ 1,852	\$ 1,779

8. Goodwill and Intangible Assets, Net.

Goodwill consists of the following:

	March 31, 2019			December 31, 2018		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
	(in millions)					
Automotive	\$ 336	\$ (87)	\$ 249	\$ 328	\$ (87)	\$ 241
Food Packaging	6	—	6	6	—	6
	\$ 342	\$ (87)	\$ 255	\$ 334	\$ (87)	\$ 247

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:

	March 31, 2019			December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
	(in millions)					
Definite-lived intangible assets:						
Customer relationships	\$ 396	\$ (138)	\$ 258	\$ 396	\$ (134)	\$ 262
Other	278	(134)	144	316	(139)	177
	\$ 674	\$ (272)	\$ 402	\$ 712	\$ (273)	\$ 439
Indefinite-lived intangible assets			\$ 62			\$ 62
Intangible assets, net			\$ 464			\$ 501

Amortization expense associated with definite-lived intangible assets was \$10 million and \$12 million for the three months ended March 31, 2019 and 2018, respectively. We utilize the straight-line method of amortization, recognized over the estimated useful lives of the assets.

Acquisitions during the three months ended March 31, 2019 were not material individually or in the aggregate. As a result of certain acquisitions, our Automotive segment allocated \$8 million to goodwill and \$1 million to definite-lived intangible assets in the first quarter of 2019.

9. Leases.

All Segments and Holding Company

We have operating and finance leases primarily within our Automotive, Energy and Food Packaging segments. Our Automotive segment leases assets, primarily real estate (operating) and vehicles (financing) and which primarily consist of leases that expire within 10 years. Our Energy segment leases certain pipelines, storage tanks, railcars, office space, land and equipment (operating and financing). Our Food Packaging segment leases assets, primarily real estate and vehicles (primarily operating). Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. Right-of-use assets and related liabilities are recorded on the balance sheet for leases with an initial lease term in excess of twelve months and therefore, do not include any lease arrangements with initial lease terms of twelve months or less.

Right-of-use assets and lease liabilities are as follows:

	March 31, 2019	December 31, 2018
	(in millions)	
Operating Leases:		
Right-of-use assets (other assets)	\$ 678	\$ —
Lease liabilities (accrued expenses and other liabilities)	708	—
Financing Leases:		
Right-of-use assets (property, plant and equipment, net)	81	51
Lease liabilities (debt)	95	54

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

Additional information with respect to our operating leases as of March 31, 2019 is presented below. The lease terms and discount rates for our Energy, Automotive and Food Packaging segments represent weighted averages based on their respective lease liability balances.

Operating Leases	Right-of-Use		Lease Term	Discount Rate
	Assets	Liabilities		
	(in millions)			
Energy	\$ 51	\$ 50	4.0 years	5.8%
Automotive	560	591	5.6 years	5.6%
Food Packaging	41	41	10.5 years	6.1%
Other segments and Holding Company	26	26		
	\$ 678	\$ 708		

The components of lease expense are presented in the following table. Operating lease expense is net of immaterial amounts for sublease income.

	Three Months Ended March 31, 2019 2018	
	(in millions)	
Operating lease expense	\$49	\$ 38
Amortization of financing lease right-of-use assets	\$4	\$ 1
Interest expense on financing lease liabilities	2	—

Maturities of lease liabilities as of _____ are as follows:

Year	Operating Leases		Financing Leases	
	(in millions)			
Remainder of 2019	\$ 141	\$ 13		
2020	168	18		
2021	146	14		
2022	124	13		
2023	79	12		
Thereafter	194	68		
Total lease payments	852	138		
Less: imputed interest	(144)	(43)		
	\$708	\$ 95		

Real Estate

Our Real Estate segment leases real estate, primarily commercial properties under long-term operating leases. As of March 31, 2019 and December 31, 2018, our Real Estate segment has assets leased to others included in property, plant and equipment of \$219 million and \$217 million, respectively, net of accumulated depreciation. Our Real Estate segment's revenue from operating leases were \$8 million and \$10 million for the three months ended March 31, 2019 and 2018, respectively, and are included in other revenue from operations in the condensed consolidated statements of

operations. Our Real Estate segment's anticipated future receipts of minimum operating lease payments receivable are \$25 million for the remainder of 2019, \$33 million in 2020 and \$10 million in 2021 and thereafter.

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

10. Debt.

Debt consists of the following:

	March 31,	December 31,
	2019	2018
	(in millions)	
Holding Company:		
6.000% senior unsecured notes due 2020	\$1,702	\$ 1,702
5.875% senior unsecured notes due 2022	1,344	1,344
6.250% senior unsecured notes due 2022	1,213	1,213
6.750% senior unsecured notes due 2024	498	498
6.375% senior unsecured notes due 2025	748	748
	5,505	5,505
Reporting Segments:		
Energy	1,196	1,170
Automotive	405	372
Food Packaging	271	273
Metals	1	—
Real Estate	2	2
Home Fashion	12	4
	1,887	1,821
Total Debt	\$7,392	\$ 7,326

Covenants

All of our subsidiaries are currently in compliance with all covenants and restrictions as described in the various executed agreements and contracts with respect to each debt instrument. These covenants include limitations on indebtedness, liens, investments, acquisitions, asset sales, dividends and other restricted payments and affiliate and extraordinary transactions.

Non-Cash Charges to Interest Expense

The amortization of deferred financing costs and debt discounts and premiums included in interest expense in the condensed consolidated statements of operations were \$1 million and \$1 million for the three months ended March 31, 2019 and 2018, respectively.

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

11. Net Income Per LP Unit.

The 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 March 31,	
	2019	2018
	<small>(in millions, except per unit data)</small>	
Net (loss) income attributable to Icahn Enterprises from continuing operations	\$(394)	\$98
Net (loss) income attributable to Icahn Enterprises from continuing operations allocated to limited partners (98.01% allocation)	\$(386)	\$96
Net income attributable to Icahn Enterprises from discontinued operations allocated to limited partners (98.01% allocation)	\$—	\$33
Basic (loss) income per LP unit:		
Continuing operations	\$(2.02)	\$0.55
Discontinued operations	0.00	0.19
	\$(2.02)	\$0.74
Basic weighted average LP units outstanding	191	174
Diluted (loss) income per LP unit:		
Continuing operations	\$(2.02)	\$0.55
Discontinued operations	0.00	0.19
	\$(2.02)	\$0.74
Diluted weighted average LP units outstanding	191	175

As their effect would have been anti-dilutive, two million weighted average units have been excluded from the calculation of diluted income per LP unit for the three months ended March 31, 2019. One million weighted average units are dilutive for the three months ended March 31, 2018 relating to potentially dilutive units as discussed below, with no income effect.

LP Unit Distribution

On February 26, 2019, Icahn Enterprises declared a quarterly distribution in the amount of \$2.00 per depositary unit in which each depositary unitholder had the option to make an election to receive either cash or additional depositary units. Because the depositary unitholder has the election to receive the distribution either in cash or additional depositary units, we recorded a unit distribution liability of \$391 million as the unit distribution had not been made as of March 31, 2019. In addition, the unit distribution liability, which is included in accrued expenses and other liabilities in the condensed consolidated balance sheets, is considered a potentially dilutive security and is considered in the calculation of diluted income per LP unit as disclosed above. Any difference between the liability recorded and the amount representing the aggregate value of the number of depositary units distributed and cash paid would be charged to equity. Mr. Icahn and his affiliates elected to receive their proportionate share of the quarterly distribution in depositary units.

On April 17, 2019, Icahn Enterprises distributed an aggregate 4,859,461 depositary units to unitholders electing to receive depositary units, of which an aggregate of 4,784,706 depositary units were distributed to Mr. Icahn and his affiliates. In connection with this distribution, aggregate cash distributions to all depositary unitholders was \$26 million in April 2019.

2017 Incentive Plan

During the three months ended March 31, 2019 and 2018, Icahn Enterprises distributed 10,656 and 15,071 depository units, respectively, net of payroll withholdings, with respect to certain restricted depository units and deferred unit awards that vested during the period in connection with the Icahn Enterprises L.P. 2017 Long Term Incentive Plan (the "2017 Incentive Plan"). The aggregate impact of the 2017 Incentive Plan is not material with respect to our condensed consolidated financial statements, including the calculation of potentially dilutive units 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)

12. Segment Reporting.

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

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 March 31, 2019										
	Investment	Energy	Automotive	Food Packaging	Metals	Real Estate	Home Fashion	Mining	Railcar	Holding Company	Consolidated
	(in millions)										
Revenues:											
Net sales	\$ —	\$ 1,486	\$ 550	\$ 95	\$ 93	\$ 2	\$ 39	\$ 35	\$ —	\$ —	\$ 2,300
Other revenues from operations	—	—	143	—	—	19	—	—	—	—	162
Net loss from investment activities	(609)	—	—	—	—	—	—	—	—	(65)	(674)
Interest and dividend income	42	—	—	—	—	—	—	1	—	21	64
Other (loss) income, net	(1)	1	4	(3)	—	2	—	—	—	—	3
	(568)	1,487	697	92	93	23	39	36	—	(44)	1,855
Expenses:											
Cost of goods sold	—	1,303	375	75	92	2	33	20	—	—	1,900
Other expenses from operations	—	—	119	—	—	12	—	—	—	—	131
Selling, general and administrative	2	37	252	15	4	5	10	7	—	4	336
Restructuring, net	—	—	—	7	—	—	—	—	—	—	7
Interest expense	18	26	5	4	—	—	—	2	—	84	139
	20	1,366	751	101	96	19	43	29	—	88	2,513
(Loss) income from continuing operations before income tax (expense) benefit	(588)	121	(54)	(9)	(3)	4	(4)	7	—	(132)	(658)
Income tax (expense) benefit	—	(31)	12	4	—	—	—	(1)	—	10	(6)
Net (loss) income from continuing operations	(588)	90	(42)	(5)	(3)	4	(4)	6	—	(122)	(664)
Less: net (loss) income from continuing operations attributable to non-controlling interests	(293)	24	—	(2)	—	—	—	1	—	—	(270)
Net (loss) income from continuing operations attributable to Icahn Enterprises	\$ (295)	\$ 66	\$ (42)	\$ (3)	\$ (3)	\$ 4	\$ (4)	\$ 5	\$ —	\$ (122)	\$ (394)
Supplemental information:											
Capital expenditures	\$ —	\$ 29	\$ 13	\$ 7	\$ 5	\$ 6	\$ 1	\$ 4	\$ —	\$ —	\$ 65
Depreciation and amortization	\$ —	\$ 83	\$ 24	\$ 6	\$ 4	\$ 4	\$ 2	\$ —	\$ —	\$ —	\$ 123

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

	Three Months Ended March 31, 2018										Consolidated
	Investment	Energy	Automotive	Food Packaging	Metals	Real Estate	Home Fashion	Mining	Railcar	Holding Company	
	(in millions)										
Revenues:											
Net sales	\$—	\$ 1,537	\$ 549	\$ 97	\$ 118	\$ 1	\$ 42	\$ 20	\$ —	\$ —	\$ 2,364
Other revenues from operations	—	—	137	—	—	21	—	—	—	—	158
Net gain from investment activities	410	—	—	—	—	—	—	—	—	22	432
Interest and dividend income	18	—	—	—	—	5	—	—	—	3	26
Other income (loss), net	—	2	—	(6)	1	—	—	—	5	1	3
	428	1,539	686	91	119	27	42	20	5	26	2,983
Expenses:											
Cost of goods sold	—	1,385	361	77	110	1	36	17	—	—	1,987
Other expenses from operations	—	—	113	—	—	12	—	—	—	—	125
Selling, general and administrative	1	32	258	15	5	6	9	6	—	6	338
Restructuring, net	—	—	—	—	—	—	2	—	—	—	2
Interest expense	26	27	3	4	—	1	—	2	—	84	147
	27	1,444	735	96	115	20	47	25	—	90	2,599
Income (loss) from continuing operations before income tax (expense) benefit	401	95	(49)	(5)	4	7	(5)	(5)	5	(64)	384
Income tax (expense) benefit	—	(14)	15	2	—	—	—	(1)	—	(19)	(17)
Net income (loss) from continuing operations	401	81	(34)	(3)	4	7	(5)	(6)	5	(83)	367
Less: net income (loss) from continuing operations attributable to non-controlling interests	240	31	—	—	—	—	—	(2)	—	—	269
Net income (loss) from continuing operations attributable to Icahn Enterprises	\$ 161	\$ 50	\$ (34)	\$ (3)	\$ 4	\$ 7	\$ (5)	\$ (4)	\$ 5	\$ (83)	\$ 98
Supplemental information:											
Capital expenditures	\$—	\$ 20	\$ 19	\$ 5	\$ 1	\$ 3	\$ 1	\$ 13	\$ —	\$ —	\$ 62
Depreciation and amortization	\$—	\$ 83	\$ 24	\$ 7	\$ 5	\$ 5	\$ 2	\$ 2	\$ —	\$ —	\$ 128

Disaggregation of Revenue

In addition to the condensed statements of operations by reporting segment above, we provide additional disaggregated revenue information for and Energy and Automotive segments below.

Energy

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

	Three Months Ended March 31, 2019		2018	
	(in millions)			
Petroleum products	\$ 1,394	\$ 1,457		
Nitrogen fertilizer products	92	80		
	\$ 1,486	\$ 1,537		

Automotive

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

**Three
Months**

Ended
March 31,
2019 2018

(in millions)

Automotive services	\$327	\$316
Aftermarket parts sales	366	370
	\$693	\$686

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

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.

March 31, 2019

	Investment	Energy	Automotive	Food Packaging	Metals	Real Estate	Home Fashion	Mining	Holding Company	Consolidated
(in millions)										
ASSETS										
Cash and cash equivalents	\$ 7	\$ 467	\$ 65	\$ 33	\$ 11	\$ 41	\$ 1	\$ —	\$ 2,139	\$ 2,764
Cash held at consolidated affiliated partnerships and restricted cash	2,286	—	—	1	1	2	2	—	7	2,299
Investments	7,130	83	86	—	—	15	—	—	789	8,103
Accounts receivable, net	—	193	168	76	49	3	28	—	—	517
Inventories, net	—	403	1,233	103	40	—	73	—	—	1,852
Property, plant and equipment, net	—	3,004	951	168	115	376	68	—	—	4,682
Goodwill and intangible assets, net	—	273	391	32	2	21	—	—	—	719
Assets held for sale	—	33	—	—	1	—	—	330	—	364
Other assets	1,268	232	769	139	22	34	11	—	49	2,524
Total assets	\$ 10,691	\$ 4,688	\$ 3,663	\$ 552	\$ 241	\$ 492	\$ 183	\$ 330	\$ 2,984	\$ 23,824
LIABILITIES AND EQUITY										
Accounts payable, accrued expenses and other liabilities	\$ 730	\$ 1,171	\$ 1,426	\$ 212	\$ 66	\$ 46	\$ 42	\$ —	\$ 504	\$ 4,197
Securities sold, not yet purchased, at fair value	447	—	—	—	—	—	—	—	—	447
Liabilities held for sale	—	—	—	—	—	—	—	136	—	136
Debt	—	1,196	405	271	1	2	12	—	5,505	7,392
Total liabilities	1,177	2,367	1,831	483	67	48	54	136	6,009	12,172
Equity attributable to Icahn Enterprises	4,772	1,290	1,832	52	174	444	129	171	(3,025)	5,839
Equity attributable to non-controlling interests	4,742	1,031	—	17	—	—	—	23	—	5,813
Total equity	9,514	2,321	1,832	69	174	444	129	194	(3,025)	11,652
Total liabilities and equity	\$ 10,691	\$ 4,688	\$ 3,663	\$ 552	\$ 241	\$ 492	\$ 183	\$ 330	\$ 2,984	\$ 23,824

December 31, 2018

	Investment	Energy	Automotive	Food Packaging	Metals	Real Estate	Home Fashion	Mining	Holding Company	Consolidated
(in millions)										
ASSETS										
Cash and cash equivalents	\$ 5	\$ 668	\$ 43	\$ 46	\$ 20	\$ 39	\$ 1	\$ —	\$ 1,834	\$ 2,656
Cash held at consolidated affiliated partnerships and restricted cash	2,648	—	—	1	1	26	2	—	4	2,682
Investments	6,867	84	59	—	—	15	—	—	1,312	8,337
Accounts receivable, net	—	169	149	74	48	3	31	—	—	474
Inventories, net	—	380	1,203	93	39	—	64	—	—	1,779
Property, plant and equipment, net	—	3,027	941	169	115	367	69	—	—	4,688
Goodwill and intangible assets, net	—	278	412	32	2	24	—	—	—	748
Assets held for sale	—	33	—	—	1	—	—	299	—	333
Other assets	1,230	192	217	96	7	34	5	—	11	1,792
Total assets	\$ 10,750	\$ 4,831	\$ 3,024	\$ 511	\$ 233	\$ 508	\$ 172	\$ 299	\$ 3,161	\$ 23,489
LIABILITIES AND EQUITY										
Accounts payable, accrued expenses and other liabilities	\$ 181	\$ 1,043	\$ 905	\$ 164	\$ 56	\$ 41	\$ 35	\$ —	\$ 178	\$ 2,603

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Securities sold, not yet purchased, at fair value	468	—	—	—	—	—	—	—	—	468
Liabilities held for sale	—	—	—	—	—	—	—	112	—	112
Debt	—	1,170	372	273	—	2	4	—	5,505	7,326
Total liabilities	649	2,213	1,277	437	56	43	39	112	5,683	10,509
Equity attributable to Icahn Enterprises	5,066	1,274	1,747	55	177	465	133	165	(2,522)	6,560
Equity attributable to non-controlling interests	5,035	1,344	—	19	—	—	—	22	—	6,420
Total equity	10,101	2,618	1,747	74	177	465	133	187	(2,522)	12,980
Total liabilities and equity	\$ 10,750	\$ 4,831	\$ 3,024	\$ 511	\$ 233	\$ 508	\$ 172	\$ 299	\$ 3,161	\$ 23,489

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

13. Discontinued Operations.

Income from discontinued operations is summarized as follows:

	Three Months Ended March 31, 2018			
	Federal-Morg	Wikipedia	ARI	Total
	<small>(in millions)</small>			
Revenues:				
Net sales	\$2,056	\$ —	\$64	\$2,120
Other revenues from operations	—	219	52	271
Net gain on investment activities	—	—	1	1
Interest and dividend income	1	1	—	2
Other income, net	8	—	1	9
	2,065	220	118	2,403
Expenses:				
Cost of goods sold	1,765	—	58	1,823
Other expenses from operations	—	102	29	131
Selling, general and administrative	220	89	9	318
Interest expense	44	1	5	50
	2,029	192	101	2,322
Income from discontinued operations before income tax expense	36	28	17	81
Income tax expense	(23)	(7)	(6)	(36)
Income from discontinued operations	13	21	11	45
Less: income from discontinued operations attributable to non-controlling interests	3	3	5	11
Income from discontinued operations attributable to Icahn Enterprises	\$10	\$ 18	\$6	\$34
Supplemental information:				
Capital expenditures	\$118	\$ 21	\$19	\$158
Depreciation and amortization	\$100	\$ 19	\$15	\$134

14. Income Taxes.

For the three months ended March 31, 2019, we recorded an income tax expense of \$6 million on pre-tax loss from continuing operations of \$658 million compared to an income tax expense of \$17 million on pre-tax income from continuing operations of \$384 million for the three months ended March 31, 2018. Our effective income tax rate was (0.9)% and 4.4% for the three months ended March 31, 2019 and 2018, respectively.

For the three months ended March 31, 2019, the effective tax rate was lower than the statutory federal rate of 21%, primarily due to partnership loss for which there was no tax benefit, as such loss is allocated to the partners. For the three months ended March 31, 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.

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

15. Changes in Accumulated Other Comprehensive Loss.

Changes in accumulated other comprehensive loss consists of the following:

	Post-Retirement Benefits, Net of Tax	Translation Adjustments and Other, Net of Tax	Total
	(in millions)		
Balance, December 31, 2018	\$(47)	\$ (38)	\$(85)
Other comprehensive income (loss) before reclassifications, net of tax	—	(1)	(1)
Reclassifications from accumulated other comprehensive loss to earnings	1	—	1
Other comprehensive income (loss), net of tax	1	(1)	—
Elimination of stranded tax effects resulting from tax legislation	(6)	—	(6)
Balance, March 31, 2019	\$(52)	\$ (39)	\$(91)

16. Other Income, Net.

Other income, net consists of the following: