ICAHN ENTERPRISES L.P.
Form 10-Q
August 09, 2011
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

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

For the Quarterly Period ended June 30, 2011

OR

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

For the Transition Period From ______ to _______

Commission File Number 1-9516

ICAHN ENTERPRISES L.P.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	13-3398766
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

767 Fifth Avenue, Suite 4700
New York, NY 10153
(Address of Principal Executive Offices) (Zip Code)

(212) 702-4300
(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer £	Accelerated filer x
Non-accelerated filer £	Smaller reporting company £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes £ No x
As of August 8, 2011, there were 85,571,714 depositary units outstanding.

ICAHN ENTERPRISES L.P.
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except unit amounts)

	June 30, 2011	December 31, 2010
ASSETS	(Unaudited)	
Cash and cash equivalents	$2,607	$2,963
Cash held at consolidated affiliated partnerships and restricted cash	3,760	2,174
Investments	7,817	7,470
Accounts receivable, net	1,481	1,285
Due from brokers	354	50
Inventories, net	1,375	1,163
Property, plant and equipment, net	3,578	3,455
Goodwill	1,129	1,129
Intangible assets, net	973	999
Other assets	651	650
Total Assets	$23,725	$21,338
LIABILITIES AND EQUITY		
Accounts payable	$987	$844
Accrued expenses and other liabilities	2,030	2,277
Securities sold, not yet purchased, at fair value	3,333	1,219
Due to brokers	1,485	1,323
Post-employment benefit liability	1,280	1,272
Debt	6,877	6,509
Total liabilities	15,992	13,444
Commitments and contingencies (Note 18)		
Equity:		
Limited partners: Depositary units: 92,400,000 authorized; issued 86,708,914 at June 30, 2011 and 85,865,619 at December 31, 2010; outstanding 85,571,714 at June 30, 2011 (including 843,295 units issued as a unit distribution on May 31, 2011) and 84,728,419 at December 31, 2010	4,083	3,477
General partner	(269)	(282)
Treasury units at cost: 1,137,200 depositary units	(12)	(12)
Equity attributable to Icahn Enterprises	3,802	3,183
Equity attributable to non-controlling interests	3,931	4,711
Total Equity	7,733	7,894
Total Liabilities and Equity	$23,725	$21,338

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(Unaudited)			
Revenues:				
Net sales	$2,365	$2,047	$4,622	$3,917
Other revenues from operations	175	32	361	60
Net gain (loss) from investment activities	590	(252)	1,207	(253)
Interest and dividend income	28	54	63	122
Other income (loss), net	3	10	12	(40)
	3,161	1,891	6,265	3,806
Expenses:				
Cost of goods sold	2,010	1,723	3,935	3,298
Other expenses from operations	93	19	191	39
Selling, general and administrative	333	245	688	519
Restructuring	1	7	4	11
Impairment	3	5	3	9
Interest expense	113	95	222	190
	2,553	2,094	5,043	4,066
Income (loss) before income tax expense	608	(203)	1,222	(260)
Income tax expense	(24)	(19)	(42)	(12)
Net income (loss)	584	(222)	1,180	(272)
Less: net (income) loss attributable to non-controlling interests	(295)	106	(651)	91
Net income (loss) attributable to Icahn Enterprises	$289	$(116)	$529	$(181)
Net income (loss) attributable to Icahn Enterprises allocable to:				
Limited partners	$283	$(113)	$518	$(177)
General partner	6	(3)	11	(4)
	$289	$(116)	$529	$(181)
Basic income (loss) per LP unit	$3.29	$(1.33)	$6.02	$(2.13)
Basic weighted average LP units outstanding	86	85	86	83
Diluted income (loss) per LP unit	$3.19	$(1.33)	$5.84	$(2.13)
Diluted weighted average LP units outstanding	91	85	91	83
Cash distributions declared per LP unit	$0.10	$0.25	$0.35	$0.50

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY AND COMPREHENSIVE INCOME
(In millions, except units)

	Equity Attributable to Icahn Enterprises						
			Held in Treasury				
	General Partner's Equity (Deficit)	Limited Partners' Equity	Amount	Units	Total Partners' Equity	Non-controlling Interests	Total Equity
	(Unaudited)						
Balance, December 31, 2010	$(282)	$3,477	$(12)	1,137,200	$3,183	$ 4,711	$7,894
Comprehensive income:							
Net income	11	518	—	—	529	651	1,180
Post-employment benefits, net of tax	—	4	—	—	4	1	5
Hedge instruments, net of tax	—	(2)	—	—	(2)	(1)	(3)
Translation adjustments and other, net of tax	2	86	—	—	88	30	118
Comprehensive income	13	606	—	—	619	681	1,300
Partnership distributions	(1)	(30)	—	—	(31)	—	(31)
Investment Management distributions	—	—	—	—	—	(1,818)	(1,818)
Investment Management contributions	—	—	—	—	—	250	250
Change in subsidiary equity and other	1	30	—	—	31	107	138
Balance, June 30, 2011	$(269)	$4,083	$(12)	1,137,200	$3,802	$ 3,931	$7,733

Accumulated other comprehensive loss was $477 and $597 at June 30, 2011 and December 31, 2010, respectively.

See notes to consolidated financial statements.

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

	Six Months Ended June 30, 2011	2010
	(Unaudited)	
Cash flows from operating activities:		
Net income (loss)	$1,180	$(272)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Net (gain) loss from investment activities	(1,207)	253
Purchases of securities	(2,606)	(2,919)
Proceeds from sales of securities	3,639	1,627
Purchases to cover securities sold, not yet purchased	(1,150)	(1,910)
Proceeds from securities sold, not yet purchased	3,243	176
Net premiums (paid) received on derivative contracts	(22)	2
Changes in receivables and payables relating to securities transactions	(90)	376
Depreciation and amortization	220	223
Other, net	(37)	(23)
Changes in cash held at consolidated affiliated partnerships and restricted cash	(1,585)	2,111
Changes in other operating assets and liabilities	(205)	(81)
Net cash provided by (used in) operating activities	1,380	(437)
Cash flows from investing activities:		
Capital expenditures	(218)	(229)
Acquisitions of businesses, net of cash acquired	(35)	—
Other, net	7	(41)
Net cash used in investing activities	(246)	(270)
Cash flows from financing activities:		
Investment management equity:		
Capital distributions to non-controlling interests	(2,073)	(109)
Capital contributions by non-controlling interests	250	418
Partnership contributions	—	6
Partnership distributions	(31)	(42)
Distribution to non-controlling interests in subsidiary	(20)	—
Proceeds from issuance of senior unsecured notes	—	1,987
Proceeds from other borrowings	604	106
Repayments of borrowings	(253)	(1,364)
Other, net	6	(27)
Net cash (used in) provided by financing activities	(1,517)	975
Effect of exchange rate changes on cash and cash equivalents	25	(33)
Net (decrease) increase in cash and cash equivalents	(358)	235
Net change in cash of assets held for sale	2	—
Cash and cash equivalents, beginning of period	2,963	2,256
Cash and cash equivalents, end of period	$2,607	$2,491
Supplemental information:		
Cash payments for interest, net of amounts capitalized	$205	$95
Net cash payments (refunds) for income taxes	$40	$(1)
Net unrealized gains on available-for-sale securities	$1	$2
Redemptions payable to non-controlling interests	$91	$477
Investments in precious metals	$150	$—

LP unit issuance to purchase majority interests in ARI and Viskase	$—	$273
LP unit issuance to settle preferred LP unit redemptions	$—	$138

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

1. Description of Business and Basis of Presentation.

General

Icahn Enterprises L.P. (“Icahn Enterprises” or the “Company”) is a master limited partnership formed in Delaware on February 17, 1987. We own a 99% limited partner interest in Icahn Enterprises Holdings L.P. (“Icahn Enterprises Holdings”). Icahn Enterprises Holdings and its subsidiaries own substantially all of our assets and liabilities and conduct substantially all of our operations. Icahn Enterprises G.P. Inc. (“Icahn Enterprises GP”), our sole general partner, which is owned and controlled by Mr. Carl C. Icahn, owns a 1% general partner interest in both us and Icahn Enterprises Holdings, representing an aggregate 1.99% general partner interest in us and Icahn Enterprises Holdings. As of June 30, 2011, affiliates of Mr. Icahn owned 79,238,262 of our depositary units which represented approximately 92.6% of our outstanding depositary units.

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment Management, Automotive, Gaming, Railcar, Food Packaging, Metals, Real Estate and Home Fashion. We also report the results of our Holding Company, which includes the unconsolidated results of Icahn Enterprises and Icahn Enterprises Holdings, and investment activity and expenses associated with the Holding Company. Further information regarding our continuing reportable segments is contained in Note 2, “Operating Units,” and Note 14, “Segment Reporting.”

The accompanying consolidated financial statements and related notes should be read in conjunction with our consolidated financial statements and related notes contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (“fiscal 2010”). The consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) related to interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations. The financial information contained herein is unaudited; however, management believes all adjustments have been made that are necessary to present fairly the results for the interim periods. All such adjustments are of a normal and recurring nature. Certain reclassifications from the prior year presentation have been made to conform to the current year presentation.

Our consolidated financial statements include the accounts of (i) Icahn Enterprises and (ii) the wholly and majority owned subsidiaries of Icahn Enterprises, in addition to those entities in which we have a controlling interest as a general partner interest or in which we are the primary beneficiary of a variable interest entity (“VIE”). In evaluating whether we have a controlling financial interest in entities in which we would consolidate, we consider the following: (1) for voting interest entities, we consolidate these entities in which we own a majority of the voting interests; (2) for VIEs of which we are considered the primary beneficiary of such entities (see section below entitled, "Adoption of New Accounting Standards," and Note 4, “Investments and Related Matters-Investment Management,” for further discussion regarding the accounting and reporting of our VIEs); and (3) for limited partnership entities that are not considered VIEs, we consolidate these entities if we are the general partner of such entities and for which no substantive kick-out rights (the rights underlying the limited partners' ability to dissolve the limited partnership or otherwise remove the general partners are collectively referred to as “kick-out” rights) or participating rights exist. All material intercompany accounts and transactions have been eliminated in consolidation.

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

Internal Revenue Code, as amended (the “Code”).
Because of the nature of our businesses, the results of operations for quarterly and other interim periods are not indicative of the results to be expected for the full year. Variations in the amount and timing of gains and losses on our investments can be significant.

Fair Value of Financial Instruments

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

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

investments.

The fair value of our long-term debt is based on the quoted market prices for the same or similar issues or on the current rates offered to us for debt of the same remaining maturities. The carrying value and estimated fair value of our long-term debt as of June 30, 2011 are each approximately $6.9 billion. The carrying value and estimated fair value of our long-term debt as of December 31, 2010 was approximately $6.5 billion and $6.1 billion, respectively.

Restricted Cash

Our restricted cash balance was approximately $3.6 billion and $1.6 billion as of June 30, 2011 and December 31, 2010, respectively.

Adoption of New Accounting Standards

In December 2009, the Financial Accounting Standards Board ("FASB") issued amended standards for determining whether to consolidate a VIE. This standard affects all entities currently within the scope of the Consolidation Topic of the FASB Accounting Standards Codification ("FASB ASC"), as well as qualifying special-purpose entities that are currently excluded from the scope of the Consolidation Topic of the FASB ASC. This standard amends the evaluation criteria to identify the primary beneficiary of the VIE and requires ongoing reassessment of whether an enterprise is the primary beneficiary of such VIEs. In addition, this amendment deferred the application of this standard for a reporting entity's interest in an entity if the reporting entity met certain attributes of an investment company. This standard is effective as of the beginning of the first fiscal year beginning after November 15, 2009.

We determined that certain entities within our Investment Management segment previously met the deferral criteria and, accordingly, we applied the consolidation guidance before the issuance of this standard. Effective March 31, 2011, we applied this guidance for certain entities within our Investment Management segment in determining whether we are considered the primary beneficiary of such entities. The adoption of this standard did not have an impact on our financial condition, results of operations and cash flows. See Note 2, "Operating Units-Investment Management," for further discussion.

Recently Issued Accounting Standards

In May 2011, the FASB issued Accounting Standard Update ("ASU") No. 2011-04, which amends ASC Topic 820, “Fair Value Measurements and Disclosures.” This ASU clarifies among other things, the intent about the application of existing fair value requirements, including those related to highest and best use concepts, and also expands the disclosure requirements for fair value measurements categorized within Level 3 of the fair value hierarchy. This ASU clarifies that a reporting entity should disclose quantitative information about significant unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy. Additionally, this ASU expands the disclosures for fair value measurements categorized within Level 3 where a reporting entity will be required to include a description of the valuation processes used and the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any. Additional disclosure will also be required for any transfers between Level 1 and Level 2 of the fair value hierarchy of fair value measurements on a gross basis as well as additional disclosure of the level in the fair value hierarchy of assets and liabilities that are not recorded at fair value. For many of the requirements, the FASB does not intend for this ASU to result in a change in the application of the requirements in ASC Topic 820. The guidance in this ASU is to be applied prospectively and is effective during interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. The adoption of this ASU will not have a material impact on our financial condition, results of operations or cash flows.

In June 2011, the FASB issued ASU No. 2011-05, which amends ASC Topic 220, “Comprehensive Income.” The guidance in this ASU is intended to increase the prominence of items reported in other comprehensive income in the financial statements by presenting the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This ASU eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The guidance in this ASU does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. Upon adoption, this update is to be applied retrospectively and is effective during interim and annual periods beginning after December 15, 2011. Early adoption is permitted. The adoption of this ASU will not have a material impact on our financial condition, results of operations or cash flows.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

Filing Status of Subsidiaries

Federal-Mogul Corporation (“Federal-Mogul”), American Railcar Industries, Inc. (“ARI”) and Tropicana Entertainment Inc. (“Tropicana”) are each a reporting entity under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and file annual, quarterly and current reports and proxy and information statements. Each of these reports is publicly available at www.sec.gov.

2. Operating Units.

Investment Management

Icahn Onshore LP (the “Onshore GP”) and Icahn Offshore LP (the “Offshore GP” and, together with the Onshore GP, the “General Partners”) act as general partner of Icahn Partners LP (the “Onshore Fund”) and the Offshore Master Funds (as defined herein), respectively. The General Partners do not provide such services to any other entities, individuals or accounts. Interests in the Private Funds (as defined below) are not offered to outside investors. Interests in the Private Funds had been previously offered only to certain sophisticated and qualified investors on the basis of exemptions from the registration requirements of the federal securities laws and were not (and still are not) publicly available. The “Offshore Master Funds” consist of (i) Icahn Partners Master Fund LP ("Master Fund I"), (ii) Icahn Partners Master Fund II LP ("Master Fund II") and (iii) Icahn Partners Master Fund III LP ("Master Fund III"). The Onshore Fund and the Offshore Master Funds are collectively referred to herein as the “Investment Funds.” In addition, as discussed elsewhere in this Quarterly Report on Form 10-Q, the “Offshore Funds” consist of (i) Icahn Fund Ltd., (ii) Icahn Fund II Ltd. and (iii) Icahn Fund III Ltd. The Offshore GP also acts as general partner of a fund formed as a Cayman Islands exempted limited partnership that invests in the Offshore Master Funds. This fund, together with other funds that also invest in the Offshore Master Funds, constitute the “Feeder Funds” and, together with the Investment Funds, are referred to herein as the “Private Funds.”

Prior to March 31, 2011, our Investment Management segment's revenues were affected by the combination of fee-paying assets under management (“AUM”) and the investment performance of the Private Funds. The General Partners were entitled to receive an incentive allocation and special profits interest allocation from the Investment Funds which were accrued on a quarterly basis and were allocated to the General Partners at the end of the Investment Funds' fiscal year (or sooner on redemptions) assuming there were sufficient net profits to cover such amounts. As a result of the return of fee-paying capital as described below, no further incentive allocations or special profits interest allocations will accrue for periods subsequent to March 31, 2011.

As more fully disclosed in a letter to investors in the Private Funds filed with the SEC on Form 8-K on March 7, 2011, the Private Funds returned all fee-paying capital to its investors during fiscal 2011. Payments were funded through cash on hand and borrowings under existing credit lines.

As a result of returning fee-paying capital to its investors on March 31, 2011, each of the Private Funds no longer meets the criteria of an investment company as set forth in FASB ASC Section 946-10-15-2, Financial Services-Investment Companies-Scope and Scope Exceptions and, therefore, the application of FASB ASC Section 946-810-45, Financial Services-Investment Companies-Consolidation-Other Presentation Matters, is no longer applicable effective March 31, 2011. This change has no material effect on our consolidated financial statements as the Private Funds would account for its investments as trading securities pursuant to FASB ASC Topic 320, Investments-Debt and Equity Securities effective March 31, 2011. For those investments that fall outside the scope of FASB ASC Topic 320, or for those investments in which the Private Funds would otherwise have been required to account for under the equity method, the Private Funds apply the fair value option to such investments. See Note 4, "Investments and Related Matters-Investment Management," for further discussion regarding this reconsideration event and its consolidation impact.

As a result of the return of fee-paying capital as described above, a special profits interest allocation of $9 million was allocated to the General Partners at March 31, 2011. No further special profits interest allocation accrued in periods subsequent to March 31, 2011. No special profits interest allocation accrual was made for the three and six months ended June 30, 2010.

As a result of the return of fee-paying capital as described above, an incentive allocation of $7 million was allocated to the General Partners at March 31, 2011. No further incentive allocation will accrue in periods subsequent to March 31, 2011. Incentive allocations for the three and six months ended June 30, 2010 were not material as a result of "high watermarks" that were established for fee-paying investors during fiscal 2008.

Our interest in the Investment Funds was approximately $2.9 billion and $2.6 billion as of June 30, 2011 and December 31, 2010, respectively.

Automotive

We conduct our Automotive segment through our majority ownership in Federal-Mogul. Federal-Mogul is a leading global supplier of technology and innovation in vehicle and industrial products for fuel economy, emissions reduction, alternative energies, environment and safety systems. Federal-Mogul serves the world's foremost original equipment manufacturers ("OEM") of automotive, light commercial, heavy-duty, industrial, agricultural, aerospace, marine, rail and off-road vehicles, as well as the worldwide aftermarket. As of June 30, 2011, Federal-Mogul is organized into four product groups: Powertrain Energy, Powertrain Sealing and Bearings, Vehicle Safety and Protection, and Global Aftermarket.

Federal-Mogul believes that its sales are well-balanced between OEM and aftermarket, as well as domestic and international markets. Federal-Mogul's customers include the world's largest light and commercial vehicle OEMs and major distributors and retailers in the independent aftermarket. Federal-Mogul has operations in established markets including Canada, France, Germany, Italy, Japan, Spain, Sweden, the United Kingdom and the United States, and emerging markets including Argentina, Brazil, China, Czech Republic, Hungary, India, Korea, Mexico, Poland, Russia, South Africa, Thailand, Turkey and Venezuela. The attendant risks of Federal-Mogul's international operations are primarily related to currency fluctuations, changes in local economic and political conditions and changes in laws and regulations.

Accounts Receivable, net

Federal-Mogul's subsidiaries in Brazil, France, Germany, Italy, Japan, Spain and the United States are party to accounts receivable factoring and securitization facilities. Gross accounts receivable transferred under these facilities were $336 million and $211 million as of June 30, 2011 and December 31, 2010, respectively. Of those gross amounts, $334 million and $210 million, respectively, qualify as sales as defined in FASB ASC Topic 860, Transfers and Servicing. The remaining transferred receivables were pledged as collateral and accounted for as secured borrowings and recorded in the consolidated balance sheets within "Accounts receivable, net" and "Debt." Under the terms of these facilities, Federal-Mogul is not obligated to draw cash immediately upon the transfer of accounts receivable. Thus, as of each of June 30, 2011 and December 31, 2010, Federal-Mogul had outstanding transferred receivables for which cash of $1 million had not yet been drawn. Proceeds from the transfers of accounts receivable qualifying as sales were $923 million and $629 million for the six months ended June 30, 2011 and 2010, respectively.

For the six months ended June 30, 2011 and 2010, expenses associated with transfers of receivables of $5 million and $2 million, respectively, were recorded in the consolidated statements of operations within other income (loss), net. Where Federal-Mogul receives a fee to service and monitor these transferred receivables, such fees are sufficient to offset the costs and as such, a servicing asset or liability is not incurred as a result of such activities. Certain of the facilities contain terms that require Federal-Mogul to share in the credit risk of the sold receivables. The maximum exposures to Federal-Mogul associated with certain of these facilities' terms were $34 million and $32 million as of June 30, 2011 and December 31, 2010, respectively. Based on Federal-Mogul's analysis of the creditworthiness of its customers on which such receivables were sold and outstanding as of June 30, 2011 and December 31, 2010, Federal-Mogul estimated the loss to be immaterial.

Restructuring

Federal-Mogul's restructuring activities are undertaken as necessary to execute its strategy and streamline operations, consolidate and take advantage of available capacity and resources, and ultimately achieve net cost reductions. Restructuring activities include efforts to integrate and rationalize Federal-Mogul's businesses and to relocate manufacturing operations to best cost markets.

Federal-Mogul's restructuring charges are comprised of two types: employee costs (principally termination benefits) and facility closure costs. Termination benefits are accounted for in accordance with FASB ASC Topic 712, Compensation - Nonretirement Post-employment Benefits, and are recorded when it is probable that employees will be entitled to benefits and the amounts can be reasonably estimated. Estimates of termination benefits are based on the frequency of past termination benefits, the similarity of benefits under the current plan and prior plans, and the existence of statutory required minimum benefits. Facility closure and other costs are accounted for in accordance with FASB ASC Topic 420, Exit or Disposal Cost Obligation, and are recorded when the liability is incurred. Estimates of restructuring charges are based on information available at the time such charges are recorded. In certain countries where Federal-Mogul operates, statutory requirements include involuntary termination benefits that extend several years into the future. Accordingly, severance payments continue well past the date of termination at many international locations. Thus, these programs appear to be ongoing when, in fact, terminations and other activities under these programs have been substantially completed.

Federal-Mogul expects to finance its restructuring programs through cash generated from its ongoing operations or through cash available under its existing credit facility, subject to the terms of applicable covenants. Federal-Mogul does not expect that the execution of these programs will have an adverse impact on its liquidity position.

An unprecedented downturn in the global automotive industry and global financial markets led Federal-Mogul to announce, in September and December 2008, certain restructuring actions, herein referred to as "Restructuring 2009," designed to improve operating performance and respond to increasingly challenging conditions in the global automotive market. Federal-Mogul recorded a net reversal of $1 million related to Restructuring 2009 for the six months ended June 30, 2011. Federal-Mogul expects to incur additional restructuring charges of up to $2 million through the fiscal year ending December 31, 2011 ("fiscal 2011") all of which are expected to be facility closure costs. Total cumulative restructuring charges related to Restructuring 2009 through June 30, 2011 were $156 million, of which $148 million were employee costs and $8 million were facility closure costs.

As of December 31, 2010, the accrued liability balance relating to all restructuring programs was $24 million. For the six months ended June 30, 2011, Federal-Mogul incurred $1 million of net restructuring charges. For the three months ended June 30, 2011, Federal-Mogul did not incur any net restructuring charges. During the six months ended June 30, 2011, Federal-Mogul paid $14 million of restructuring charges. As of June 30, 2011, the accrued liability balance was $11 million, and is included in accrued expenses and other liabilities in our consolidated balance sheets.

Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially estimated. Accordingly, previously recorded liabilities of $3 million and $4 million were reversed for the three and six months ended June 30, 2011, respectively. Such reversals result from: changes in estimated amounts to accomplish previously planned activities; changes in expected (based on historical practice) outcome of negotiations with labor unions, which reduced the level of originally committed actions; newly implemented government employment programs, which lowered the expected cost; and changes in approach to accomplish restructuring activities.

Currency Matters

Federal-Mogul has operated an aftermarket distribution center in Venezuela for several years, supplying imported replacement automotive parts to the local independent aftermarket. Since 2005, two exchange rates have existed in Venezuela: the official rate, which had been frozen since 2005 at 2.15 bolivars per U.S. dollar; and the parallel rate, which floats at a rate much higher than the official rate. Given the existence of the two rates in Venezuela, Federal-Mogul deemed the official rate was appropriate for the purpose of conversion into U.S. dollars at December 31, 2009 based on no positive intent to repatriate cash at the parallel rate and demonstrated ability to repatriate cash at the official rate.

Near the end of 2009, the three-year cumulative inflation rate for Venezuela was above 100%, which requires the Venezuelan operation to report its results as though the U.S. dollar is its functional currency in accordance with FASB ASC Topic 830, Foreign Currency Matters, commencing January 1, 2010 ("inflationary accounting"). The impact of this transition to a U.S. dollar functional currency requires that any change in the U.S. dollar value of bolivar denominated monetary assets and liabilities be recognized directly in earnings.

On January 8, 2010, the Venezuelan government devalued its currency. During the six months ended June 30, 2010, Federal-Mogul recorded $20 million in foreign currency exchange expense due to this currency devaluation.

The remaining Venezuelan cash balance of $13 million as of June 30, 2011 is expected to be used to pay intercompany balances for the purchase of product and to pay dividends, subject to local government restrictions.

Impairment

Federal-Mogul recorded $3 million of impairment charges for each of the three and six months ended June 30, 2011 and $4 million and $8 million for the three and six months ended June 30, 2010, respectively.

The $3 million in impairment charges for each of the three and six months ended June 30, 2011 includes a $2 million impairment charge related to an asset retirement obligation for a facility that is closed. As the fair value of the facility did not support the capitalization of this asset retirement obligation, it was impaired. The remaining $1 million in impairment charges recorded during the second quarter of fiscal 2011 was made up of immaterial fixed asset impairments at several facilities.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

The impairment charges of $4 million and $8 million for the three and six months ended June 30, 2010, respectively, relate to certain equipment where the assessment of future undiscounted cash flows of such equipment, when compared to the current carrying value of the equipment, indicated the assets were not recoverable. Federal-Mogul determined the fair value of the assets by applying a probability weighted, expected present value technique to the estimated future cash flows using assumptions a market participant would utilize. The discount rate used is consistent with other long-lived asset fair value measurements.

Gaming

We conduct our Gaming segment through our majority ownership in Tropicana. Tropicana currently owns and operates a diversified, multi-jurisdictional collection of casino gaming properties. The eight casino facilities it operates feature approximately 411,000 square feet of gaming space with approximately 7,500 slot machines, 220 table games and 6,000 hotel rooms with three casino facilities located in Nevada, two in Mississippi and one in each of Indiana, Louisiana and New Jersey. In addition, in August 2010 Tropicana acquired a resort under development in Aruba.

On March 8, 2010, (the "Effective Date"), Tropicana completed the acquisition of certain assets of its predecessor, Tropicana Entertainment, LLC, and certain subsidiaries and affiliates thereof (together, the "Predecessors") and Tropicana Resort and Casino-Atlantic City ("Tropicana AC"). Such transactions, referred to as the "Restructuring Transactions," were effected pursuant to the Joint Plan of Reorganization of Tropicana Entertainment, LLC ("Tropicana LLC") and Certain of Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code, filed with the United States Bankruptcy Court for the District of Delaware on January 8, 2009, as amended (the "Plan"). As a result of the Restructuring Transactions pursuant to the Plan, the Investment Funds received shares of Tropicana common stock.

On November 15, 2010, the Investment Funds acquired 668,000 additional shares of Tropicana common stock. As a result of this purchase, the Investment Funds held, in the aggregate, 13,538,446 shares of Tropicana common stock, representing approximately 51.5% of the outstanding shares of Tropicana common stock. The additional purchase of shares of Tropicana common stock gave us a controlling interest and required us to consolidate Tropicana's financial results effective November 15, 2010, which now comprises our Gaming segment. On April 29, 2011, the Investment Funds made a distribution-in-kind of 13,538,446 shares of Tropicana common stock with a value of $216 million to us in redemption of $216 million of our limited and general partner interests in the Investment Funds. The distribution transferred the ownership of the Tropicana common stock held by the Investment Funds directly to us. As a result of this transaction, we directly own 51.5% of Tropicana's outstanding common stock. This distribution increased equity attributable to Icahn Enterprises by $27 million and decreased equity attributable to non-controlling interests by $27 million, representing the basis difference between the redemption value determined as of April 29, 2011 and the application to the controlling interest in Tropicana of purchase accounting pursuant to ASC Topic 805, Business Combination on November 15, 2010.

In connection with Tropicana's completion of the Restructuring Transactions, Tropicana entered into a credit agreement, dated as of December 29, 2009 (the "Exit Facility"). Each of the Investment Funds was a lender under the Exit Facility and, in the aggregate, collectively held over 50% of the loans thereunder. On June 30, 2011, the Investment Funds made a distribution-in-kind of the loans under the Exit Facility with a value of approximately $71 million to us in redemption of approximately $71 million of our general partner interests in the Investment Funds. The distribution transferred the ownership of the loans under the Exit Facility held by the Investment Funds directly to us. As a result of this transaction, we directly own over 50% of the loans under the Exit Facility.

Railcar

We conduct our Railcar segment through our majority ownership in ARI. ARI manufactures railcars, which are offered for sale or lease, custom designed railcar parts and other industrial products, primarily aluminum and special alloy steel castings. These products are sold to various types of companies including leasing companies, railroads, industrial companies and other non-rail companies. ARI provides railcar repair and maintenance services for railcar fleets. In addition, ARI provides fleet management and maintenance services for railcars owned by certain customers. Such services include inspecting and supervising the maintenance and repair of such railcars.

Food Packaging

We conduct our Food Packaging segment through our majority ownership in Viskase Companies, Inc. ("Viskase"). Viskase is a worldwide leader in the production and sale of cellulosic, fibrous and plastic casings for the processed meat and poultry

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

industry. Viskase currently operates seven manufacturing facilities and nine distribution centers throughout North America, Europe and South America and derives approximately 70% of its total net sales from customers located outside the United States. Viskase believes it is one of the two largest manufacturers of non-edible cellulosic casings for processed meats and one of the three largest manufacturers of non-edible fibrous casings. In fiscal 2011, Viskase is constructing a manufacturing and distribution facility in Asia.

Metals

We conduct our Metals segment through our indirect wholly owned subsidiary, PSC Metals, Inc. (“PSC Metals”). PSC Metals collects industrial and obsolete scrap metal, processes it into reusable forms and supplies the recycled metals to its customers including electric-arc furnace mills, integrated steel mills, foundries, secondary smelters and metals brokers. PSC Metals' ferrous products include shredded, sheared and bundled scrap metal and other purchased scrap metal such as turnings (steel machining fragments), cast furnace iron and broken furnace iron. PSC Metals also processes non-ferrous metals including aluminum, copper, brass, stainless steel and nickel-bearing metals. Non-ferrous products are a significant raw material in the production of aluminum and copper alloys used in manufacturing. PSC Metals also operates a secondary products business that includes the supply of secondary plate and structural grade pipe that is sold into niche markets for counterweights, piling and foundations, construction materials and infrastructure end-markets.

Real Estate

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

As of June 30, 2011 and December 31, 2010, we owned 30 rental real estate properties. Our property development operations are run primarily through Bayswater, a real estate investment, management and development subsidiary that focuses primarily on the construction and sale of single-family and multi-family homes, lots in subdivisions and planned communities and raw land for residential development. Our New Seabury development property in Cape Cod, Massachusetts and our Grand Harbor and Oak Harbor development property in Vero Beach, Florida each include land for future residential development of approximately 327 and 870 units of residential housing, respectively. Both developments operate golf and resort operations as well.

In February 2010, our Real Estate operations acquired from Fontainebleau Las Vegas, LLC (“Fontainebleau”), and certain affiliated entities, certain assets associated with property and improvements (the “Former Fontainebleau Property”) located in Las Vegas, Nevada for an aggregate purchase price of $148 million. The Former Fontainebleau Property includes (i) an unfinished building situated on approximately 25 acres of land and (ii) inventory.

As of June 30, 2011 and December 31, 2010, $79 million and $106 million, respectively, of the net investment in financing leases, net real estate leased to others and resort properties, which is included in property, plant and equipment, net, were pledged to collateralize the payment of nonrecourse mortgages payable.

Home Fashion

We conduct our Home Fashion segment through our majority ownership in WestPoint International, Inc. (“WPI”), a manufacturer and distributor of home fashion consumer products. WPI is engaged in the business of manufacturing, sourcing, designing, marketing, distributing and selling home fashion consumer products. WPI markets a broad range of manufactured and sourced bed, bath, basic bedding and kitchen textile products, including, sheets, pillowcases, comforters, flocked blankets, woven blankets and throws, heated blankets, quilts, bedspreads, duvet covers, bed skirts, bed pillows, feather beds, mattress pads, drapes, bath and beach towels, bath rugs, kitchen towels and kitchen accessories. WPI recognizes revenue primarily through the sale of home fashion products to a variety of retail and institutional customers. In addition, WPI receives a small portion of its revenues through the licensing of its trademarks.

WPI has transitioned the majority of its manufacturing to low-cost countries and continues to maintain its corporate offices and certain distribution operations in the United States.

A relatively small number of customers have historically accounted for a significant portion of WPI's net sales. WPI had seven customers who accounted for approximately 63% and 68% of WPI's net sales for the six months ended June 30, 2011 and 2010, respectively.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

Restructuring

To improve WPI's competitive position, WPI's management intends to continue its restructuring efforts. On January 31, 2011, WPI announced the closure of its Greenville, Alabama manufacturing and distribution facility. The vast majority of the products manufactured or fabricated are sourced from plants located outside of the United States.

WPI incurred restructuring costs of $1 million and $3 million for the three and six months ended June 30, 2011, respectively, compared to $2 million and $5 million in restructuring costs for the three and six months ended June 30, 2010, respectively. Included in restructuring expenses are cash charges associated with the ongoing costs of closed plants, transition expenses and employee severance, benefits and related costs. During the six months ended June 30, 2011, WPI paid $3 million in restructuring costs. As of June 30, 2011, the accrued liability balance was less than $1 million, which is included in accrued expenses and other liabilities in our consolidated balance sheet.

Total cumulative restructuring charges from August 8, 2005 (acquisition date) through June 30, 2011 are $88 million. WPI anticipates incurring approximately $2 million of additional restructuring costs in fiscal 2011, particularly with respect to the carrying costs of closed facilities until such time as these locations are sold. Restructuring costs could be affected by, among other things, WPI's decision to accelerate or delay its restructuring efforts. As a result, actual costs incurred could vary materially from these anticipated amounts.

3. Related Party Transactions.

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

Investment Management

Until August 8, 2007, Icahn Management LP (“Icahn Management”) elected to defer most of the management fees from the Offshore Funds and such amounts remain invested in the Offshore Funds. At December 31, 2010, the balance of the deferred management fees payable (included in accrued expenses and other liabilities) by Icahn Fund Ltd. to Icahn Management was $143 million. As further discussed in Note 4, "Investments and Related Matters-Investment Management-Investment in Variable Interest," because we are no longer considered the primary beneficiary of Icahn Fund Ltd. as of March 31, 2011, we deconsolidated the results and financial position of Icahn Fund Ltd. as of such date. As a result of deconsolidating Icahn Fund Ltd., our consolidated financial statements will no longer contain this deferred management fee payable effective March 31, 2011.

Effective January 1, 2008, Icahn Capital LP (“Icahn Capital”) paid for salaries and benefits of certain employees who may also perform various functions on behalf of certain other entities beneficially owned by Mr. Icahn (collectively, “Icahn Affiliates”), including administrative and investment services. Prior to January 1, 2008, Icahn & Co. LLC paid for such services. Under a separate expense-sharing agreement, Icahn Capital charged Icahn Affiliates $0.2 million and $0.4 million for the three and six months ended June 30, 2011, respectively, and $0.2 million and $0.5 million for the three and six months ended June 30, 2010. As of June 30, 2011 and December 31, 2010, accrued expenses and other liabilities in our consolidated balance sheets included $1 million and $2 million, respectively, to be applied to Icahn Capital's charges to Icahn Affiliates for services to be provided to them.

In addition, effective January 1, 2008, certain expenses borne by Icahn Capital are reimbursed by Icahn Affiliates, as appropriate, when such expenses are incurred. The expenses include investment-specific expenses for investments acquired by both the Private Funds and Icahn Affiliates that are allocated based on the amounts invested by each party, as well as investment management-related expenses that are allocated based on estimated usage agreed upon by

Icahn Capital and Icahn Affiliates. For the six months ended June 30, 2011 and 2010, these reimbursement amounts were $1 million and $0.5 million, respectively.

Mr. Icahn, along with his affiliates, makes investments in the Investment Funds. These investments are not subject to special profits interest allocations or incentive allocations. On April 1, 2011, affiliates of Mr. Icahn made aggregate contributions of $250 million in the Investment Funds. As of June 30, 2011 and December 31, 2010, the total fair market value of these investments was approximately $2.9 billion and $2.1 billion, respectively. In addition, an affiliate of Mr. Icahn has a deferred management fee arrangement with the Feeder Funds with balances of $169 million and $148 million as of June 30, 2011 and December 31, 2010, respectively. Such amounts are invested in and receive applicable returns thereon from the Investment Funds.

Effective April 1, 2011, based on a new expense-sharing arrangement, certain expenses borne by Icahn Capital are reimbursed by the Investment Funds, when such expenses are incurred. Such expenses relate to the operation, administration and investment activities of Icahn Capital for the benefit of the Investment Funds (including salaries, benefits and rent) and shall be allocated pro rata in accordance with each investor's capital accounts in the Investment Funds. For the three months ended June 30, 2011, $4 million was allocated to the Investment Funds based on this expense-sharing arrangement.

Railcar

Agreements with American Railcar Leasing LLC

Effective as of January 1, 2008, ARI entered into a fleet services agreement with American Railcar Leasing LLC ("ARL"), a company controlled by Mr. Icahn. Under the agreement, ARI provided ARL fleet management services for a fixed monthly fee and railcar repair and maintenance services for a charge of labor, components and materials. This agreement was replaced by a new agreement (referred to as the "Railcar Services Agreement"), which became effective April 16, 2011 for a term of three years that will automatically renew for additional one-year periods unless either party provides at least 60 days' written prior notice of termination. As stipulated in the Railcar Services Agreement, ARI will provide railcar repair, engineering, administrative and other services, on an as needed basis, for ARL's lease fleet at mutually agreed-upon prices. Railcar services revenues, included in other revenues from operations on our consolidated statements of operations, recorded by ARI were $6 million and $3 million under these agreements for the three months ended June 30, 2011 and 2010, respectively. For the six months ended June 30, 2011 and 2010, revenues of $12 million and $6 million, respectively, were recorded under these agreements. The terms and pricing on services to related parties are not less favorable to ARI than the terms and pricing on services provided to unaffiliated third parties.

ARI from time to time manufactures and sells railcars to ARL under long-term agreements as well as on a purchase order basis. ARI did not sell any railcars to ARL during the three months ended June 30, 2011. Revenues from railcars sold to ARL were $33 million for the three months ended June 30, 2010. For the six months ended June 30, 2011 and 2010, revenues from railcars sold to ARL were $1 million and $46 million, respectively. Revenues from railcars sold to ARL are included in net sales in our consolidated statements of operations. The terms and pricing on services to related parties are not less favorable to ARI than the terms and pricing on services provided to unaffiliated third parties. ARL also has acted as an agent for ARI to source railcar leasing customers. In connection therewith, ARL has assigned orders to ARI for railcars to be manufactured and leased by ARI. ARI is currently negotiating the terms of its agency relationship with ARL. Any such agreement, including payments that ARI may agree to make to ARL for these services, will be on an arm's length basis and subject to the approval of ARI's and Icahn Enterprises' audit committee.

As of June 30, 2011 and December 31, 2010, ARI had accounts receivable of $2 million and $5 million, respectively, due from ACF Industries LLC ("ACF") and ARL. These amounts are included in other assets in our consolidated balance sheets.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

4. Investments and Related Matters.

Investment Management

Investments, and securities sold, not yet purchased consist of equities, bonds, bank debt and other corporate obligations, and derivatives, all of which are reported at fair value in our consolidated balance sheets. The following table summarizes the Private Funds' investments, securities sold, not yet purchased and unrealized gains and losses on derivatives:

	June 30, 2011		December 31, 2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(in millions)			
Assets				
Investments:				
Equity securities:				
Communications	$2,169	$2,001	$2,169	$1,945
Consumer, non-cyclical	2,177	2,699	1,833	2,234
Consumer, cyclical(1)	714	642	595	614
Energy	246	295	757	858
Financial	134	123	100	137
Index	—	—	9	—
Industrial	120	137	94	115
Technology	376	517	313	405
Utilities	171	210	157	143
	6,107	6,624	6,027	6,451
Corporate debt:				
Consumer, cyclical	528	451	544	485
Utilities	40	39	—	—
Financial	4	5	48	5
	572	495	592	490
Mortgage-backed securities:				
Financial	186	195	144	206
	6,865	7,314	6,763	7,147
Derivative contracts, at fair value(2)	—	1	15	6
	$6,865	$7,315	$6,778	$7,153
Liabilities				
Securities sold, not yet purchased, at fair value:				
Equity securities:				
Communications	$15	$19	$—	$—
Consumer, non-cyclical	11	11	—	—
Consumer, cyclical	300	363	305	356
Financial	46	54	51	58
Index	—	—	9	5
Funds	2,783	2,886	638	800
	3,155	3,333	1,003	1,219

Derivative contracts, at fair value[3]	6	10	24	60
	$3,161	$3,343	$1,027	$1,279

(1) We consolidated the financial results of Tropicana effective November 15, 2010. As a result, we eliminated our investment in Tropicana at December 31, 2010. As of April 29, 2011, our Investment Management segment no longer held an investment in Tropicana common stock. See Note 2, "Operating Units-Gaming," for further discussion regarding the history of the Investment Funds' investment in Tropicana.

(2) Included in other assets in our consolidated balance sheets.

(3) Included in accrued expenses and other liabilities in our consolidated balance sheets.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

The General Partners adopted FASB ASC Section 946-810-45, Financial Services-Investment Companies-Consolidation-Other Presentation Matters, as of January 1, 2007. FASB ASC Section 946-810-45 provides guidance on whether investment company accounting should be retained in the financial statements of a parent entity. Upon the adoption of FASB ASC Section 946-810-45, the General Partners lost their ability to retain specialized accounting. Prior to March 31, 2011, for those investments that (i) were deemed to be available-for-sale securities, (ii) fell outside the scope of FASB ASC Topic 320, Investments-Debt and Equity Securities or (iii) the General Partners would otherwise have accounted for under the equity method, the General Partners applied the fair value option. The application of the fair value option is irrevocable.

As further discussed in Note 2, "Operating Units-Investment Management," as a result of returning fee-paying capital to its investors on March 31, 2011, each of the Private Funds no longer meets the criteria of an investment company as set forth in FASB ASC Section 946-10-15-2, Financial Services-Investment Companies-Scope and Scope Exceptions and, therefore, the application of FASB ASC Section 946-810-45, Financial Services-Investment Companies-Consolidation-Other Presentation Matters, is no longer applicable effective March 31, 2011. This change has no material effect on our consolidated financial statements.

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

Our Investment Management segment applied the fair value option to certain of its investments that would have otherwise been subject to the equity method of accounting. As of June 30, 2011, the fair value of these investments was $427 million. During the three and six months ended June 30, 2011, our Investment Management segment recorded gains of $20 million and $40 million, respectively, with respect to these investments, compared to a gain of $29 million and a loss of $25 million for the three and six months ended June 30, 2010, respectively. Such amounts are included in net gain (loss) from investment activities in our consolidated statements of operations. These gains and losses include the unrealized gains and losses for our Investment Management segment's investment in Tropicana for periods prior to November 15, 2010 when Tropicana was accounted for at fair value with changes in fair value reflected in earnings. See Note 2, “Operating Units-Gaming” for further discussion regarding the history of the Investment Funds' investment in Tropicana. Also included in these investments is the Investment Funds' investment in Lions Gate Entertainment Corp (“Lions Gate”) and The Hain Celestial Group, Inc. (“Hain”). As of June 30, 2011, the Investment Funds, together with their affiliates held, in the aggregate, 7,130,563 shares of Hain, representing approximately 16% of the outstanding shares of Hain. As of June 30, 2011, the Investment Funds together with their affiliates held, in the aggregate, 44,642,069 shares of Lions Gate, representing approximately 33% of the outstanding shares of Lions Gate. During the third quarter of fiscal 2010, Lions Gate issued 16,236,305 of its shares to one of its directors; the validity of such issuance is in dispute. Should we prevail in our dispute, our ownership of the outstanding shares of Lions Gate would increase to 37% based on the outstanding shares of Lions Gate at June 30, 2011. The General Partners have applied the fair value option to their investment in Lions Gate and Hain.

We believe that these investments to which we applied the fair value option are not material, individually or in the aggregate, to our consolidated financial statements. Lions Gate and Hain are registered SEC reporting companies whose financial statements are available at www.sec.gov.

Investments in Variable Interest Entities

As discussed in Note 1, “Description of Business and Basis of Presentation,” in February 2010, the FASB issued guidance which amends the consolidation requirement of VIEs for certain entities meeting certain criteria. We determined that certain entities within our Investment Management segment previously met the criteria for the deferral of this new consolidation guidance. Accordingly, our Investment Management segment applied the overall guidance on the consolidation of VIEs with respect to applicable entities prior to the issuance of the standard as described in

Note 1, "Description of Business and Basis of Presentation-Adoption of New Accounting Standards." Effective March 31, 2011, we applied the consolidation guidance to certain entities within our Investment Management segment to determine whether such entities are considered VIEs, including the determination of who is deemed the primary beneficiary of such VIEs. The application of this consolidation guidance did not have an impact on our financial condition, results of operations and cash flows.

We consolidate certain VIEs when we are determined to be their primary beneficiary, either directly or indirectly through other consolidated subsidiaries. The assets of our consolidated VIEs are primarily classified within cash and cash equivalents and investments in our consolidated balance sheets. The liabilities of our consolidated VIEs are primarily classified within securities sold, not yet purchased, at fair value, and accrued expenses and other liabilities in our consolidated balance sheets

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

and are non-recourse to the General Partners' general credit. Any creditors of VIEs do not have recourse against the general credit of the General Partners solely as a result of our including these VIEs in our consolidated financial statements.

As discussed in Note 2, "Operating Units-Investment Management," on March 7, 2011, the Private Funds determined to return fee-paying capital to its investors. We evaluated the impact of this reconsideration event (referred to as the "2011 Reconsideration Event") with respect to the VIE and primary beneficiary status of each of the Investment Funds and the Offshore Funds. We determined that the 2011 Reconsideration Event only impacted the primary beneficiary status of Icahn Fund Ltd. Previously Icahn Fund Ltd. was considered a VIE and we consolidated it because the Offshore GP was its primary beneficiary. As a result of the 2011 Reconsideration Event, we determined that, although Icahn Fund Ltd. is still considered a VIE, the Offshore GP is no longer the primary beneficiary. We deconsolidated Icahn Fund Ltd. as of March 31, 2011, the result of which decreased consolidated total liabilities by $146 million and increased equity attributable to non-controlling interests by the same amount.

As of June 30, 2011, our consolidated VIEs consist of the Master Fund II and Master Fund III. The Offshore GP sponsored the formation of and manages each of these VIEs and has an investment therein. In evaluating whether the Offshore GP is the primary beneficiary of such VIEs, the Offshore GP has considered the nature and extent of its involvement with such VIEs. In both cases, as of June 30, 2011, the Offshore GP was deemed to be the primary beneficiary of Master Fund II and Master Fund III because it (i) has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) in a related party tie-breaker among a group of related parties and their de facto agents in determining which party is the primary beneficiary, the Offshore GP is considered the variable interest holder most closely associated with Master Fund II and Master Fund III. In evaluating which entity among the related party group and their de facto agents is most closely related to the VIE, we evaluated the following considerations: (1) the principal-agency relationship between parties; (2) relationship and significance of the VIE's activities to variable interest holders; (3) variable interest holder's exposure to VIE's expected losses and (4) the design of the VIE.

The following table presents information regarding interests in VIEs for which the Offshore GP holds a variable interest as of June 30, 2011:

	Offshore GP is the Primary Beneficiary			Offshore GP is not the Primary Beneficiary	
	Net Assets	Offshore GP Interests[(1)]	Pledged Collateral[(2)]	Net Assets	Offshore GP Interests[(1)]
	(in millions)				
Offshore Funds, Master Fund II and Master Fund III	$1,202	$5	$967	$—	$—

(1) Amount principally represents the Offshore GP's reinvested incentive allocations and special profits interest allocations and therefore its maximum exposure to loss. Such amounts are subject to the financial performance of the Offshore Funds, Master Fund II and Master Fund III and are included in the Offshore GP's net assets.

(2) Includes collateral pledged in connection with securities sold, not yet purchased, derivative contracts and collateral held for securities loaned. Pledged amounts may be in excess of margin requirements.

Other Segments

Investments held by our Automotive, Gaming, Railcar segments and Holding Company consist of the following:

	June 30, 2011		December 31, 2010	
	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value
	(in millions)			

Marketable equity and debt securities - available for sale	$18	$18	$24	$19
Investments in precious metals	150	150	—	—
Equity method investments and other	335	335	304	304
	$503	$503	$328	$323

With the exception of certain operating segments, it is our general policy to apply the fair value option to all of our

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

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

Investments in Non-Consolidated Affiliates

Automotive

Federal-Mogul maintains investments in several non-consolidated affiliates, which are located in China, France, Germany, India, Italy, Korea, Turkey and the United States. Federal-Mogul's direct ownership in such affiliates ranges from approximately 2% to 50%. The aggregate investments in these affiliates were $243 million and $210 million at June 30, 2011 and December 31, 2010, respectively.

Equity earnings from non-consolidated affiliates were $10 million and $20 million for the three and six months ended June 30, 2011, respectively, which are included in other income (loss), net in our consolidated statements of operations, compared to $10 million and $17 million for the three and six months ended June 30, 2010, respectively. For the six months ended June 30, 2011 and 2010, these entities generated sales of $375 million and $304 million, respectively, and net income of $49 million and $41 million, respectively. As of June 30, 2011, these entities had total net assets of $532 million. Distributed dividends to Federal-Mogul from non-consolidated affiliates were not material for the six months ended June 30, 2011 as compared to $24 million for the six months ended June 30, 2010.

Federal-Mogul does not consolidate any entity for which it has a variable interest based solely on power to direct the activities and significant participation in the entity's expected results that would not otherwise be consolidated based on control through voting interests. Further, Federal-Mogul's joint ventures are businesses established and maintained in connection with its operating strategy and are not special purpose entities.

Federal-Mogul holds a 50% non-controlling interest in a joint venture located in Turkey. This joint venture was established in 1995 for the purpose of manufacturing and marketing automotive parts, including pistons, piston rings, piston pins, and cylinder liners to OE and aftermarket customers. Pursuant to the joint venture agreement, Federal-Mogul's partner holds an option to put its shares to a subsidiary of Federal-Mogul's at the higher of the current fair value or at a guaranteed minimum amount. The term of the contingent guarantee is indefinite, consistent with the terms of the joint venture agreement. However, the contingent guarantee would not survive termination of the joint venture agreement. The guaranteed minimum amount represents a contingent guarantee of the initial investment of the joint venture partner and can be exercised at the discretion of the partner. The total amount of the contingent guarantee, should all triggering events have occurred, approximated $65 million as of June 30, 2011. Federal-Mogul believes that this contingent guarantee is less than the estimated current fair value of the partners' interest in the affiliate. As such, the contingent guarantee does not give rise to a contingent liability and, as a result, no amount is recorded for this guarantee. If this put option were exercised, the consideration paid and net assets acquired would be accounted for in accordance with business combination accounting. Any value in excess of the guaranteed minimum amount of the put option would be the subject of negotiation between Federal-Mogul and its joint venture partner.

Railcar

As of June 30, 2011, ARI was party to three joint ventures which are all accounted for using the equity method. ARI determined that, although these joint ventures are considered VIEs, it is not the primary beneficiary of such VIEs, does not have a controlling financial interest and does not have the ability to individually direct the activities of the VIEs that most significantly impact their economic performance. A significant factor in this determination was that ARI does not have the rights to a majority of returns, losses or votes.

The risk of loss to ARI is limited to its investment in these joint ventures, certain loans and related interest and fees due from these joint ventures to ARI and ARI's guarantee of a loan. As of June 30, 2011, the carrying amount of these investments was $45 million and the maximum exposure to loss was $51 million. Maximum exposure to loss was determined based on ARI's carrying amounts in such investments, loans, accrued interest thereon and accrued unused line fee due from applicable joint ventures and loan guarantees made to the applicable joint ventures.

5. Fair Value Measurements.

U.S. GAAP requires enhanced disclosures about investments and non-recurring non-financial assets and non-financial liabilities that are measured and reported at fair value and has established a hierarchal disclosure framework that prioritizes and

17

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

ranks the level of market price observability used in measuring investments or non-financial assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

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

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include listed equities and listed derivatives. We do not adjust the quoted price for these investments, even in situations where we hold a large position.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. The inputs and assumptions of our Level 2 investments are derived from market observable sources including: reported trades, broker/dealer quotes and other pertinent data.

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

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Significant transfers, if any, between the levels within the fair value hierarchy are recognized at the beginning of the reporting period.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

Investment Management
The following table summarizes the valuation of the Investment Funds' investments by the above fair value hierarchy levels as of June 30, 2011 and December 31, 2010:

	June 30, 2011				December 31, 2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Investments:								
Equity securities:								
Communications	$2,001	$—	$—	$2,001	$1,945	$—	$—	$1,945
Consumer, non-cyclical	2,688	11	—	2,699	2,227	7	—	2,234
Consumer, cyclical[1]	319	323	—	642	295	318	1	614
Energy	59	236	—	295	541	317	—	858
Financial	123	—	—	123	137	—	—	137
Industrial	56	81	—	137	114	1	—	115
Technology	470	47	—	517	405	—	—	405
Utilities	147	63	—	210	100	43	—	143
	5,863	761	—	6,624	5,764	686	1	6,451
Corporate debt:								
Consumer, cyclical	—	162	289	451	—	157	328	485
Utilities	—	39	—	39	—	—	—	—
Financial	—	5	—	5	—	5	—	5
	—	206	289	495	—	162	328	490
Mortgage-backed securities:								
Financial	—	195	—	195	—	206	—	206
	5,863	1,162	289	7,314	5,764	1,054	329	7,147
Derivative contracts, at fair value[2]:	—	1	—	1	—	6	—	6
	$5,863	$1,163	$289	$7,315	$5,764	$1,060	$329	$7,153
Liabilities								
Securities sold, not yet purchased, at fair value:								
Equity securities:								
Communications	$19	$—	$—	$19	$—	$—	$—	$—
Consumer, non-cyclical	11	—	—	11	—	—	—	—
Consumer, cyclical	363	—	—	363	356	—	—	356
Financial	54	—	—	54	58	—	—	58
Index	—	—	—	—	—	5	—	5
Funds	2,886	—	—	2,886	800	—	—	800
	3,333	—	—	3,333	1,214	5	—	1,219
	—	10	—	10	—	60	—	60

Derivative contracts, at fair value[3]:	$3,333	$10	$—	$3,343	$1,214	$65	$—	$1,279

(1) We consolidated the financial results of Tropicana effective November 15, 2010. As a result, we eliminated our investment in Tropicana at December 31, 2010. As of April 29, 2011, our Investment Management segment no longer held an investment in Tropicana common stock. See Note 2, "Operating Units-Gaming," for further discussion regarding the history of the Investment Funds' investment in Tropicana.

(2) Included in other assets in our consolidated balance sheets.

(3) Included in accrued expenses and other liabilities in our consolidated balance sheets.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

The changes in investments measured at fair value for which the Investment Management segment has used Level 3 input to determine fair value are as follows:

	Six Months Ended June 30,	
	2011	2010
	(in millions)	
Balance at January 1	$329	$228
Gross realized and unrealized gains	2	—
Gross proceeds	(42)	(2)
Gross purchases	—	219
Balance at June 30	$289	$445

Unrealized gains of $2 million are included in earnings related to Level 3 investments still held at June 30, 2011. Total realized and unrealized gains and losses recorded for Level 3 investments, if any, are reported in net gain (loss) from investment activities in our consolidated statements of operations.

Other Segments

The following table summarizes the valuation of our Automotive and Metals segments and Holding Company investments by the above fair value hierarchy levels as of June 30, 2011 and December 31, 2010:

	June 30, 2011			December 31, 2010		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	(in millions)					
Marketable equity and debt securities	$18	$—	$18	$19	$—	$19
Investments in precious metals	150	—	150	—	—	—
Derivative contracts, at fair value[(1)]	—	—	—	—	12	12
	$168	$—	$168	$19	$12	$31
Derivative contracts, at fair value[(2)]	$—	$72	$72	$—	$94	$94

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

Assets and liabilities measured at fair value on a nonrecurring basis at June 30, 2011 are set forth in the table below:

Category	Level 3 Asset (Liability)	Recognized Loss
	(in millions)	
Property, plant and equipment	$6	$(3)
Asset retirement obligation	(2)	—

Property, plant and equipment with a carrying value of $9 million were written down to their fair value of $6 million, resulting in an impairment charge of $3 million, which was recorded within other income (loss), net for the three and six months ended June 30, 2011. We determined the fair value of these assets by applying probability weighted, expected present value techniques to the estimated future cash flows using assumptions a market participant would utilize. The discount rate

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

used is consistent with our reporting units' goodwill fair value measurements.
An asset retirement obligation of $2 million was recorded as of June 30, 2011. The fair value of this liability was determined with the assistance of an outside third-party specialist.

6. Financial Instruments.
Certain derivative contracts executed by the Private Funds with a single counterparty or by our Automotive segment with a single counterparty or by our Holding Company with a single counterparty are reported on a net-by-counterparty basis where a legal right of offset exists under an enforceable netting agreement. Values for the derivative financial instruments, principally swaps, forwards, over-the-counter options and other conditional and exchange contracts are reported on a net-by-counterparty basis. As a result, the net exposure to counterparties is reported in either other assets or accrued expenses and other liabilities in our consolidated balance sheets.
Investment Management and Holding Company
The Investment Funds currently maintain cash deposits and cash equivalents with major financial institutions. Certain account balances may not be covered by the Federal Deposit Insurance Corporation, while other accounts may exceed federally insured limits. The Investment Funds have prime broker arrangements in place with multiple prime brokers as well as a custodian bank. These financial institutions are members of major securities exchanges. The Investment Funds also have relationships with several financial institutions with which they trade derivative and other financial instruments.
In the normal course of business, the Investment Funds and the Holding Company may trade various financial instruments and enter into certain investment activities, which may give rise to off-balance-sheet risk. The Investment Funds and the Holding Company's investments may include options, credit default swaps and securities sold, not yet purchased. These financial instruments represent future commitments to purchase or sell other financial instruments or to exchange an amount of cash based on the change in an underlying instrument at specific terms at specified future dates. Risks arise with these financial instruments from potential counterparty non-performance and from changes in the market values of underlying instruments.
Securities sold, not yet purchased, at fair value represent obligations to deliver the specified security, thereby creating a liability to repurchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance-sheet risk, as the satisfaction of the obligations may exceed the amount recognized in our consolidated balance sheets. Our investments in securities and amounts due from brokers are partially restricted until we satisfy the obligation to deliver the securities sold, not yet purchased.
The Investment Funds and the Holding Company may enter into derivative contracts, including swap contracts, futures contracts and option contracts with the objective of capital appreciation or as economic hedges against other securities or the market as a whole. The Investment Funds may also enter into foreign currency derivative contracts to economically hedge against foreign currency exchange rate risks on all or a portion of their non-U.S. dollar denominated investments.
The Investment Funds and the Holding Company have entered into various types of swap contracts with other counterparties. These agreements provide that they are entitled to receive or are obligated to pay in cash an amount equal to the increase or decrease, respectively, in the value of the underlying shares, debt and other instruments that are the subject of the contracts, during the period from inception of the applicable agreement to its expiration. In addition, pursuant to the terms of such agreements, they are entitled to receive other payments, including interest, dividends and other distributions made in respect of the underlying shares, debt and other instruments during the specified time frame. They are also required to pay to the counterparty a floating interest rate equal to the product of the notional amount multiplied by an agreed-upon rate, and they receive interest on any cash collateral that they post to the counterparty at the federal funds or LIBOR rate in effect for such period.

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

The Investment Funds and the Holding Company may utilize forward contracts to seek to protect their assets denominated

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

in foreign currencies and precious metals holdings from losses due to fluctuations in foreign exchange rates and spot rates. The Investment Funds and the Holding Company's exposure to credit risk associated with non-performance of forward contracts is limited to the unrealized gains or losses inherent in such contracts, which are recognized in unrealized gains or losses on derivative, futures and foreign currency contracts, at fair value in our consolidated balance sheets.

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 consolidated balance sheets. At June 30, 2011 and December 31, 2010, the maximum payout amounts relating to certain put options written by the Investment Funds were $744 million and $195 million, respectively. As of June 30, 2011 and December 31, 2010, there were unrealized gains of $0.5 million and $0.2 million, respectively.

During the third quarter of fiscal 2010, the Holding Company purchased and wrote option contracts on a certain stock index futures. At June 30, 2011, the maximum payout was $50 million, assuming the value of a certain stock index futures falls below certain limits on our put spreads, and $30 million assuming the value of a certain stock index futures increases in value above certain limits on our call spreads. As of June 30, 2011, the unrealized gain from the S&P stock index futures was $1 million and was included in the net gain (loss) from investment activities in our consolidated statements of operations. As of June 30, 2011, the Holding Company had $8 million in liability derivatives related to a certain stock index futures which are not designated as hedging instruments.

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 derivative instruments with credit-risk-related contingent features that are in a liability position on June 30, 2011 and December 31, 2010 was $10 million and $60 million, respectively.

At June 30, 2011 and December 31, 2010, the Investment Funds had $188 million and $248 million, respectively, posted as collateral for derivative positions, including those derivative instruments with credit-risk-related contingent features; these amounts are included in cash held at consolidated affiliated partnerships and restricted cash within our consolidated balance sheet.

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

The Investment Funds have entered into certain derivative contracts, in the form of credit default swaps, which meet the accounting definition of a guarantee, whereby the occurrence of a credit event with respect to the issuer of the underlying financial instrument may obligate the Investment Funds to make a payment to the swap counterparties. As of June 30, 2011 and December 31, 2010, the Investment Funds have entered into such credit default swaps with a maximum notional amount of $8 million and $32 million with terms of approximately one year as of June 30, 2011. We estimate that our maximum exposure related to these credit default swaps approximates 48.3% and 39.4% of such notional amounts as of June 30, 2011 and December 31, 2010, respectively.

The following table presents the notional amount, fair value, underlying referenced credit obligation type and credit ratings for derivative contracts in which the Investment Funds are assuming risk:

	June 30, 2011	December 31, 2010

Credit Derivative Type Risk Exposure	Notional Amount (in millions)	Fair Value	Notional Amount	Fair Value	Underlying Reference Obligation
Single name credit default swaps:					
Below investment grade risk exposure	$8	$1	$32	$1	Corporate credit

22

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

The Investment Funds have entered into derivative contracts that meet the accounting definition of a guarantee. As further described in Note 10, "Debt - Investment Management," the SPV (as such term is defined in Note 10) entered into swap transactions with a global financial services institution that reference a portfolio of loans that are expected (but not required) to match certain collateral assets of the SPV. Pursuant to the swap transactions, the financial institution will pay to the SPV the amount by which the total payments made on, or the sale price of, loans in the reference portfolio are less than the amount of the interest and principal due on the SPV Notes (as such term is defined in Note 10) and amounts senior to the SPV Notes in right of payment. Pursuant to certain offsetting swap agreements, the equity holders of the SPV may be required to pay to the global financial institution the amounts by which the total payments made on, or the sale price of, loans in the reference portfolio are less than the amount of the interest and principal due on the SPV Notes and amounts senior to the SPV Notes in right of payment. The maximum potential payout under these swap agreements approximate the amortized cost and accrued interest of the SPV Notes. As of June 30, 2011, the amortized cost and accrued interest of the SPV notes was $392 million. The maximum payout amount may be reduced by certain collateral posted by the relevant parties in the swap agreements and available collateral assets held by the SPV. The approximate term of the swap agreements corresponds to the maturity dates of the SPV Notes. As of June 30, 2011, no amounts are due from any parties under these swap agreements.

The following table presents the fair values of the Investment Funds and the Holding Company's derivatives:

	Asset Derivatives[1]		Liability Derivatives[2]	
Derivatives Not Designated as Hedging Instruments	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	(in millions)			
Equity contracts	$—	$1	$3	$2
Foreign exchange contracts	—	—	2	2
Credit contracts	1	24	7	77
Futures index spread	—	—	8	22
Sub-total	1	25	20	103
Netting across contract types[3]	—	(19)	—	(19)
Total[4]	$1	$6	$20	$84

(1) Net asset derivatives are located within other assets in our consolidated balance sheets.
(2) Net liability derivatives are located within accrued expenses and other liabilities in our consolidated balance sheets.
(3) Represents the netting of receivables balances with payable balances for the same counterparty across contract types pursuant to netting agreements.
(4) Excludes netting of cash collateral received and posted. The total collateral posted at June 30, 2011 and December 31, 2010 was $188 million and $248 million, respectively, across all counterparties.

The following table presents the effects of the Investment Funds and the Holding Company's derivative instruments on the statements of operations for the three months ended June 30, 2011 and 2010:

	Gain (Loss) Recognized in Income[1]			
	Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives Not Designated as Hedging Instruments	2011	2010	2011	2010
	(in millions)			
Equity contracts	$1	$(8)	$10	$—
Foreign exchange contracts	(2)	4	(13)	4

Credit contracts	(6)	21	19	50
Futures index spread	14	—	23	—
	$7	$17	$39	$54

(1) Gains (losses) recognized on the Investment Funds' derivatives are classified in net gain (loss) from investment activities within our consolidated statements of operations.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

At June 30, 2011, the volume of the Investment Funds' and the Holding Company's derivative activities based on their notional exposure, categorized by primary underlying risk, are as follows:

	Long Notional Exposure	Short Notional Exposure
	(in millions)	
Primary underlying risk:		
Credit default swaps	$9	$(287)
Commodity swaps	—	(150)
Equity swaps	28	—
Foreign currency forwards	123	—
Futures index spread	24	(14)

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

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

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

Automotive

During fiscal 2008, Federal-Mogul entered into a series of five-year interest rate swap agreements with a total notional value of $1,190 million to hedge the variability of interest payments associated with its variable-rate term loans. Through these swap agreements, Federal-Mogul has fixed its base interest and premium rate at a combined average interest rate of approximately 5.37% on the hedged principal amount of $1,190 million. As of June 30, 2011 and December 31, 2010, unrealized net losses of $61 million and $70 million, respectively, were recorded in accumulated other comprehensive loss as a result of these hedges. As of June 30, 2011, losses of $37 million are expected to be reclassified from accumulated other comprehensive loss to the consolidated statement of operations within the next 12 months.

These interest rate swaps reduce Federal-Mogul's overall interest rate risk. However, due to the remaining outstanding borrowings on Federal-Mogul's debt facilities and other borrowing facilities that continue to have variable interest rates, management believes that interest rate risk to Federal-Mogul could be material if there are significant adverse changes in interest rates.

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

Federal-Mogul had commodity price hedge contracts outstanding with combined notional values of $98 million and $50 million at June 30, 2011 and December 31, 2010, respectively, of which substantially all mature within one year and substantially all were designated as hedging instruments for accounting purposes. Unrealized net gains of $12 million were recorded in accumulated other comprehensive loss as of December 31, 2010. Immaterial unrealized net gains were recorded in accumulated other comprehensive loss as of June 30, 2011.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

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

Federal-Mogul generally tries to use natural hedges within its foreign currency activities, including the matching of revenues and costs, to minimize foreign currency risk. Where natural hedges are not in place, Federal-Mogul considers managing certain aspects of its foreign currency activities and larger transactions through the use of foreign currency options or forward contracts. Principal currencies hedged have historically included the euro, British pound, and Polish zloty. Federal-Mogul had notional values of $27 million and $20 million of foreign currency hedge contracts outstanding at June 30, 2011 and December 31, 2010, respectively, of which substantially all mature in less than one year and substantially all were designated as hedging instruments for accounting purposes. Unrealized net losses of $1 million were recorded in accumulated other comprehensive loss as of June 30, 2011. Immaterial unrealized net losses were recorded in accumulated other comprehensive loss as of December 31, 2010.

Financial instruments, which potentially subject Federal-Mogul to concentrations of credit risk, consist primarily of accounts receivable and cash investments. Federal-Mogul's customer base includes virtually every significant global light and commercial vehicle manufacturer and a large number of distributors, installers and retailers of automotive aftermarket parts. Federal-Mogul's credit evaluation process and the geographical dispersion of sales transactions help to mitigate credit risk concentration. No individual customer accounted for more than 5% of Federal-Mogul's direct sales during the six months ended June 30, 2011. Federal-Mogul requires placement of cash in financial institutions evaluated as highly creditworthy.

The following table presents the fair values of Federal-Mogul's derivative instruments:

	Asset Derivatives[1]		Liability Derivatives[2]	
Derivatives Designated as Cash Flow Hedging Instruments	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	(in millions)			
Interest rate swap contracts	$—	$—	$61	$70
Commodity contracts	4	13	4	1
Foreign currency contracts	—	—	1	—
Sub-total	4	13	66	71
Netting across contract types	(4)	(1)	(4)	(1)
Total	$—	$12	$62	$70

(1) Located within other assets in our consolidated balance sheets.
(2) Located within accrued expenses and other liabilities in our consolidated balance sheets.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

The following tables present the effect of Federal-Mogul's derivative instruments in our consolidated financial statements for the three and six months ended June 30, 2011 and 2010:

Three Months Ended June 30, 2011

Derivatives Designated as Hedging Instruments	Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Loss Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Location of Loss Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
	(in millions)	(in millions)		(in millions)	
Interest rate swap contracts	$(9)	$(9)	Interest expense	$—	
Commodity contracts	(6)	2	Cost of goods sold	(1)	Other income, net
Foreign currency contracts	(1)	(1)	Cost of goods sold	—	
	$(16)	$(8)		$(1)	

Three Months Ended June 30, 2010

Derivatives Designated as Hedging Instruments	Amount of Loss Recognized in OCI on Derivatives (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Amount of Loss Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Location of Loss Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
	(in millions)	(in millions)		(in millions)	
Interest rate swap contracts	$(21)	$(9)	Interest expense	$—	
Commodity contracts	(5)	1	Cost of goods sold	(1)	Other income, net
Foreign currency contracts	2	—		—	
	$(24)	$(8)		$(1)	

Six Months Ended June 30, 2011

Derivatives Designated as Hedging Instruments	Amount of Loss Recognized in OCI on Derivatives (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Amount of Loss Recognized in Income on Derivatives (Ineffective Portion and Amount	Location of Loss Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded

				Excluded from Effectiveness Testing)	from Effectiveness Testing)
	(in millions)	(in millions)		(in millions)	
Interest rate swap contracts	$(10)	$ (19)	Interest expense	$—	
Commodity contracts	(5)	6	Cost of goods sold	(1)	Other income, net
Foreign currency contracts	(2)	(1)	Cost of goods sold	—	
	$(17)	$ (14)		$(1)	

26

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

Six Months Ended June 30, 2010

Derivatives Designated as Hedging Instruments	Amount of (Loss) Gain Recognized in OCI on Derivatives (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Amount of Gain Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Location of Gain Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
	(in millions)	(in millions)		(in millions)	
Interest rate swap contracts	$(43)	$(19)	Interest expense	$—	
Commodity contracts	(2)	3	Cost of goods sold	—	
Foreign currency contracts	3	1	Cost of goods sold	—	
	$(42)	$(15)		$—	

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized on Derivatives	Gain (Loss) Recognized on Derivatives Three Months Ended June 30, 2011	2010	Six Months Ended June 30, 2011	2010
		(in millions)			
Commodity contracts	Cost of goods sold	$—	$—	$—	$1
Commodity contracts	Other income (loss), net	—	(1)	—	(1)
		$—	$(1)	$—	$—

7. Inventories, Net.

Inventories, net consists of the following:

	June 30, 2011	December 31, 2010
	(in millions)	
Raw materials	$241	$211
Work in process	225	195
Finished goods	795	670
	1,261	1,076
Other:		
Ferrous metals	64	43
Non-ferrous metals	26	21
Secondary metals	24	23
	114	87
Total inventories, net	$1,375	$1,163

27

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

8. Goodwill and Intangible Assets, Net.

Goodwill consists of the following:

	June 30, 2011			December 31, 2010		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
	(in millions)					
Automotive	$1,338	$(226)	$1,112	$1,343	$(226)	$1,117
Railcar	7	—	7	7	—	7
Food Packaging	3	—	3	3	—	3
Metals	7	—	7	2	—	2
	$1,355	$(226)	$1,129	$1,355	$(226)	$1,129

Intangible assets, net consists of the following:

		June 30, 2011			December 31, 2010		
	Useful lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
		(in millions)					
Definite-lived intangible assets:							
Automotive	1 - 22	$658	$(198)	$460	$658	$(174)	$484
Gaming	3 - 42	25	(1)	24	25	—	25
Food Packaging	6 - 13.5	23	(12)	11	23	(11)	12
Metals	5 - 15	16	(5)	11	11	(5)	6
Real Estate	12 - 12.5	121	(29)	92	121	(24)	97
		$843	$(245)	598	$838	$(214)	624
Indefinite-lived intangible assets:							
Automotive				314			314
Gaming				54			54
Food Packaging				2			2
Home Fashion				5			5
				375			375
Intangible assets, net				$973			$999

For each of the three months ended June 30, 2011 and 2010, we recorded amortization expense of $16 million associated with definite-lived intangible assets. For each of the six months ended June 30, 2011 and 2010, we recorded amortization expense of $31 million associated with definite-lived intangible assets. We utilize the straight line method of amortization, recognized over the estimated useful lives of the assets.

Automotive

During the six months ended June 30, 2011, Federal-Mogul corrected $6 million of tax adjustments that were improperly recorded to goodwill.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

Gaming
Upon the acquisition of the controlling interest in Tropicana on November 15, 2010, we recognized $25 million in definite-lived intangible assets and $54 million in indefinite-lived intangible assets. The definite-lived intangible assets relate primarily to favorable lease arrangements which are being amortized on a straight-line basis over their respective useful lives. Approximately $29 million of the indefinite-lived intangible assets relates to gaming licenses related to entities that are located in gaming jurisdictions where competition is limited to a specified number of licensed gaming operators. The remainder of the indefinite-lived intangible assets relates to the “Tropicana” trade name. Intangible assets related to the acquisition of Tropicana were valued using the income and cost based methods as appropriate. The “Tropicana” trade name was valued based on the relief-from-royalty method which is a function of projected revenue, the royalty rate that would hypothetically be charged by a licensor of an asset to an unrelated licensee and a discount rate. Gaming licenses were valued based on the Greenfield method, which is the function of the cost to build a new casino operation, the build out period, projected cash flows attributed to the casino once operational and a discount rate.
Food Packaging
As a result of our acquisition of a controlling interest in Viskase on January 15, 2010, certain long-term assets have been adjusted as a result of our required utilization of common control parties' underlying basis in such assets. As of June 30, 2011, the net balances of such assets included adjustments as follows: $3 million for goodwill and $12 million for intangible assets.

We perform an annual goodwill impairment test for our Food Packaging reporting unit as of June 15 of each fiscal year utilizing both the market and income approaches. The market approach produces indications of value by applying multiples of enterprise value to revenue as well as enterprise value to earnings before depreciation, amortization, interest and taxes. For the income approach, a discounted net cash flow was used to determine fair value. Significant estimates and assumptions used in the discounted cash flow method include forecasted revenues and profits, appropriate weighted average cost of capital and tax rates.

The June 15, 2011 evaluation equally weighted the values derived from both the market and income approaches to arrive at fair value. Our Viskase reporting unit with a goodwill balance passed "Step 1" of the June 15, 2011 goodwill impairment analysis. All "Step 1" results had fair values in excess of carrying values by at least 90%, resulting in no impairment of goodwill.
Railcar

We perform an annual goodwill impairment test for our Railcar reporting unit as of March 1 of each fiscal year utilizing both the market and income approaches. The market approach produces indications of value by applying multiples of enterprise value to revenue as well as enterprise value to earnings before depreciation, amortization, interest and taxes. For the income approach, a discounted net cash flow was used to determine fair value. Significant estimates and assumptions used in the discounted cash flow method include forecasted revenues and profits, appropriate weighted average cost of capital and tax rates.

The March 1, 2011 evaluation equally weighted the values derived from both the market and income approaches to arrive at fair value. Our ARI reporting unit with a goodwill balance passed "Step 1" of the March 1, 2011 goodwill impairment analysis. All "Step 1" results had fair values in excess of carrying values by at least 60%, resulting in no impairment of goodwill.
Metals

On January 5, 2011, PSC Metals acquired substantially all the assets and certain liabilities of Cash's Scrap Metal and Iron Corp. ("CSMI") for $32 million. CSMI is a scrap recycler and operates in five different locations in Missouri. On May 2, 2011, PSC Metals acquired substantially all the assets of Wedel Iron and Metal, LLC ("Wedel") for $3 million. Wedel is a scrap metals recycler operating in Crossville, Tennessee.

As a result of these acquisitions, PSC Metals recognized $5 million in each of goodwill and definite-lived intangible assets. In allocating the purchase price to the fair value of assets acquired and liabilities assumed, PSC Metals utilized third-party appraisers to assist it in assessing the fair values of certain components of the assets acquired and liabilities assumed.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

9. Property, Plant and Equipment, Net.

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

	Useful Life (in years)	June 30, 2011 (in millions)	December 31, 2010
Land		$472	$456
Buildings and improvements	4 - 40	1,061	1,028
Machinery, equipment and furniture	1 - 30	2,558	2,371
Assets leased to others	15 - 39	480	482
Construction in progress		418	346
		4,989	4,683
Less: Accumulated depreciation and amortization		(1,411)	(1,228)
Property, plant and equipment, net		$3,578	$3,455

Depreciation and amortization expense from continuing operations related to property, plant and equipment for the three months ended June 30, 2011 and 2010 was $86 million and $88 million, respectively. For the six months ended June 30, 2011 and 2010, depreciation and amortization expense from continuing operations was $172 million and $176 million, respectively.

10. Debt.

Debt consists of the following:

	June 30, 2011 (in millions)	December 31, 2010
8% senior unsecured notes due 2018 - Icahn Enterprises	$1,450	$1,450
7.75% senior unsecured notes due 2016 - Icahn Enterprises	1,050	1,050
Senior unsecured variable rate convertible notes due 2013 - Icahn Enterprises	556	556
Senior notes - Investment Management	392	—
Debt facilities - Automotive	2,737	2,737
Debt facilities - Gaming	61	62
Senior unsecured notes - Railcar	275	275
Senior secured notes and revolving credit facility - Food Packaging	214	214
Mortgages payable	77	108
Other	65	57
Total debt	$6,877	$6,509

Senior Unsecured Notes - Icahn Enterprises

8% Senior Unsecured Notes Due 2018 and 7.75% Senior Unsecured Notes Due 2016

On January 15, 2010, we and Icahn Enterprises Finance Corp. (“Icahn Enterprises Finance”) (collectively, the “Issuers”), issued $850 million aggregate principal amount of 7.75% Senior Unsecured Notes due 2016 (the “2016 Notes”) and $1,150 million aggregate principal amount of 8% Senior Unsecured Notes due 2018 (the “2018 Notes” and, together with the 2016 Notes, referred to as the “Initial New Notes”) pursuant to the purchase agreement, dated January 12, 2010 (the “Purchase Agreement”), by and among the Issuers, Icahn Enterprises Holdings, as guarantor (the “Guarantor”), and Jefferies & Company, Inc., as initial purchaser (the “Initial Purchaser”). The gross proceeds from the sale of the Initial New Notes were $1,987 million, a portion of which was used to purchase the approximate $1.28 billion in aggregate principal amount (or approximately 97%) of the 7.125% Senior Unsecured Notes due 2013 and the 8.125% Senior

Unsecured Notes due 2012 that

30

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

were tendered pursuant to cash tender offers and consent solicitations. Interest on the New Notes are payable on January 15 and July 15 of each year, commencing July 15, 2010. The 7.125% Senior Unsecured Notes due 2013 and the 8.125% Senior Unsecured Notes due 2012 were satisfied and discharged pursuant to their respective indentures on January 15, 2010.

On November 12, 2010, the Issuers issued an additional $200 million aggregate principal amount of the 2016 Notes and $300 million aggregate principal amount of the 2018 Notes (such notes are collectively referred to as the "Additional New Notes"), pursuant to the purchase agreement, dated November 8, 2010 (the "Additional New Notes Purchase Agreement"), by and among the Issuers, Icahn Enterprises Holdings, as guarantor and Jefferies & Company, Inc., as initial purchaser. The Additional New Notes constitute the same series of securities as the Initial New Notes for purposes of the indenture governing the notes and vote together on all matters with such series. The Additional New Notes have substantially identical terms as the Initial New Notes.

The gross proceeds from the sale of the Additional New Notes were $512 million and will be used for general corporate purposes.

The Initial New Notes and Additional New Notes (referred to collectively as the notes) were issued under and are governed by an indenture, dated January 15, 2010 (the "Indenture"), among the Issuers, the Guarantor and Wilmington Trust Company, as trustee. The Indenture contains customary events of defaults and covenants relating to, among other things, the incurrence of debt, affiliate transactions, liens and restricted payments. On or after January 15, 2013, the Issuers may redeem all of the 2016 Notes at a price equal to 103.875% of the principal amount of the 2016 Notes, plus accrued and unpaid interest, with such optional redemption prices decreasing to 101.938% on and after January 15, 2014 and 100% on and after January 15, 2015. On or after January 15, 2014, the Issuers may redeem all of the 2018 Notes at a price equal to 104.000% of the principal amount of the 2018 Notes, plus accrued and unpaid interest, with such option redemption prices decreasing to 102.000% on and after January 15, 2015 and 100% on and after January 15, 2016. Before January 15, 2013, the Issuers may redeem up to 35% of the aggregate principal amount of each of the 2016 Notes and 2018 Notes with the net proceeds of certain equity offerings at a price equal to 107.750% and 108.000%, respectively, of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of redemption, provided that at least 65% of the aggregate principal amount of the 2016 Notes or 2018 Notes, as the case may be, originally issued remains outstanding immediately after such redemption. If the Issuers experience a change of control, the Issuers must offer to purchase for cash all or any part of each holder's notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest.

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

Senior Unsecured Variable Rate Convertible Notes Due 2013 - Icahn Enterprises

In April 2007, we issued an aggregate of $600 million of variable rate senior convertible notes due 2013 (the "variable rate notes"). The variable rate notes were sold in a private placement pursuant to Section 4(2) of the Securities Act, and issued pursuant to an indenture dated as of April 5, 2007, by and among us, as issuer, Icahn Enterprises Finance, as co-issuer, and Wilmington Trust Company, as trustee. Other than Icahn Enterprises Holdings, no other subsidiaries guarantee payment on the variable rate notes. The variable rate notes bear interest at a rate of three-month LIBOR minus 125 basis points, but the all-in-rate can be no less than 4.0% nor more than 5.5%, and are convertible into our depositary units at a conversion price of $132.595 per depositary unit per $1,000 principal amount, subject to adjustments in certain circumstances. Pursuant to the indenture governing the variable rate notes, on October 5, 2008, the conversion price was adjusted downward to $105.00 per depositary unit per $1,000 principal amount. As of June 30, 2011, the interest rate was 4.0%. The interest on the variable rate notes is payable quarterly on each January 15, April 15, July 15 and October 15. The variable rate notes mature on August 15, 2013, assuming they have not been converted to depositary units before their maturity date.

In the event that we declare a cash dividend or similar cash distribution in any calendar quarter with respect to our depositary units in an amount in excess of $0.10 per depositary unit (as adjusted for splits, reverse splits and/or stock dividends), the indenture governing the variable rate notes requires that we simultaneously make such distribution to holders of the variable rate notes in accordance with a formula set forth in the indenture. We paid aggregate cash distributions of $1 million and $2 million for the six months ended June 30, 2011 and 2010, respectively, to holders of our variable rate notes in

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

respect to our distribution payments to our depositary unitholders. Such amounts have been classified as interest expense.

Senior Unsecured Notes Restrictions and Covenants

The indenture governing the variable rate notes, and the indenture governing both the 2016 Notes and the 2018 Notes, restrict the payment of cash distributions, the purchase of equity interests or the purchase, redemption, defeasance or acquisition of debt subordinated to the senior unsecured notes. The indentures also restrict the incurrence of debt or the issuance of disqualified stock, as defined in the applicable indenture, with certain exceptions. In addition, the indentures require that on each quarterly determination date we and the guarantor of the notes (currently only Icahn Enterprises Holdings) maintain certain minimum financial ratios, as defined therein. The indentures also restrict the creation of liens, mergers, consolidations and sales of substantially all of our assets, and transactions with affiliates.

As of June 30, 2011 and December 31, 2010, we were in compliance with all covenants, including maintaining certain minimum financial ratios, as defined in the applicable indentures. Additionally, as of June 30, 2011, based on covenants in the indenture governing our senior unsecured notes, we are permitted to incur approximately $1.3 billion in additional indebtedness.

Senior Notes - Investment Management

During the first quarter of fiscal 2011, the Investment Funds formed a special purpose investment vehicle (the "SPV"), an exempted company incorporated with limited liability under the laws of the Cayman Islands, for the purpose of effecting certain transactions described herein. On March 10, 2011, the SPV issued at par an aggregate principal amount of $595 million of senior notes (the “SPV Notes”). The SPV was formed for the sole purpose of issuing the SPV Notes, acquiring certain Collateral Assets, as defined in the SPV Indenture (as defined below), and engaging in certain related transactions, including certain swap transactions as described below. The SPV will not have any substantial assets other than Collateral Assets. The SPV Notes were sold in a private placement pursuant to Rule 144A of the Securities Act, and issued pursuant to an indenture dated as of March 10, 2011 (the “SPV Indenture”), by and between the SPV, as issuer, and U.S. Bank National Association, as trustee.

We control the SPV through our interests in the Investment Funds and, accordingly, we consolidated the results and financial position of the SPV.

The SPV Notes accrue interest in arrears at LIBOR plus 0.60%. Interest on the SPV Notes will be paid on the 10th of March, June, September and December of each year subject to priority of payments pursuant to the SPV Indenture. The initial maturity date of the SPV Notes is September 10, 2011, which date could have been extended in three-month increments provided that the SPV obtained consent from holders of the SPV Notes. If such extensions had been granted, the maximum date through which the SPV Notes could have been extended would have been March 10, 2014, the final note maturity date. Subject to the satisfaction of certain redemption conditions as set forth in the SPV Indenture, the SPV may, in its discretion, cause a redemption of the SPV Notes. The SPV may redeem all or a portion of the SPV Notes in an amount equal to the sum of (a) the aggregate outstanding amount of the SPV Notes being redeemed, (b) accrued and unpaid interest thereon and (c) if applicable, a make-whole payment. During the three months ended June 30, 2011, the Investment Funds redeemed $203 million of the SPV Notes. We have determined not to extend the SPV Notes beyond the initial maturity date of September 10, 2011 and, accordingly, outstanding principal amounts, including related accrued interest, in respect of the SPV Notes will be redeemed in full by September 10, 2011.

The net proceeds from the sale of the SPV Notes were used to purchase Collateral Assets, which principally consisted of leverage loans and participations or other interests therein. The SPV Notes are secured by and payable solely from Collateral Assets, pursuant to the SPV Indenture. Payment priorities with respect to the Collateral Assets will be determined in accordance with the priority of payments pursuant to the SPV Indenture. To the extent that these amounts are insufficient to meet payments due in respect of the SPV Notes and fees and expenses following realization of all of the Collateral Assets, the obligation of the SPV to pay such deficiency with respect to the SPV Notes will be extinguished.

The SPV entered into swap transactions with a global financial services institution (referred to as the “Swap Counterparty”), whose market capitalization exceeds $40 billion, that reference a portfolio of loans that are expected (but not required) to match the Collateral Assets of the SPV. Pursuant to the swap transactions, the Swap Counterparty will pay to the SPV the amount by which the total payments made on, or the sale price of, loans in the reference portfolio are less than the amount of the interest and principal due on the SPV Notes and amounts senior to the SPV Notes in right of payment. Pursuant to certain offsetting swap agreements, the equity holders of the SPV may be required to pay to the Swap Counterparty the amounts by which the total payments made, or the sale price of, loans in the reference portfolio are less than the amount of the interest and principal due on the SPV Notes and amounts senior to the SPV Notes in right of payment.

Debt Facilities - Automotive

On December 27, 2007, Federal-Mogul entered into a Term Loan and Revolving Credit Agreement (the "Debt Facilities") with Citicorp U.S.A. Inc. as Administrative Agent, JPMorgan Chase Bank, N.A. as Syndication Agent and certain lenders. The Debt Facilities include a $540 million revolving credit facility (which is subject to a borrowing base and can be increased under certain circumstances and subject to certain conditions) and a $2,960 million term loan credit facility divided into a $1,960 million tranche B loan and a $1,000 million tranche C loan.

The obligations under the revolving credit facility mature December 27, 2013 and bear interest in accordance with a pricing grid based on availability under the revolving credit facility. Interest rates on the pricing grid range from LIBOR plus 1.50% to LIBOR plus 2.00% and ABR plus 0.50% to ABR plus 1.00%. The tranche B term loans mature December 27, 2014 and the tranche C term loans mature December 27, 2015. The tranche C term loans are subject to a pre-payment premium, should Federal-Mogul choose to prepay the loans prior to December 27, 2011. All Debt Facilities term loans bear interest at LIBOR plus 1.9375% or at ABR plus 0.9375% at Federal-Mogul's election.

During fiscal 2008, Federal-Mogul entered into a series of five-year interest rate swap agreements with a total notional value of $1,190 million to hedge the variability of interest payments associated with its variable rate term loans under the Debt Facilities. Through use of these swap agreements, Federal-Mogul has fixed its base interest and premium rate at a combined average interest rate of approximately 5.37% on the hedged principal amount of $1,190 million. Since the interest rate swaps hedge the variability of interest payments on variable rate debt with the same terms, they qualify for cash flow hedge accounting treatment.

As of June 30, 2011 and December 31, 2010, the borrowing availability under the revolving credit facility was $540 million and $528 million, respectively. Federal-Mogul had $41 million and $43 million of letters of credit outstanding as of June 30, 2011 and December 31, 2010, pertaining to the term loan credit facility.

The obligations of Federal-Mogul under the Debt Facilities are guaranteed by substantially all of its domestic subsidiaries and certain foreign subsidiaries, and are secured by substantially all personal property and certain real property of Federal-Mogul and such guarantors, subject to certain limitations. The liens granted to secure these obligations and certain cash management and hedging obligations have first priority.

The Debt Facilities contain certain affirmative and negative covenants and events of default, including, subject to certain exceptions, restrictions on incurring additional indebtedness, mandatory prepayment provisions associated with specified asset sales and dispositions, and limitations on (i) investments; (ii) certain acquisitions, mergers or consolidations; (iii) sale and leaseback transactions; (iv) certain transactions with affiliates and (v) dividends and other payments in respect of capital stock. At June 30, 2011 and December 31, 2010, Federal-Mogul was in compliance with all debt covenants under the Debt Facilities.

Debt Facilities - Gaming

In connection with Tropicana's completion of the Restructuring Transactions (see Note 2, "Operating Units-Gaming"), Tropicana entered into a credit facility (the "Exit Facility") which consists of a (i) $130 million senior secured term loan credit facility issued at a discount of 7%, which was funded on March 8, 2010, the Effective Date, and (ii) a $20 million senior secured revolving credit facility. Each of the Investment Funds was a lender under the Exit Facility and, in the aggregate, held over 50% of the loans under the Term Loan Facility and was obligated to provide 100% of any amounts borrowed by Tropicana under the Revolving Facility. The Exit Facility matures on March 8, 2013. On June 30, 2011, the Investment Funds made a dividend-in-kind distribution of their investment in the loans under the Exit Facility to us and as a result we are now the direct lenders under Exit Facility. (See Note 2, "Operating Unit-Gaming," for additional discussion regarding this distribution-in-kind.) All amounts outstanding under the Exit Facility bear interest at a rate per annum of 15% so long as no default or event of default has occurred and is continuing, or at a rate per annum of 17% in the event that a default or event of default has occurred and is continuing. In addition, Tropicana is required to pay an annual administrative fee of $100,000 and an unused line fee equal to 0.75% of the daily average undrawn portion of the Revolving Facility. The Exit Facility is guaranteed by substantially all the existing and future subsidiaries of Tropicana.

The Exit Facility, as amended in February 2011, contains mandatory prepayment provisions from proceeds received by Tropicana as a result of asset sales and the incurrence of indebtedness (subject in each case to certain exceptions). Key

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

covenants binding Tropicana and its subsidiaries include (i) $50 million limitation per annum on capital expenditures, (ii) compliance with certain fixed charge coverage and leverage ratios. Financial covenants will be tested at the end of each fiscal quarter on a last twelve months basis. Key defaults (termination provisions) include (i) failure to repay principal, interest, fees and other amounts owing under the Exit Facility, (ii) cross default to other material indebtedness, (iii) the rendering of a material judgment against Tropicana or any of its subsidiaries, (iv) failure of security documents to create valid liens on property securing the facility and to perfect such liens, (v) revocation of casino, gambling or gaming licenses and (vi) the bankruptcy or insolvency of Tropicana or any of its subsidiaries. Many defaults are also subject to cure periods prior to such default giving rise to the right of the lenders to accelerate the loans and to exercise remedies. Tropicana was in compliance with all financial covenants as of both June 30, 2011 and December 31, 2010.

Senior Unsecured Notes - Railcar

In February 2007, ARI issued $275 million senior unsecured fixed rate notes that were subsequently exchanged for registered notes in March 2007 (the “ARI Notes”).

The ARI Notes bear a fixed interest rate of 7.5% and are due in 2014. Interest on the ARI Notes is payable semi-annually in arrears on March 1 and September 1. The indenture governing the ARI Notes (the “ARI Notes Indenture”) contains restrictive covenants that limit ARI's ability to, among other things, incur additional debt, make certain restricted payments and enter into certain significant transactions with stockholders and affiliates. As of June 30, 2011 based on certain financial ratios, certain of these covenants, including ARI's ability to incur additional debt, have become further restricted. ARI was in compliance with all of its covenants under the ARI Notes Indenture as of June 30, 2011.

Since March 1, 2011, ARI has been able to redeem the ARI Notes in whole or in part at a redemption price equal to 103.75% of the principal amount of the ARI Notes plus accrued and unpaid interest. The redemption price declines annually until it is reduced to 100.0% of the principal amount of the ARI Notes plus accrued and unpaid interest beginning on March 1, 2013. The ARI Notes are due in full plus accrued unpaid interest on March 1, 2014.

Senior Secured Notes and Revolving Credit Facility - Food Packaging

In December 2009, Viskase issued $175 million of 9.875% Senior Secured Notes due 2018 (the “Viskase 9.875% Notes”). The Viskase 9.875% Notes bear interest at a rate of 9.875% per annum, payable semi-annually in cash on January 15 and July 15, commencing on July 15, 2010. The Viskase 9.875% Notes have a maturity date of January 15, 2018.

On May 2010, Viskase issued an additional $40 million aggregate principal amount of Viskase 9.875% Notes under the indenture governing the Viskase 9.875% Notes Indenture (the “Viskase 9.875% Notes Indenture”). The additional notes constitute the same series of securities as the initial Viskase 9.875% Notes. Holders of the initial and additional Viskase 9.875% Notes will vote together on all matters and the initial and additional Viskase 9.875% Notes will be equally and ratably secured by all collateral.

The notes and related guarantees by any of Viskase's future domestic restricted subsidiaries are secured by substantially all of Viskase's and such domestic restricted subsidiaries' current and future tangible and intangible assets. The Viskase 9.875% Notes Indenture permits Viskase to incur other senior secured indebtedness and to grant liens on its assets under certain circumstances.

Prior to January 15, 2014, Viskase may redeem, at its option, up to 35% of the aggregate principal amount of the Viskase 9.875% Notes issued under the Viskase 9.875% Notes Indenture with the net proceeds of any equity offering at 109.875% of their principal amount, plus accrued and unpaid interest to the date of redemption, provided that at least 65% of the aggregate principal amount of the Viskase 9.875% Notes issued under the Viskase 9.875% Notes Indenture dated December 21, 2009 remains outstanding immediately following the redemption.

In November 2007, Viskase entered into a $25 million secured revolving credit facility (the "Viskase Revolving Credit Facility") with Arnos Corporation, an affiliate of Mr. Icahn. In connection with our majority acquisition of Viskase on January 15, 2010, we assumed the Viskase Revolving Credit Facility from Arnos Corporation. On April 28, 2011, we entered into an agreement with Viskase, extending the maturity date of the Viskase Revolving Credit Facility from January 31, 2012 to January 31, 2013. Borrowings under the loan and security agreement governing the Viskase Revolving Credit Facility are subject to a borrowing base formula based on percentages of eligible domestic receivables and eligible domestic inventory. Under the Viskase Revolving Credit Facility, the interest rate is LIBOR plus a margin of 2.00% currently (which margin will be subject to performance based increases up to 2.50%); provided that the minimum interest rate shall be at least equal to 3.00%. The

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

Viskase Revolving Credit facility also provides for an unused line fee of 0.375% per annum. There were no borrowings under the Viskase Revolving Credit Facility at each of June 30, 2011 and December 31, 2010. Indebtedness under the Viskase Revolving Credit Facility is secured by liens on substantially all of Viskase's domestic and Mexican assets, with liens on certain assets that are contractually senior to the Viskase 9.875% Notes and the related guarantees pursuant to an intercreditor agreement and the Viskase 9.875% Notes.

The Viskase Revolving Credit Facility contains various covenants which restrict Viskase's ability to, among other things, incur indebtedness, enter into mergers or consolidation transactions, dispose of assets (other than in the ordinary course of business), acquire assets, make certain restricted payments, create liens on our assets, make investments, create guarantee obligations and enter into sale and leaseback transactions and transactions with affiliates, in each case subject to permitted exceptions. The Viskase Revolving Credit Facility also requires that Viskase complies with various financial covenants. Viskase is in compliance with these requirements as of June 30, 2011 and December 31, 2010.

In its foreign operations, Viskase has unsecured lines of credit with various banks providing approximately $8 million of availability. There were no borrowings under the lines of credit at each of June 30, 2011 and December 31, 2010. Letters of credit in the amount of $2 million were outstanding under facilities with a commercial bank, and were cash collateralized at each of June 30, 2011 and December 31, 2010.

Mortgages Payable - Real Estate

Mortgages payable, all of which are non-recourse to us, bear interest at rates between 4.97% and 7.99% and have maturities between May 31, 2013 and October 31, 2028.

Other

Secured Revolving Credit Agreement - Home Fashion

On June 16, 2006, WestPoint Home, Inc. ("WPH"), an indirect wholly owned subsidiary of WPI, entered into a $250 million loan and security agreement with Bank of America, N.A., as administrative agent. On September 18, 2006, The CIT Group/Commercial Services, Inc., General Electric Capital Corporation and Wells Fargo Foothill, LLC were added as lenders under this credit agreement. Under the five-year agreement, which matured on June 15, 2011, borrowings were subject to a monthly borrowing base calculation and included a $75 million sub-limit that may be used for letters of credit. Borrowings under the agreement bore interest, at the election of WestPoint Home, either at the prime rate adjusted by an applicable margin ranging from minus 0.25% to plus 0.50% or LIBOR adjusted by an applicable margin ranging from plus 1.25% to 2.00%. WPH paid an unused line fee of 0.25% to 0.275%. Obligations under the agreement were secured by WPH's receivables, inventory and certain machinery and equipment.

On June 15, 2011, WPH executed an amended and restated $50 million loan and security agreement with Bank of America ("BOA"), as administrative agent and lender, with maximum borrowing availability of $45 million, subject to monthly borrowing base calculations. This one-year agreement matures on June 15, 2012 and includes a $40 million sub-limit that may be used for letters of credit. Borrowings under this agreement bear interest at the election of WPH at either (a) for LIBOR rate advances at LIBOR or (b) for base rate advances, at a base rate, which is the highest of (i) BOA's announced prime rate or (ii) the federal funds rate plus 0.50% or (iii) adjusted LIBOR for a 30-day interest period plus 1.00%. The applicable LIBOR or base rate is then adjusted by an applicable margin ranging from plus 2.00 % to plus 3.50% depending upon the current borrowing capacity of WPH. WPH pays an unused line fee of 0.50% to 0.625%. Obligations under this agreement are secured by WPH's receivables, inventory and certain machinery and equipment.

The amended and restated loan agreement contains covenants including, among others, restrictions on the incurrence of indebtedness, investments, redemption payments, distributions, acquisition of stock, securities or assets of any other entity and capital expenditures. However, WPH may effectuate any of these transactions only subject to specified limits and exceptions.

As of June 30, 2011, there were no borrowings under the agreement, but there were outstanding letters of credit of $9 million. Based upon the eligibility and reserve calculations within the agreement, WPH had unused borrowing availability of $36 million at June 30, 2011.

Sale of Previously Purchased Subsidiary Debt

During the six months ended June 30, 2010, we received proceeds of $65 million from the sale of previously purchased

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

debt of entities included in our consolidated financial statements in the principal amount of $77 million.

11. Compensation Arrangements.

Compensation arrangements of our Investment Management and Automotive segments that are included in our consolidated financial statements are discussed below.

Investment Management

Effective January 1, 2008, the General Partners amended employment agreements with certain of their employees whereby such employees have been granted rights to participate in a portion of the special profits interest allocations (in certain cases, whether or not such special profits interest is earned by the General Partners) and incentive allocations earned by the General Partners, typically net of certain expenses and generally subject to various vesting provisions. The vesting period of these rights is generally between two and seven years, and such rights expire at the end of the contractual term of each respective employment agreement. The unvested amounts and vested amounts that have not been withdrawn by the employee generally remain invested in the Investment Funds and earn the rate of return of these funds, before the effects of any special profits interest allocations or incentive allocations, which are waived on such amounts. Accordingly, these rights are accounted for as liabilities and are remeasured at fair value each reporting period until settlement.

Pursuant to certain compensation agreements entered into during fiscal 2010, certain employees may earn compensation (such amounts referred to as "profit-sharing amounts") that reference a portfolio of securities that is funded by the Investment Funds. The vesting period of these profit-sharing amounts is three years. The profit-sharing amounts are determined by the performance of the portfolio of securities. Accordingly, these profit-sharing amounts are accounted for as liabilities and are remeasured at fair value each reporting period until settlement.

The General Partners recorded compensation expense of $1 million and no compensation expense for the three months ended June 30, 2011 and 2010, respectively. The General Partners recorded compensation expense of $7 million and $0.3 million for the six months ended June 30, 2011 and 2010, respectively. Compensation expense is included in selling, general and administrative in our consolidated statements of operations. Compensation expense arising from grants in special profits interest allocations and incentive allocations and profit-sharing amounts in respect of the portfolio of securities funded by the Investment Funds are recognized in our consolidated financial statements over the vesting period. Grants in respect of special profits interest allocations and incentive allocations will no longer be made after March 31, 2011. Unvested balances of special profits interest allocations, incentive allocations and profit-sharing amounts in respect of the portfolio of securities funded by the Investment Funds are not reflected in our consolidated financial statements. Unvested amounts not yet recognized as compensation expense were $14 million and $8 million as of June 30, 2011 and December 31, 2010, respectively. Unvested amounts are expected to be recognized over a weighted average of 2.0 years as of June 30, 2011. Cash paid to settle amounts that had been withdrawn for the three months ended June 30, 2011 and 2010 was $1 million and $5 million, respectively.

Automotive

On March 23, 2010, Federal-Mogul entered into the Second Amended and Restated Employment Agreement, which extended Mr. Alapont's employment with Federal-Mogul for three years. Also on March 23, 2010, Federal-Mogul amended and restated the Stock Option Agreement by and between Federal-Mogul and Mr. Alapont dated as of February 15, 2008 (the “Restated Stock Option Agreement”). The Restated Stock Option Agreement removed Mr. Alapont's put option to sell stock received from a stock option exercise to Federal-Mogul for cash. The Restated Stock Option Agreement provides for payout of any exercise of Mr. Alapont's stock options in stock or, at the election of Federal-Mogul, in cash. The awards were previously accounted for as liability awards based on the optional cash exercise feature; however, the accounting impact associated with this modification is that the stock options are now considered an equity award as of March 23, 2010.

Federal-Mogul revalued the four million stock options granted to Mr. Alapont at March 23, 2010, resulting in a revised fair value of $27 million. This amount was reclassified from accounts payable, accrued expenses and other liabilities to partners' equity due to their equity award status. As these stock options were fully vested as of March 23, 2010, no further expense related to these stock options will be recognized. These options had intrinsic values of $13 million and $5 million as of June 30, 2011 and December 31, 2010, respectively. These options expire on December 27, 2014.

Federal-Mogul revalued the deferred compensation agreement, which was also amended and restated on March 23, 2010, at March 31, 2011, resulting in a revised fair value of $6 million at June 30, 2011. The amended and restated agreement did not

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

include any provisions that impacted the accounting for this agreement. Since the amended and restated agreement continues to provide for net cash settlement at the option of Mr. Alapont, it continues to be treated as a liability award as of June 30, 2011 and through its eventual payout. The amount of the payout shall be equal to the fair value of 500,000 shares of Federal-Mogul's common stock, subject to certain adjustments and offsets. During each of the three months ended June 30, 2011 and 2010, Federal-Mogul recognized $1 million in expense associated with Mr. Alapont's deferred compensation agreement. During the six months ended June 30, 2011, Federal-Mogul recognized immaterial income associated with Mr. Alapont's deferred compensation agreement. During the six months ended 2010, Federal-Mogul recognized $7 million in expense associated with Mr. Alapont's stock options and deferred compensation agreement.

The June 30, 2011 deferred compensation fair value was estimated using the Monte Carlo valuation model with the following assumptions:

Exercise price	N/A	
Expected volatility	55	%
Expected dividend yield	—	%
Risk-free rate over the estimated expected option life	0.29	%
Expected life (in years)	1.75	

Expected volatility is based on the average of five-year historical volatility and implied volatility for a group of comparable auto industry companies as of the measurement date. Risk-free rate is determined based upon U.S. Treasury rates over the estimated expected lives. Expected dividend yield is zero as Federal-Mogul has not paid dividends to holders of its common stock in the recent past nor does it expect to do so in the future. Expected lives are equal to one-half of the time to the end of the term.

12. Pensions, Other Post-employment Benefits and Employee Benefit Plans.

Federal-Mogul, ARI and Viskase each sponsor several defined benefit pension plans ("Pension Benefits") (and, in the case of Viskase, its pension plans include defined contribution plans). Additionally, Federal-Mogul, ARI and Viskase each sponsors health care and life insurance benefits ("Other Post-Employment Benefits") for certain employees and retirees around the world. The Pension Benefits are funded based on the funding requirements of federal and international laws and regulations, as applicable, in advance of benefit payments and the Other Benefits as benefits are provided to participating employees. As prescribed by applicable U.S. GAAP, Federal-Mogul, ARI and Viskase each uses, as applicable, appropriate actuarial methods and assumptions in accounting for its defined benefit pension plans, non-pension post-employment benefits, and disability, early retirement and other post-employment benefits. The measurement date for all defined benefit plans is December 31 of each fiscal year.

Components of net periodic benefit cost (credit) for Federal-Mogul, ARI and Viskase for the three and six months ended June 30, 2011 and 2010 are as follows:

	Pension Benefits		Other Post-Employment Benefits	
	Three Months Ended June 30,			
	2011	2010	2011	2010
	(in millions)			
Service cost	$7	$7	$—	$—
Interest cost	20	21	5	5
Expected return on plan assets	(17)	(15)	—	—
Amortization of actuarial losses	7	6	—	—

Amortization of prior service credit	—	—	(4)	(3)
Curtailment gain	—	—	—	(4)
	$17	$19	$1	$(2)

37

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

	Pension Benefits		Other Post-Employment Benefits	
	Six Months Ended June 30,			
	2011	2010	2011	2010
	(in millions)			
Service cost	$14	$15	$—	$—
Interest cost	42	42	10	12
Expected return on plan assets	(34)	(30)	—	—
Amortization of actuarial losses	13	13	—	—
Amortization of prior service credit	—	—	(8)	(3)
Curtailment gain	—	—	—	(4)
	$35	$40	$2	$5

13. Net Income Per LP Unit.

Basic income (loss) per LP unit is based on net income or loss attributable to Icahn Enterprises allocable to limited partners after deducting preferred pay-in-kind distributions to preferred unitholders. Net income or loss allocable to limited partners is divided by the weighted-average number of LP units outstanding. Diluted income (loss) per LP unit is based on basic income (loss) adjusted for interest charges applicable to the variable rate notes and earnings before the preferred pay-in-kind distributions as well as the weighted-average number of units and equivalent units outstanding. Prior to their redemption on March 31, 2010, the preferred units were considered to be equivalent units for the purpose of calculating income or loss per LP unit.

On April 29, 2011, the board of directors declared a quarterly distribution of $0.50 per depositary unit, comprised of a combination of $0.10 payable in cash and $0.40 payable in depositary units. The distribution was paid on May 31, 2011 to depositary unitholders of record at the close of business on May 16, 2011. We calculated the depositary units to be distributed based on the 20-trading day volume weighted average price of our depositary units ending on May 3, 2011, resulting in .009985 of a unit being distributed per depositary unit. To the extent that the aggregate units distributed to any holder included a fraction of a unit, that fractional unit was settled in cash. As a result, we distributed 843,295 depositary units on May 31, 2011 in connection with this distribution. We have retroactively adjusted our prior period net income per LP unit to reflect the revised LP units outstanding in accordance with U.S. GAAP.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(in millions, except per unit data)			
Net income (loss) attributable to Icahn Enterprises	$289	$(116)	$529	$(181)
Basic income (loss) attributable to Icahn Enterprises allocable to limited partners (98.01% share of net income or loss)	$283	$(113)	$518	$(177)
Basic income (loss) per LP unit	$3.29	$(1.33)	$6.02	$(2.13)
Basic weighted average LP units outstanding	86	85	86	83
Diluted income (loss) per LP unit	$3.19	$(1.33)	$5.84	$(2.13)

Diluted weighted average LP units outstanding	91	85	91	83

38

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

The effect of dilutive securities in computing diluted income (loss) per LP unit for the three and six months ended June 30, 2011 is presented below. There were no dilutive securities for the three and six months ended June 30, 2010.

	Three Months Ended June 30, 2011		Six Months Ended June 30, 2011	
	Income	Units	Income	Units
	(in millions)			
Variable rate convertible notes	$7	5	$13	5

As their effect would have been anti-dilutive, the following equivalent units have been excluded from the diluted weighted average LP units outstanding for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(in millions)			
Redemption of preferred LP units	—	—	—	2
Variable rate convertible notes	—	5	—	5

14. Segment Reporting.

As of June 30, 2011, our eight reportable segments are: (1) Investment Management; (2) Automotive; (3) Gaming; (4) Railcar; (5) Food Packaging; (6) Metals; (7) Real Estate and (8) Home Fashion. Our Investment Management segment provides investment advisory and certain administrative and back office services to the Private Funds, but does not provide such services to any other entities, individuals or accounts. Our Automotive segment consists of Federal-Mogul. Our Gaming segment consists of Tropicana. Our Railcar segment consists of ARI. Our Food Packaging segment consists of Viskase. Our Metals segment consists of PSC Metals. Our Real Estate segment consists of rental real estate, property development and the operation of resort properties. Our Home Fashion segment consists of WPI. In addition to our eight reportable segments, we present the results of the Holding Company which includes the unconsolidated results of Icahn Enterprises and Icahn Enterprises Holdings, and investment activity and expenses associated with the activities of the Holding Company. See Note 2, “Operating Units,” for a detailed description of each of our operating businesses.

We assess and measure segment operating results based on net income attributable to Icahn Enterprises as disclosed below. Certain terms of financings for certain of our segments impose restrictions on the segments' ability to transfer funds to us, including restrictions on dividends, distributions, loans and other transactions.

As described in Note 2, “Operating Units-Gaming,” we consolidated the results of Tropicana effective November 15, 2010. Our management evaluates the aggregate performance of the Investment Management segment with all of its investments stated on a fair value basis, including its investment in Tropicana. Accordingly, although we are required to consolidate the results of Tropicana effective November 15, 2010 and separately report their results as part of our Gaming segment, the column representing our Investment Management segment's results include the investment in Tropicana on a fair value basis with changes in fair value reflected in earnings for the three and six months ended June 30, 2011. We eliminate the fair value effects of Tropicana in the column labeled “Eliminations.”

As further described in Note 2, "Operating Units-Gaming," through distribution-in-kind transactions from our Investment Management segment directly to us, we currently directly own the investment in Tropicana's common stock, including its Exit Facility as of June 30, 2011.

39

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2011

	Three Months Ended June 30, 2011										
	Investment Management	Automotive	Gaming	Railcar	Food Packaging	Metals	Real Estate	Home Fashion	Holding Company	Eliminations	Consolidated
	(in millions)										
Revenues:											
Net sales	$—	$ 1,800	$ —	$ 94	$ 89	$ 288	$ 12	$ 82	$ —	$ —	$ 2,365
Other revenues from operations	—	—	145	18	—	—	12	—	—	—	175
Net gain from investment activities	575	—	—	—	—	—	—	—	15	—	590
Interest and dividend income	26	2	—	1	—	—	1	—	—	(2)	28
Other (loss) income, net	—	3	—	(3)	—	—	—	2	1	—	3
	601	1,805	145	110	89	288	25	84	16	(2)	3,161
Expenses:											
Cost of goods sold	—	1,501	—	86	66	278	4	75	—	—	2,010
Other expenses from operations	—	—	75	13	—	—	5	—	—	—	93
Selling, general and administrative	28	185	65	5	11	7	10	15	7	—	333
Restructuring	—	—	—	—	—	—	—	1	—	—	1
Impairment	—	3	—	—	—	—	—	—	—	—	3
Interest expense	6	35	3	6	5	—	2	1	55	—	113
	34	1,724	143	110	82	285	21	92	62	—	2,553
Income (loss) before income tax (expense) benefit	567	81	2	—	7	3	4	(8)	(46)	(2)	608
Income tax (expense) benefit	—	(17)	1	—	(2)	—	—	—	(6)	—	(24)
Net income (loss)	567	64	3	—	5	3	4	(8)	(52)	(2)	584
Less: net (income) loss attributable to non-controlling interests	(278)	(18)	(2)	—	(1)	—	—	3	—	1	(295)
Net income (loss) attributable to Icahn Enterprises	$ 289	$ 46	$ 1	$ —	$ 4	$ 3	$ 4	$ (5)	$ (52)	$ (1)	$ 289

Three Months Ended June 30, 2010			
Automotive	Railcar	Metals	Consolidated

	Investment Management (in millions)	Food Packaging	Real Estate	Home Fashion	Holding Company
Revenues:					