ICAHN ENTERPRISES L.P.
Form 10-K
March 01, 2019

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2018

(Commission File Number)	(Exact Name of Registrant as Specified in Its Charter) (Address of Principal Executive Offices) (Zip Code) (Telephone Number)	(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
001-09516	**ICAHN ENTERPRISES L.P.** **767 Fifth Avenue, Suite 4700** **New York, NY 10153** **(212) 702-4300**	**Delaware**	**13-3398766**
333-118021-01	**ICAHN ENTERPRISES HOLDINGS L.P.** **767 Fifth Avenue, Suite 4700** **New York, NY 10153** **(212) 702-4300**	**Delaware**	**13-3398767**

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

Title of Each Class	Name of Each Exchange on Which Registered
Depositary Units of Icahn Enterprises L.P. Representing Limited Partner Interests	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

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

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

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

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

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

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

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

Icahn Enterprises L.P.		Icahn Enterprises Holdings L.P.	
Large Accelerated Filer x	Accelerated Filer o	Large Accelerated Filer o	Accelerated Filer o
Non-accelerated Filer o	Smaller Reporting Company o	Non-accelerated Filer x	Smaller Reporting Company o

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

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

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

The aggregate market value of Icahn Enterprises' depositary units held by non-affiliates of the registrant as of June 29, 2018, the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing price of depositary units on the Nasdaq Global Select Market on such date was $1,123 million.

As of February 28, 2019, there were 191,374,372 of Icahn Enterprises' depositary units outstanding.

ICAHN ENTERPRISES L.P.
ICAHN ENTERPRISES HOLDINGS L.P.
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EXPLANATORY NOTE

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

FORWARD-LOOKING STATEMENTS

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

Forward-looking statements include certain statements made under the caption, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” under Item 7 of this Report, but also forward-looking statements that appear in other parts of this Report. Forward-looking statements reflect our current views with respect to future events and are based on certain assumptions and are subject to risks and uncertainties that could cause our actual results to differ materially from trends, plans, or expectations set forth in the forward-looking statements. These risks and uncertainties may include the risks and uncertainties described elsewhere in this Report, including under the caption "Risk Factors," under Item 1A of this Report. Additionally, there may be other factors not presently known to us or which we currently consider to be immaterial that may cause our actual results to differ materially from the forward-looking statements.

PART I

Item 1. Business.

Business Overview

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

Icahn Enterprises owns a 99% limited partner interest in Icahn Enterprises Holdings. Icahn Enterprises G.P. Inc. (“Icahn Enterprises GP”), which is indirectly owned and controlled by Mr. Carl C. Icahn, owns a 1% general partner interest in each of Icahn Enterprises and Icahn Enterprises Holdings as of December 31, 2018. Icahn Enterprises Holdings and its subsidiaries own substantially all of our assets and liabilities and conduct substantially all of our operations. Therefore, the financial results of Icahn Enterprises and Icahn Enterprises Holdings are substantially the same, with differences relating primarily to the allocation of the general partner interest, which is reflected as an aggregate 1.99% general partner interest in the financial statements of Icahn Enterprises. Mr. Icahn and his affiliates owned approximately 91.7% of Icahn Enterprises' outstanding depositary units as of February 28, 2019.

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

Mr. Icahn's estate has been designed to assure the stability and continuation of Icahn Enterprises with no need to monetize his interests for estate tax or other purposes. In the event of Mr. Icahn's death, control of Mr. Icahn's interests in Icahn Enterprises and its general partner will be placed in charitable and other trusts under the control of senior Icahn Enterprises executives and family members.

We are a diversified holding company owning subsidiaries engaged in the following operating businesses: Investment, Energy, Automotive, Food Packaging, Metals, Real Estate, Home Fashion, Mining and, prior to September 2018, Railcar, as discussed further below.

Business Strategy and Core Strengths

The Icahn Strategy

Across all of our businesses, our success is based on a simple formula: we seek to find undervalued companies in the Graham & Dodd tradition, a methodology for valuing stocks that primarily looks for deeply depressed prices. However, while the typical Graham & Dodd value investor purchases undervalued securities and waits for results, we often become actively involved in the companies we target. That activity may involve a broad range of approaches, from influencing the management of a target to take steps to improve shareholder value, to acquiring a controlling interest or outright ownership of the target company in order to implement changes that we believe are required to improve its business, and then operating and expanding that business. This activism has typically brought about very strong returns over the years.

Today, we are a diversified holding company owning subsidiaries engaged in eight diversified reporting segments. As of December 31, 2018, through our Investment segment, we have significant positions in various investments, which include Herbalife Ltd. (HLF), Cheniere Energy Inc. (LNG), Newell Brands, Inc. (NWL), Dell Technologies Inc. Class C (DELL), Diamondback Energy, Inc. (FANG), Xerox Corporation (XRX), Navistar International Corp. (NAV), Hertz Global Holdings, Inc. (HTZ) and Conduent Incorporated (CNDT).

Several of our operating businesses started out as investment positions in debt or equity securities, held either directly by us or Mr. Icahn. Those positions ultimately resulted in control or complete ownership of the target company. For example, in 2012, we acquired a controlling interest in CVR Energy, Inc. (‘‘CVR Energy’’), which started out as a position in our Investment segment and is now an operating subsidiary that comprises our Energy segment. The acquisition of CVR Energy, like our other operating subsidiaries, reflects our opportunistic approach to value creation, through which returns may be obtained by, among other things, promoting change through minority positions at targeted companies in our Investment segment or by acquiring control of those target companies that we believe we could run more profitably ourselves.

During the next several years, we see a favorable opportunity to follow an activist strategy that centers on the purchase of target stock and the subsequent removal of any barriers that might interfere with a friendly purchase offer from a strong buyer.

Alternatively, in appropriate circumstances, we or our subsidiaries may become the buyer of target companies, adding them to our portfolio of operating subsidiaries, thereby expanding our operations through such opportunistic acquisitions. We believe that the companies that we target for our activist activities are undervalued for many reasons, often including inept management. Unfortunately for the individual investor, in particular, and the economy, in general, many poor management teams are often unaccountable and very difficult to remove.

Unlike the individual investor, we have the wherewithal to purchase companies that we feel we can operate more effectively than incumbent management. In addition, through our Investment segment, we are in a position to pursue our activist strategy by purchasing stock or debt positions and trying to promulgate change through a variety of activist approaches, ranging from speaking and negotiating with Boards of Directors and Chief Executive Officers ("CEO") to proxy fights, tender offers and acquiring control. We work diligently to enhance value for all shareholders and we believe that the best way to do this is to make underperforming management teams and Boards of Directors accountable or to replace them.

The Chairman of the Board of Directors of our general partner, Carl C. Icahn, has been an activist investor since 1980. Mr. Icahn believes that the current environment continues to be conducive to activism. Many major companies have substantial amounts of cash. We believe that they are hoarding cash, rather than spending it, because they do not believe investments in their business will translate to earnings.

We believe that one of the best ways for many cash-rich companies to achieve increased earnings is to use their large amounts of excess cash, together with advantageous borrowing opportunities, to purchase other companies in their industries and take advantage of the meaningful synergies that could result. In our opinion, the CEOs and Boards of Directors of undervalued companies that would be acquisition targets are the major road blocks to this logical use of assets to increase value, because we believe those CEOs and Boards of Directors are not willing to give up their power and perquisites, even if they have done a poor job in administering the companies they have been running. In addition, acquirers are often unwilling to undertake the arduous task of launching a hostile campaign. This is precisely the situation in which we believe a strong activist catalyst is necessary.

We believe that the activist catalyst adds value because, for companies with strong balance sheets, acquisitions of their weaker industry rivals is often extremely compelling financially. We further believe that there are many transactions that make economic sense, even at a large premium over market. Acquirers can use their excess cash, that is earning a very low return, and/or borrow at the advantageous interest rates now available, to acquire a target company. In either case, an acquirer can add the target company’s earnings and the income from synergies to the acquirer’s bottom line, at a relatively low cost. But for these potential acquirers to act, the target company must be willing to at least entertain an offer. We believe that often the activist can step in and remove the obstacles that a target generally may seek to use to prevent an acquisition.

It is our belief that our strategy will continue to produce strong results into the future. We believe that the strong cash flow and asset coverage from our operating subsidiaries will allow us to maintain a strong balance sheet and ample liquidity.

Core Strengths

We believe that our core strengths include: identifying and acquiring undervalued assets and businesses, often through the purchase of distressed securities; increasing value through management, financial or other operational changes; and managing complex legal, regulatory or financial issues, which may include bankruptcy or insolvency, environmental, zoning, permitting and licensing issues.

The key elements of our business strategy include the following:

Capitalize on Growth Opportunities in our Existing Businesses. We believe that we have developed a strong portfolio of businesses with experienced management teams. We may expand our existing businesses if appropriate opportunities are identified, as well as use our established businesses as a platform for additional acquisitions in the same or related areas.

Drive Accountability and Financial Discipline in the Management of our Business. Our CEO is accountable directly to our Board of Directors of our general partner, including the Chairman, Carl C. Icahn, and has day-to-day responsibility, in consultation with our Chairman, for general oversight of our business segments. We continually evaluate our operating subsidiaries with a view towards maximizing value and cost efficiencies, bringing an owner's perspective to our operating businesses. In each of these businesses, we assemble senior management teams with the expertise to run their businesses and boards of directors to oversee the management of those businesses. Each management team is responsible for the day-to-day operations of its businesses and directly accountable to its board of directors.

Seek to Acquire Undervalued Assets. We intend to continue to make investments in businesses that we believe are undervalued and have potential for growth. We also seek to capitalize on investment opportunities arising from market inefficiencies, economic or market trends that have not been identified and reflected in market value, or complex or special situations. Certain opportunities may arise from companies that experience disappointing financial results, liquidity or capital needs, lowered credit ratings, revised industry forecasts or legal complications. We may acquire businesses or assets directly or we may establish an ownership position through the purchase of debt or equity securities in the open market or in privately negotiated transactions.

Use Activism to Unlock Value. As described above, we become actively involved in companies in which we invest. Such activism may involve a broad range of activities, from trying to influence management in a proxy fight, to taking outright control of a company in order to bring about the change we think is required to unlock value. The key is flexibility, permanent capital and the willingness and ability to have a long-term investment horizon.

Business Description

Icahn Enterprises began as American Real Estate Partners L.P. in 1987 and currently operates a portfolio of eight diversified reporting segments, as discussed above. With the exception of our Investment segment, our operating segments primarily comprise independently operated businesses that we have obtained a controlling interest in through execution of our business strategy. Our Investment segment derives revenues from gains and losses from investment transactions. Our other operating segments derive revenues principally from net sales of various products, primarily within our Energy and Automotive segments, which together accounted for the significant majority of our consolidated net sales for each of the three years ended December 31, 2018. Our other operating segments' revenues are also derived through various other revenue streams which primarily consists of automotive services and real estate leasing operations. The majority of our consolidated revenues are derived from customers in the United States. Our Food Packaging and Mining segments account for the majority of our consolidated revenues derived from customers outside the United States.

Investment

Our Investment segment is comprised of various private investment funds ("Investment Funds") in which we have general partner interests and through which we invest our proprietary capital. We and certain of Mr. Icahn's wholly-owned affiliates are the sole investors in the Investment Funds. As general partner, we provide investment advisory and certain administrative and back office services to the Investment Funds but do not provide such services to any other entities, individuals or accounts. Interests in the Investment Funds are not offered to outside investors.

Investment Strategy

The investment strategy of the Investment Funds is set and led by Mr. Icahn. The Investment Funds seek to acquire securities in companies that trade at a discount to inherent value as determined by various metrics, including replacement cost, break-up value, cash flow and earnings power and liquidation value.

The Investment Funds utilize a process-oriented, research-intensive, value-based investment approach. This approach generally involves three critical steps: (i) fundamental credit, valuation and capital structure analysis; (ii) intense legal and tax analysis of fulcrum issues such as litigation and regulation that often affect valuation; and (iii) combined business valuation analysis and legal and tax review to establish a strategy for gaining an attractive risk-adjusted investment position. This approach focuses on exploiting market dislocations or misjudgments that may result from market euphoria, litigation, complex contingent liabilities, corporate malfeasance and weak corporate governance, general economic conditions or market cycles and complex and inappropriate capital structures.

The Investment Funds are often activist investors ready to take the steps necessary to seek to unlock value, including tender offers, proxy contests and demands for management accountability. The Investment Funds may employ a number of strategies and are permitted to invest across a variety of industries and types of securities, including long and short equities, long and short bonds, bank debt and other corporate obligations, options, swaps and other derivative instruments thereof, risk arbitrage and capital structure arbitrage and other special situations. The Investment Funds invest a material portion of their capital in publicly traded equity and debt securities of companies that they believe to be undervalued by the marketplace. The Investment Funds often take significant positions in the companies in which they invest.

Income

Our Investment segment's income or loss is driven by the amount of funds allocated to the Investment Funds and the performance of the underlying investments in the Investment Funds. Funds allocated to the Investment Funds are based on the net contributions and redemptions by our Holding Company and by Mr. Icahn and his affiliates.

Affiliate Investments

We and Mr. Icahn, along with the Investment Funds, have entered into a covered affiliate agreement, which was amended on March 31, 2011, pursuant to which Mr. Icahn agreed (on behalf of himself and certain of his affiliates, excluding Icahn Enterprises, Icahn Enterprises Holdings and their subsidiaries) to be bound by certain restrictions on their investments in any assets that we deem suitable for the Investment Funds, other than government and agency bonds and cash equivalents, unless otherwise approved by our Audit Committee. In addition, Mr. Icahn and such affiliates continue to have the right to co-invest with the Investment Funds. We have no interest in, nor do we generate any income from, any such co-investments, which have been and may continue to be substantial.

Energy

We conduct our Energy segment through our majority owned subsidiary, CVR Energy. We acquired a controlling interest in CVR Energy in 2012 through a cash tender offer for outstanding shares of CVR Energy common stock. CVR Energy is a reporting company under the Exchange Act and files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC") that are publicly available.

CVR Energy is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing businesses through its interests in CVR Refining, LP ("CVR Refining") and CVR Partners, LP ("CVR Partners"), respectively. CVR Refining is an independent petroleum refiner and marketer of high value transportation fuels. CVR Partners produces and markets nitrogen fertilizers in the form of ammonia and urea ammonium nitrate ("UAN").

CVR Energy has a general partner interest in CVR Refining and CVR Partners and also owns approximately 80.6% of the outstanding common units of CVR Refining and 34.4% of the outstanding common units of CVR Partners as of December 31, 2018. On August 1, 2018, CVR Energy completed an exchange offer whereby CVR Refining's public unitholders tendered a total of 21,625,106 common units of CVR Refining in exchange for 13,699,549 shares of CVR Energy common stock. As of December 31, 2018, we owned approximately 70.8% of the total outstanding common stock of CVR Energy. In addition, as of December 31, 2018, we directly owned approximately 3.9% of the total outstanding common units of CVR Refining.

On January 29, 2019, CVR Energy, pursuant to the exercise of its right under the partnership agreement of CVR Refining to purchase all of the issued and outstanding common units in CVR Refining, purchased the remaining common units of CVR Refining not already owned by CVR Energy, including the purchase of CVR Refining common units owned directly by us. As a result, as of January 29, 2019, CVR Energy owns all of the common units of CVR Refining and we no longer have any direct ownership in CVR Refining. In addition, the common units of CVR Refining have subsequently ceased to be publicly traded or listed on the New York Stock Exchange or any other national securities exchange.

Our Energy segment's net sales for the years ended December 31, 2018, 2017 and 2016 represented approximately 67%, 64% and 62%, respectively, of our consolidated net sales, primarily from the sale of its petroleum products.

Products, Raw Materials and Supply

CVR Refining has the capability to process a variety of crude oil blends. CVR Refining's oil refineries in Coffeyville, Kansas and Wynnewood, Oklahoma have a combined capacity of 206,500 barrels per day. In addition to the use of third-party pipelines for the supply of crude oil, CVR Refining has an extensive gathering system consisting of logistics assets that are owned, leased or part of a joint venture operation. Petroleum refining product yield includes gasoline, diesel fuel, pet coke and other refined products such as natural gas liquids, asphalt and jet fuel among other products.

CVR Partners produces and distributes nitrogen fertilizer products, which are used by farmers to improve the yield and quality of their crops. The principal products are UAN and ammonia. CVR Partners' Coffeyville, Kansas facility uses pet coke to produce nitrogen fertilizer and is supplied primarily by its adjacent crude oil refinery pursuant to a renewable long-term agreement with CVR Refining. Historically, the Coffeyville nitrogen fertilizer plant has obtained the remainder of its pet coke requirements from third parties such as other Midwestern refineries or pet coke brokers at spot-prices. CVR Partners' East Dubuque, Illinois facility uses natural gas to produce nitrogen fertilizer. The East Dubuque facility is able to purchase natural gas at competitive prices due to its connection to the Norther Natural Gas interstate pipeline system, which is within one mile of the facility, and the ANR Pipeline Company pipeline.

Customers, Marketing and Distribution

Customers for CVR Refining's products primarily include retailers, railroads, and farm cooperatives and other refiners/marketers in Group 3 of the PADD II region because of their relative proximity to the refineries and pipeline access. CVR Refining sells bulk products to long-standing customers at spot market prices based on a Group 3 basis differential to prices quoted on the New York Mercantile Exchange, which are reported by industry market-related indices such as Platts and Oil Price Information Service. CVR Refining's rack sales are at posted prices that are influenced by competitor pricing and Group 3 spot market differentials. Additionally, CVR Refining supplies jet fuel

to the U.S. Department of Defense. For the year ended December 31, 2018, only one customer accounted for 10% or more of CVR Refining's net sales.
CVR Refining focuses its marketing efforts in the central mid-continent area because of its relative proximity to its refineries and pipeline access. CVR Refining engages in rack marketing, which is the supply of product through tanker trucks and railcars directly to customers located in close geographic proximity to its refineries and to customers at throughput terminals on third-party refined products distribution systems. CVR Refining also makes bulk sales (sales into third-party pipelines) into mid-continent markets and other destinations utilizing third-party product pipeline networks.

CVR Partners sells UAN products to retailers and distributors and ammonia to agricultural and industrial customers. Its products are primarily distributed by truck or by railcar. Given the nature of its business, and consistent with industry practice, CVR Partners does not have long-term minimum purchase contracts with most of its agricultural customers.

Competition

CVR Energy's petroleum business competes primarily on the basis of price, reliability of supply, availability of multiple grades of products and location. The principal competitive factors affecting its refining operations are cost of crude oil and other feedstocks, refinery complexity, refinery efficiency, refinery product mix and product distribution and transportation costs. The location of refineries provides the petroleum business with a reliable supply of crude oil and a transportation cost advantage over its competitors. The petroleum business primarily competes against five refineries operated in the mid-continent region. In addition to these refineries, the refineries compete against trading companies, as well as other refineries located outside the region that are linked to the mid-continent market through an extensive product pipeline system. These competitors include refineries located near the Gulf Coast, the Great Lakes and the Texas panhandle regions.

The nitrogen fertilizer business has experienced, and expects to continue to meet, significant levels of competition from current and potential competitors, many of whom have significantly greater financial and other resources. Competition in the nitrogen fertilizer industry is dominated by price considerations. However, during the spring and fall application seasons, farming activities intensify and delivery capacity is a significant competitive factor. Domestic competition is intense due to customers' sophisticated buying tendencies and competitor strategies that focus on cost and service. The nitrogen fertilizer business also encounters competition from producers of fertilizer products manufactured in foreign countries. In certain cases, foreign producers of fertilizer who export to the United States may be subsidized by their respective governments.

Environmental Regulations

CVR Energy's petroleum and nitrogen fertilizer businesses are subject to extensive and frequently changing federal, state and local, environmental, health and safety laws and regulations governing the emission and release of hazardous substances into the environment, the treatment and discharge of waste water, and the storage, handling, use and transportation of petroleum and nitrogen products, and the characteristics and composition of gasoline, diesel fuels, UAN and ammonia. These laws and regulations, their underlying regulatory requirements, and the enforcement thereof, impact the petroleum business and operations and the nitrogen fertilizer business and operations by imposing:

- restrictions on operations or the need to install enhanced or additional controls;
- the need to obtain and comply with permits, licenses and authorizations;
- liability for the investigation and remediation of contaminated soil and groundwater at current and former facilities (if any) and for off-site waste disposal locations; and
- specifications for the products marketed by the petroleum business and the nitrogen fertilizer business, primarily gasoline, diesel fuel, UAN and ammonia.

CVR Energy's operations require numerous permits, licenses and authorizations. Failure to comply with these permits or environmental laws and regulations could result in fines, penalties or other sanctions or a revocation of CVR Energy's permits. In addition, the laws and regulations to which CVR Energy is subject to are often evolving and many of them have become more stringent or have become subject to more stringent interpretation or enforcement by federal or state agencies. These laws and regulations could result in increased capital, operating and compliance costs. CVR Energy's businesses are also subject to, or impacted by, various other environmental laws and regulations such as the federal Clean Air Act, the federal Clean Water Act, release reporting requirements relating to the release of hazardous substances into the environment, certain fuel regulations, renewable fuel standards, as discussed below, and various other laws and regulations.

Renewable Fuel Standards

CVR Refining is subject to the renewable fuel standards which requires refiners to either blend "renewable fuels" with their transportation fuels or purchase renewable fuel credits, known as renewable identification numbers, in lieu of blending. See Item 1A, "Risk Factors" and Note 17, "Commitments and Contingencies," to the consolidated financial statements for further discussion.

Safety, Health and Security Matters

CVR Energy is subject to a number of federal and state laws and regulations related to safety, including the Occupational Safety and Health Act ("OSHA") and comparable state statutes, the purpose of which are to protect the health and safety of workers. CVR Energy is also subject to OSHA Process Safety Management regulations, which are designed to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable or explosive chemicals.

CVR Energy operates a comprehensive safety, health and security program, with participation by employees at all levels of the organization. They have developed comprehensive safety programs aimed at preventing OSHA recordable incidents. Despite CVR Energy's efforts to achieve excellence in its safety and health performance, there can be no assurances that there will not be accidents resulting in injuries or even fatalities. CVR Energy routinely audits its programs and considers improvements in its management systems.

Automotive

We conduct our Automotive segment through our wholly-owned subsidiary, Icahn Automotive Group LLC ("Icahn Automotive").

Icahn Automotive was formed by us to invest in and operate businesses involved in automotive repair and maintenance services as well as the distribution and sale of automotive aftermarket parts and accessories to end-user do-it-yourself customers, wholesale distributors, and professional auto mechanics. Icahn Automotive acquired IEH Auto Parts Holding LLC in 2015, The Pep Boys - Manny, Moe & Jack in 2016, the franchise businesses of Precision Tune Auto Care and American Driveline Systems, the franchisor of AAMCO and Cottman Transmission service centers, in 2017, and various other businesses in recent years.

Our Automotive segment's net sales for the years ended December 31, 2018, 2017 and 2016 represented approximately 22%, 24% and 27%, respectively, of our consolidated net sales.

Products, Services and Customers

The automotive aftermarket industry is in the mature stage of its life cycle. Over the past decade, consumers have moved away from do-it-yourself (retail) toward do-it-for-me (services) due to increasing vehicle complexity and electronic content, as well as decreasing availability of diagnostic equipment and know-how. Consistent with this long-term trend, Icahn Automotive's long-term strategy is to grow its commercial parts sales to automotive services businesses as well to grow its own automotive service business, while maintaining its retail parts customer bases by offering the newest and broadest product assortment in the automotive aftermarket. Icahn Automotive provides its customers with access to over two million replacement parts for domestic and imported vehicles through an extensive network of suppliers. Icahn Automotive seeks to provide (i) an extensive selection of product offerings, (ii) competitive pricing, (iii) exceptional in-store service experience and (iv) superior delivery to its customers.

Suppliers

Icahn Automotive purchases parts from manufacturers and other distributors for sale in the aftermarket. Purchases are made based on current inventory or operational needs and are fulfilled by suppliers within short periods of time. During 2018, Icahn Automotive's ten largest suppliers accounted for approximately 48% of the merchandise purchased and one supplier accounted for more than 10% of the merchandise purchased. Icahn Automotive believes that the relationships that it has established with its suppliers are generally positive. In the past, Icahn Automotive has not experienced difficulty in obtaining satisfactory sources of supply and it believes that adequate alternative sources of supply exist, at similar cost, for the types of merchandise sold in its stores.

Competition

Icahn Automotive operates in a highly competitive environment. Icahn Automotive's competitors for automotive service include national and regional chains, automotive dealerships, and local independent service providers. Its competitors for distribution and sales of auto parts and accessories include general, full range and discount retailers, national and regional auto parts retailers, and online retailers which carry automotive parts and accessories. Icahn Automotive believes that its operations in both do-it-for-me and do-it-yourself differentiates it from most of their competitors.

Food Packaging

We conduct our Food Packaging segment through our majority owned subsidiary, Viskase Companies, Inc. ("Viskase"). We acquired a controlling interest in Viskase in 2010 from affiliates of Mr. Icahn in a common control transaction. In January 2018, we increased our ownership in Viskase as a result of a rights offering and as of December 31, 2018, we owned approximately 78.6% of the total outstanding common stock of Viskase. Viskase is a producer of cellulosic, fibrous and plastic casings used to prepare and package processed meat products. Approximately 71% of Viskase's net sales during 2018 were derived from customers outside the United States.

Metals

We conduct our Metals segment through our wholly-owned subsidiary, PSC Metals LLC, f/k/a, PSC Metals, Inc. ("PSC Metals"). We acquired PSC Metals in 2007 from affiliates of Mr. Icahn in a common control transaction. PSC Metals is principally engaged in the business of collecting, processing and selling ferrous and non-ferrous metals, as well as the

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processing and distribution of steel pipe and plate products in the Midwest and Southern United States. PSC Metals collects industrial and obsolete scrap metal, processes it into reusable forms and supplies the recycled metals to its customers.

Real Estate

Our Real Estate operations consist primarily of rental real estate, property development and associated club activities. Our rental real estate operations consist primarily of office and industrial properties leased to single corporate tenants. Our property development operations are run primarily through a real estate investment, management and development subsidiary that focuses primarily on the construction and sale of single-family and multi-family homes, lots in subdivisions and planned communities, and raw land for residential development. Our property development locations also operate golf and club operations. In addition, our Real Estate operations also includes a hotel, timeshare and casino resort property in Aruba as well as a casino property in Atlantic City, New Jersey, which ceased operations in September 2014 prior to our obtaining control of the property.

Home Fashion

We conduct our Home Fashion segment through our wholly-owned subsidiary, WestPoint Home LLC (“WPH”). We acquired a controlling interest in WPH, previously known as WestPoint International, Inc., out of bankruptcy in 2005 and became sole owner of WPH in 2011. WPH's business consists of manufacturing, sourcing, marketing, distributing and selling home fashion consumer products.

Mining

We conduct our Mining segment through our majority owned subsidiary, Ferrous Resources Ltd ("Ferrous Resources"). We acquired a controlling interest in Ferrous Resources in 2015 through a cash tender offer for outstanding shares of Ferrous Resources common stock. As of December 31, 2018, we owned approximately 77.2% of the total outstanding common stock of Ferrous Resources. Ferrous Resources acquired certain rights to iron ore mineral resources in Brazil and develops mining operations and related infrastructure to produce and sell iron ore products to the global steel industry.

On December 5, 2018, we announced a definitive agreement to sell Ferrous Resources. The transaction is expected to close in 2019.

Railcar

We conducted our Railcar segment through our wholly-owned subsidiary, American Railcar Leasing, LLC ("ARL"). We acquired a controlling interest in ARL in 2010 from affiliates of Mr. Icahn in a common control transaction and acquired the remaining interests in ARL in 2016 from affiliates of Mr. Icahn. ARL operated a leasing business consisting of purchased railcars leased to third parties under operating leases.

On June 1, 2017 we sold ARL along with a majority of its railcar lease fleet. We sold the remaining railcars previously owned by ARL throughout the remainder of 2017 and the first nine months of 2018. As a result, as of December 31, 2018, our business no longer includes an active Railcar segment.

Discontinued Operations

In addition to certain dispositions described above, the following businesses were sold in 2018 and reclassified as discontinued operations.

Federal-Mogul LLC

Federal-Mogul LLC ("Federal-Mogul") is a diversified, global supplier of automotive products to a variety of end markets. Federal-Mogul was previously reported within our Automotive segment prior to its reclassification as discontinued operations in the second quarter of 2018. In January 2017, we increased our ownership in Federal-Mogul to 100%. In February 2017, Federal-Mogul was converted from a Delaware corporation to a Delaware limited liability company. Prior to this, Federal-Mogul was a majority owned subsidiary of ours with publicly traded common stock. In April 2018, we entered into an agreement to sell Federal-Mogul to Tenneco Inc. ("Tenneco"). On October 1, 2018, we closed on the sale of Federal-Mogul to Tenneco for cash and shares of Tenneco common stock, which includes a 9.9% voting interest in Tenneco in addition to a non-voting interest in Tenneco.

Tropicana Entertainment, Inc.

Tropicana Entertainment, Inc. ("Tropicana") is an owner and operator of regional casino and entertainment properties. Tropicana was previously reported within our former Gaming segment prior to its reclassification as discontinued operations in the second quarter of 2018. During August 2017, we increased our ownership in Tropicana from 72.5%

to 83.9% through a tender offer for additional shares of Tropicana common stock not already owned by us. Tropicana was a majority owned subsidiary of ours with publicly traded common stock. In April 2018, we entered into an agreement to sell Tropicana's real estate to Gaming and Leisure Properties, Inc. and to merge Tropicana's gaming and hotel operations into Eldorado Resorts, Inc. The transaction did not include Tropicana's Aruba assets. On October 1, 2018, we closed on the Tropicana transaction.

American Railcar Industries, Inc.

American Railcar Industries, Inc. ("ARI") is a prominent North American designer and manufacturer of hopper and tank railcars that provides its railcar customers with integrated solutions through a comprehensive set of high-quality products and related services through its railcar manufacturing, railcar leasing and railcar repair operations. ARI was previously reported within our Railcar segment prior to its reclassification as discontinued operations in the fourth quarter of 2018. ARI was a majority owned subsidiary of ours with publicly traded common stock. In October 2018, we entered into an agreement to sell ARI to ITE Rail Fund L.P. On December 5, 2018, we closed on the sale of ARI.

Holding Company

We seek to invest our available cash and cash equivalents in liquid investments with a view to enhancing returns as we continue to assess further acquisitions of, or investments in, operating businesses. As of December 31, 2018, we had investments with a fair market value of approximately $5.1 billion in the Investment Funds. In addition, as of December 31, 2018, our Holding Company had various other investments, primarily equity investments, with a fair market value of approximately $1.3 billion.

Employees

We have an aggregate of 34 employees at our Holding Company and Investment segment. Our other reporting segments employ an aggregate of approximately 29,000 employees, of which approximately 72% are employed within our Automotive segment and less than 10% at each of our other segments. Approximately 17% of our employees are employed internationally, primarily within our Food Packaging, Home Fashion and Mining segments.

Available Information

Icahn Enterprises maintains a website at *www.ielp.com*. We provide access to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports free of charge through this website as soon as reasonably practicable after such material is electronically filed with the SEC. Paper copies of annual and periodic reports filed with the SEC may be obtained free of charge upon written request by contacting our headquarters at the address located on the front cover of this report or under Investor Relations on our website. In addition, our corporate governance guidelines, including Code of Business Conduct and Ethics and Audit Committee Charter, are available on our website (under Corporate Governance) and are available in print without charge to any stockholder requesting them. You may obtain and copy any document we furnish or file with the SEC at the SEC's public reference room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, information statements, and other information regarding issuers like us who file electronically with the SEC. The SEC's website is located at *www.sec.gov*.

Item 1A. Risk Factors.

We and our subsidiaries are subject to certain risks and uncertainties which are described below. The risks and uncertainties described below are not the only risks that affect our businesses. Additional risks and uncertainties that are unknown or not deemed significant may also have a negative impact on our businesses.

Risks Relating to Our Structure

Our general partner, and its control person, has significant influence over us.

Mr. Icahn, through affiliates, owns 100% of Icahn Enterprises GP, the general partner of Icahn Enterprises and Icahn Enterprises Holdings, and approximately 91.7% of Icahn Enterprises' outstanding depositary units as of December 31, 2018, and, as a result, has the ability to influence many aspects of our operations and affairs.

Mr. Icahn’s estate has been designed to assure the stability and continuation of Icahn Enterprises with no need to monetize his interests for estate tax or other purposes. In the event of Mr. Icahn’s death, control of Mr. Icahn’s interests in Icahn Enterprises and its general partner will be placed in charitable and other trusts under the control of senior Icahn Enterprises' executives and Icahn family members. However, there can be no assurance that such planning will be effective.

We have engaged, and in the future may engage, in transactions with our affiliates.

We have invested and may in the future invest in entities in which Mr. Icahn also invests. We also have purchased and may in the future purchase entities or investments from him or his affiliates. Although Icahn Enterprises GP has never received fees in connection with our investments, our partnership agreement allows for the payment of these fees. Mr. Icahn may pursue other business opportunities in industries in which we compete and there is no requirement that any additional business opportunities be presented to us. We continuously identify, evaluate and engage in discussions concerning potential investments and acquisitions, including potential investments in and acquisitions of affiliates of Mr. Icahn. There cannot be any assurance that any potential transactions that we consider will be completed.

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

Because we are a holding company and a significant portion of our assets may, from time to time, consist of investments in companies in which we own less than a 50% interest, we run the risk of inadvertently becoming an investment company that is required to register under the Investment Company Act. Events beyond our control, including significant appreciation or depreciation in the market value of certain of our publicly traded holdings or adverse developments with respect to our ownership of certain of our subsidiaries, could result in our inadvertently becoming an investment company that is required to register under the Investment Company Act. Our recent sales of Federal-Mogul, Tropicana and ARI did not result in our being considered an investment company. However, additional transactions involving the sale of certain assets could result in our being considered an investment company. Following such events or transactions, an exemption under the Investment Company Act would provide us up to one year to take steps to avoid becoming classified as an investment company. We expect to take steps to avoid becoming classified as an investment company, but no assurance can be made that we will successfully be able to take the steps necessary to avoid becoming classified as an investment company.

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

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

We may structure transactions in a less advantageous manner to avoid becoming subject to the Investment Company Act.

In order not to become an investment company required to register under the Investment Company Act, we monitor the value of our investments and structure transactions with an eye toward the Investment Company Act. As a result, we may structure transactions in a less advantageous manner than if we did not have Investment Company Act concerns, or we may avoid otherwise economically desirable transactions due to those concerns.

We may become taxable as a corporation if we are no longer treated as a partnership for federal income tax purposes.

We believe that we have been and are properly treated as a partnership for federal income tax purposes. This allows us to pass through our income and deductions to our partners. However, the Internal Revenue Service could challenge our partnership status and we could fail to qualify as a partnership for past years as well as future years. Qualification as a partnership involves the application of highly technical and complex provisions of the Internal Revenue Code, as amended. For example, a publicly traded partnership is generally taxable as a corporation unless 90% or more of its gross income is “qualifying” income, which includes interest, dividends, oil and gas revenues, real property rents, gains from the sale or other disposition of real property, gain from the sale or other disposition of capital assets held for the production of interest or dividends, and certain other items. We believe that in all prior years of our existence at least 90% of our gross income was “qualifying” income and we intend to structure our business in a manner such that at least 90% of our gross income will constitute “qualifying” income this year and in the future. However, there can be no assurance that such structuring will be effective in all events to avoid the receipt of more than 10% of non-qualifying income. If less than 90% of our gross income constitutes “qualifying” income, we may be subject to corporate tax on our net income plus possible state taxes. Further, if less than 90% of our gross income constituted “qualifying” income for past years, we may be subject to corporate level tax plus interest and possibly penalties. In addition, if we become required to register under the Investment Company Act, it is likely that we would be treated as a corporation for U.S. federal income tax purposes. The cost of paying federal and possibly state income tax, either for past years or going forward could be a significant liability and would reduce our funds available to make distributions to holders of units, and to make interest and principal payments on our debt securities. To meet the “qualifying” income test, we may structure transactions in a manner which is less advantageous than if this were not a consideration, or we may avoid otherwise economically desirable transactions.

We may be negatively impacted by the potential for changes in tax laws.

Our investment strategy considers various tax related impacts. Past or future legislative proposals have been or may be introduced that, if enacted, could have a material and adverse effect on us. For example, past proposals have included taxing publicly traded partnerships, such as us, as corporations and introducing substantive changes to the definition of "qualifying" income, which could make it more difficult or impossible to for us to meet the exception that allows publicly traded partnerships generating "qualifying" income to be treated as partnerships (rather than corporations) for U.S. federal income tax purposes. We currently cannot predict the outcome of such legislative proposals, including, if enacted, their impact on our operations and financial position.

Holders of depositary units may be required to pay tax on their share of our income even if they did not receive cash distributions from us.

Because we are treated as a partnership for income tax purposes, holders of units are generally required to pay federal income tax, and, in some cases, state or local income tax, on the portion of our taxable income allocated to them, whether or not such income is distributed. Accordingly, it is possible that holders of depositary units may not receive cash distributions from us equal to their share of our taxable income, or even equal to their tax liability on the portion of our income allocated to them.

We may be subject to the pension liabilities of our affiliates.

Mr. Icahn, through certain affiliates, owns 100% of Icahn Enterprises GP and approximately 91.7% of Icahn Enterprises' outstanding depositary units as of December 31, 2018. Applicable pension and tax laws make each member of a "controlled group" of entities, generally defined as entities in which there is at least an 80% common ownership interest, jointly and severally liable for certain pension plan obligations of any member of the controlled group. These pension obligations include ongoing contributions to fund the plan, as well as liability for any unfunded liabilities that may exist at the time the plan is terminated. In addition, the failure to pay these pension obligations when due may result in the creation of liens in favor of the pension plan or the Pension Benefit Guaranty Corporation (the "PBGC") against the assets of each member of the controlled group.

As a result of the more than 80% ownership interest in us by Mr. Icahn's affiliates, we and our subsidiaries are subject to the pension liabilities of entities in which Mr. Icahn has a direct or indirect ownership interest of at least 80%, which includes the liabilities of pension plans sponsored by ACF Industries LLC ("ACF"). All the minimum funding requirements of the Internal Revenue Code, as amended, and the Employee Retirement Income Security Act of 1974, as amended, for the ACF plans have been met as of December 31, 2018. If the plans were voluntarily terminated, they would be underfunded by approximately $80 million as of December 31, 2018. These results are based on the most recent information provided by the plans' actuary. These liabilities could increase or decrease, depending on a number of factors, including future changes in benefits, investment returns, and the assumptions used to calculate the liability. As members of the controlled group, we would be liable for any failure of ACF to make ongoing pension contributions or to pay the unfunded liabilities upon a termination of the ACF pension plans. In addition, other entities now or in the future within the controlled group in which we are included may have pension plan obligations that are, or may become, underfunded and we would be liable for any failure of such entities to make ongoing pension contributions or to pay the unfunded liabilities upon termination of such plans.

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

Starfire Holding Corporation ("Starfire"), which is 99.6% owned by Mr. Icahn, has undertaken to indemnify us and our subsidiaries from losses resulting from any imposition of certain pension funding or termination liabilities that may be imposed on us and our subsidiaries or our assets as a result of being a member of the Icahn controlled group, including ACF. The Starfire indemnity provides, among other things, that so long as such contingent liabilities exist and could be imposed on us, Starfire will not make any distributions to its stockholders that would reduce its net worth to below $250 million. Nonetheless, Starfire may not be able to fund its indemnification obligations to us.

We are a limited partnership and a ''controlled company'' within the meaning of the NASDAQ rules and as such are exempt from certain corporate governance requirements.

We are a limited partnership and ''controlled company'' pursuant to Rule 5615(c) of the NASDAQ listing rules. As such we have elected, and intend to continue to elect, not to comply with certain corporate governance requirements of the NASDAQ listing rules, including the requirements that a majority of the board of directors consist of independent directors and that independent directors determine the compensation of executive officers and the selection of nominees to the board of directors. We do not maintain a compensation or nominating committee and do not have a majority of independent directors. Accordingly, while we remain a controlled company and during any transition period following a time when we are no longer a controlled company, the NASDAQ listing rules do not provide the same corporate governance protections applicable to stockholders of companies that are subject to all of the NASDAQ listing requirements.

Certain members of our management team may be involved in other business activities that may involve conflicts of interest.

Certain individual members of our management team may, from time to time, be involved in the management of other businesses, including those owned or controlled by Mr. Icahn and his affiliates. Accordingly, these individuals may focus a portion of their time and attention on managing these other businesses. Conflicts may arise in the future between our interests and the interests of the other entities and business activities in which such individuals are involved.

Holders of Icahn Enterprises' depositary units have limited voting rights, including rights to participate in our management.

Our general partner manages and operates Icahn Enterprises. Unlike the holders of common stock in a corporation, holders of Icahn Enterprises' outstanding depositary units have only limited voting rights on matters affecting our business. Holders of depositary units have no right to elect the general partner on an annual or other continuing basis, and our general partner generally may not be removed except pursuant to the vote of the holders of not less than 75% of the outstanding depositary units. In addition, removal of the general partner may result in a default under the indentures governing our senior notes. As a result, holders of our depositary units have limited say in matters affecting our operations and others may find it difficult to attempt to gain control or influence our activities.

Holders of Icahn Enterprises' depositary units may not have limited liability in certain circumstances and may be personally liable for the return of distributions that cause our liabilities to exceed our assets.

We conduct our businesses through Icahn Enterprises Holdings in several states. Maintenance of limited liability will require compliance with legal requirements of those states. We are the sole limited partner of Icahn Enterprises Holdings. Limitations on the liability of a limited partner for the obligations of a limited partnership have not clearly been established in several states. If it were determined that Icahn Enterprises Holdings has been conducting business in any state without compliance with the applicable limited partnership statute or the possession or exercise of the right by the partnership, as limited partner of Icahn Enterprises Holdings, to remove its general partner, to approve certain amendments to the Icahn Enterprises Holdings partnership agreement or to take other action pursuant to the Icahn Enterprises Holdings partnership agreement, constituted "control" of Icahn Enterprises Holdings' business for the purposes of the statutes of any relevant state, Icahn Enterprises and/or its unitholders, under certain circumstances, might be held personally liable for Icahn Enterprises Holdings' obligations to the same extent as our general partner. Further, under the laws of certain states, Icahn Enterprises might be liable for the amount of distributions made to Icahn Enterprises by Icahn Enterprises Holdings.

Holders of Icahn Enterprises' depositary units may also be required to repay Icahn Enterprises amounts wrongfully distributed to them. Under Delaware law, we may not make a distribution to holders of our depositary units if the distribution causes our liabilities to exceed the fair value of our assets. Liabilities to partners on account of their partnership interests and nonrecourse liabilities are not counted for purposes of determining whether a distribution is permitted. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated Delaware law will be liable to the limited partnership for the distribution amount for three years from the distribution date.

Additionally, under Delaware law an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations, if any, of the assignor to make contributions to the partnership. However, such an assignee is not obligated for liabilities unknown to him or her at the time he or she became a limited partner if the liabilities could not be determined from the partnership agreement.

Since we are a limited partnership, you may not be able to pursue legal claims against us in U.S. federal courts.

We are a limited partnership organized under the laws of the state of Delaware. Under the federal rules of civil procedure, you may not be able to sue us in federal court on claims other than those based solely on federal law, because of lack of complete diversity. Case law applying diversity jurisdiction deems us to have the citizenship of each of our limited partners. Because we are a publicly traded limited partnership, it may not be possible for you to sue us in a federal court because we have citizenship in all 50 U.S. states and operations in many states. Accordingly, you will be limited to bringing any claims in state court.

Risks Relating to Liquidity and Capital Requirements

We are a holding company and depend on the businesses of our subsidiaries to satisfy our obligations.

We are a holding company. In addition to cash and cash equivalents, U.S. government and agency obligations, marketable equity and debt securities and other short-term investments, our assets consist primarily of investments in our subsidiaries. Moreover, if we make significant investments in new operating businesses, it is likely that we will reduce our liquid assets and those of Icahn Enterprises Holdings in order to fund those investments and the ongoing operations of our subsidiaries. Consequently, our cash flow and our ability to meet our debt service obligations and make distributions with respect to depositary units likely will depend on the cash flow of our subsidiaries and the payment of funds to us by our subsidiaries in the form of dividends, distributions, loans or otherwise.

The operating results of our subsidiaries may not be sufficient to make distributions to us. In addition, our subsidiaries are not obligated to make funds available to us and distributions and intercompany transfers from our subsidiaries to us may be restricted by applicable law or covenants contained in debt agreements and other agreements to which these subsidiaries may be subject or enter into in the future.

The terms of certain borrowing agreements of our subsidiaries, or other entities in which we own equity, may restrict dividends, distributions or loans to us. To the degree any distributions and transfers are impaired or prohibited, our ability to make payments on our debt and to make distributions on our depositary units will be limited.

To service our indebtedness, we will require a significant amount of cash. Our ability to maintain our current cash position or generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund operations will depend on existing cash balances and our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control. Our current businesses and businesses that we acquire may not generate sufficient cash to service our outstanding indebtedness. In addition, we may not generate sufficient cash flow from operations or investments and future borrowings may not be available to us in an amount sufficient to enable us to service our outstanding indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our outstanding indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our outstanding indebtedness on commercially reasonable terms or at all.

Our failure to comply with the covenants contained under any of our debt instruments, including the Indentures (including our failure to comply as a result of events beyond our control), could result in an event of default that would materially and adversely affect our financial condition.

Our failure to comply with the covenants under any of our debt instruments (including our failure to comply as a result of events beyond our control) may trigger a default or event of default under such instruments. If there were an event of default under one of our debt instruments, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. In addition, any event of default or declaration of acceleration under one debt instrument could result in an event of default and declaration of acceleration under one or more of our other debt instruments, including the exchange notes. It is possible that, if the defaulted debt is accelerated, our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments and we cannot assure you that we would be able to refinance or restructure the payments on those debt securities.

We may not have sufficient funds necessary to finance a change of control offer that may be required by the indentures governing our senior notes.

If Mr. Icahn were to sell, or otherwise transfer, some or all of his interests in us to an unrelated party or group, a change of control could be deemed to have occurred under the terms of the indentures governing our senior notes, which would require us to offer to repurchase all outstanding senior notes at 101% of their principal amount plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of notes.

We have made significant investments in the Investment Funds and negative performance of the Investment Funds may result in a significant decline in the value of our investments.

As of December 31, 2018, we had investments in the Investment Funds with a fair market value of approximately $5.1 billion, which may be accessed on short notice to satisfy our liquidity needs. However, if the Investment Funds experience negative performance, the value of these investments will be negatively impacted, which could have a material adverse effect on our operating results, cash flows and financial position.

Future cash distributions to Icahn Enterprises' unitholders, if any, can be affected by numerous factors.

While we made cash distributions to Icahn Enterprises' unitholders in each of the four quarters of 2018, the payment of future distributions will be determined by the board of directors of Icahn Enterprises GP, our general partner, quarterly, based on a review of a number of factors, including those described below and other factors that it deems relevant at the time that declaration of a distribution is considered.

Our ability to pay distributions will depend on numerous factors, including the availability of adequate cash flow from operations; the proceeds, if any, from divestitures; our capital requirements and other obligations; restrictions contained in our financing arrangements, including the indentures governing our senior notes; and our issuances of additional equity and debt securities. The availability of cash flow in the future depends as well upon events and circumstances outside our control, including prevailing economic and industry conditions and financial, business and similar factors. No assurance can be given that we will be able to make distributions or as to the timing of any distribution. Even if distributions are made, there can be no assurance that holders of depositary units will not be required to recognize taxable income in excess of cash distributions made in respect of the period in which a distribution is made.

Risks Relating to All of Our Businesses

General

All of our businesses are subject to the effects of the following:

- the threat of terrorism or war;
- loss of any of our or our subsidiaries' key personnel;
- the unavailability, as needed, of additional financing;
- significant competition, varying by industry and geographic markets;
- the unavailability of insurance at acceptable rates; and
- litigation not in the ordinary course of business (see Item 3, "Legal Proceedings," of this Report).

We need qualified personnel to manage and operate our various businesses.

In our decentralized business model, we need qualified and competent management to direct day-to-day business activities of our operating subsidiaries. Our operating subsidiaries also need qualified and competent personnel in executing their business plans and serving their customers, suppliers and other stakeholders. Changes in demographics, training requirements and the unavailability of qualified personnel could negatively impact one or more of our significant operating subsidiaries ability to meet demands of customers to supply goods and services. Recruiting and retaining qualified personnel is important to all of our operations. Although we have adequate personnel for the current business environment, unpredictable increases in demand for goods and services may exacerbate the risk of not having sufficient numbers of trained personnel, which could have a negative impact on our consolidated financial condition, results of operations or cash flows.

Global economic conditions may have adverse impacts on our businesses and financial condition.

Changes in economic conditions could adversely affect our financial condition and results of operations. A number of economic factors, including, but not limited to, consumer interest rates, consumer confidence and debt levels, retail trends, housing starts, sales of existing homes, the level and availability of mortgage refinancing, and commodity prices, may generally adversely affect our businesses, financial condition and results of operations. Recessionary economic cycles, higher and protracted unemployment rates, increased fuel and other energy and commodity costs, rising costs of transportation and increased tax rates can have a material adverse impact on our businesses, and may adversely affect demand for sales of our businesses' products, or the costs of materials and services utilized in their operations. These factors could have a material adverse effect on our revenues, income from operations and our cash flows.

We and our subsidiaries are subject to cybersecurity and other technological risks that could disrupt our information technology systems and adversely affect our financial performance.

Threats to information technology systems associated with cybersecurity and other technological risks and cyber incidents or attacks continue to grow. We and our subsidiaries depend on the accuracy, capacity and security of our information technology systems and those used by our third-party service providers. In addition, we and our subsidiaries collect, process and retain sensitive and confidential information in the normal course of business, including information about our employees, customers and other third parties. Despite the security measures we have in place and any additional measures we may implement in the future, our facilities, systems, and networks, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, employee misconduct, malicious attacks, acts of vandalism or other events. In addition, hardware, software or applications we develop or obtain from third parties may contain defects in design or manufacture or other problems that could result in security breaches or disruptions. These events or any other disruption or compromise of our or our third-party service providers’ information technology systems could negatively impact our business operations or result in the misappropriation, loss or other unauthorized disclosure of sensitive and confidential information. Such events could damage our reputation, expose us to the risks of litigation and liability, disrupt our business or otherwise affect our results of operations, any of which could adversely affect our financial performance.

Software implementation and upgrades at certain of our subsidiaries may result in complications that adversely impact the timeliness, accuracy and reliability of internal and external reporting.

Our operating subsidiaries are operated and managed on a decentralized basis and their software is not integrated with each other or with us. Certain of our subsidiaries are currently undergoing, or in the future may undergo, software implementation and/or upgrades. Software implementation and upgrades are complex, time consuming and require significant resources. Failure to properly implement or upgrade software, including failure to recruit/retain appropriate experts, train employees, implement processes and properly bridge to legacy software, among others, may negatively impact our subsidiaries' ability to properly operate their businesses and to report internally and externally, including reporting to us. As a result, we may not adequately assess the performance of our subsidiaries, properly allocate resources report timely and accurate financial results.

We or our subsidiaries may pursue acquisitions or other affiliations that involve inherent risks, any of which may cause us not to realize anticipated benefits, and we may have difficulty integrating the operations of any companies that may be acquired, which may adversely affect its operations.

We may expand our existing businesses if appropriate opportunities are identified, as well as use our established businesses as a platform for additional acquisitions in the same or related areas. We and our operating subsidiaries have at times grown through acquisitions and may make additional acquisitions in the future as part of our business strategy. The full benefits of these acquisitions, however, require integration of manufacturing, administrative, financial, sales, and marketing approaches and personnel. We may invest significant resources towards realizing benefits. If we or our operating subsidiaries are unable to successfully integrate acquired businesses, we may not realize the benefits of the acquisitions, our financial results may be negatively affected, and additional cash may be required to integrate such operations. Additionally, any such acquisition, if consummated, could involve risks not presently faced by us.

If we discover material weaknesses or significant deficiencies in our internal controls over financial reporting or at any recently acquired entity, it may adversely affect our ability to provide timely and reliable financial information and satisfy our reporting obligations under federal securities laws, which also could affect the market price of our depositary units or our ability to remain listed on NASDAQ.

Effective internal and disclosure controls are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. A “material weakness” is a significant deficiency or combination of significant deficiencies in internal control over financial reporting that results in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected and corrected on a timely basis. A “significant deficiency” is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention of those responsible for oversight of our financial reporting.

To the extent that any material weakness or significant deficiency exists in our consolidated subsidiaries' internal control over financial reporting, such material weakness or significant deficiency may adversely affect our ability to provide timely and reliable financial information necessary for the conduct of our business and satisfaction of our reporting obligations under federal securities laws, that could affect our ability to remain listed on NASDAQ. Ineffective internal and disclosure controls could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our depositary units or the rating of our debt.

Risks Relating to Our Investment Segment

Our investments may be subject to significant uncertainties.

Our investments may not be successful for many reasons, including, but not limited to:

- fluctuations of interest rates;
- lack of control in minority investments;
- worsening of general economic and market conditions;
- lack of diversification;
- lack of success of the Investment Funds' activist strategies;
- fluctuations of U.S. dollar exchange rates; and
- adverse legal and regulatory developments that may affect particular businesses.

The historical financial information for the Investment Funds is not necessarily indicative of its future performance.

Our Investment segment's financial information is driven by the amount of funds allocated to the Investment Funds and the performance of the underlying investments in the Investment Funds. Future funds allocated to the Investment Funds may increase or decrease based on the contributions and redemptions by our Holding Company and by Mr. Icahn and his affiliates. Additionally, historical performance results of the Investment Funds are not indicative of future results as past market conditions, investment opportunities and investment decisions may not occur in the future. Changes in general market conditions coupled with changes in exposure to short and long positions have significant impact on our Investment segment's results of operations and the comparability of results of operations year over year and as such, future results of operations will be impacted by our future exposures and future market conditions, which may not be consistent with prior trends. Additionally, future returns may be affected by additional risks, including risks of the industries and businesses in which a particular fund invests.

We may not be able to identify suitable investments, and our investments may not result in favorable returns or may result in losses.

Our partnership agreement allows us to take advantage of investment opportunities we believe exist outside of our operating businesses. The equity securities in which we may invest may include common stock, preferred stock and securities convertible into common stock, as well as warrants to purchase these securities. The debt securities in which we may invest may include bonds, debentures, notes or non-rated mortgage-related securities, municipal obligations, bank debt and mezzanine loans. Certain of these securities may include lower rated or non-rated securities, which may provide the potential for higher yields and therefore may entail higher risk and may include the securities of bankrupt or distressed companies. In addition, we may engage in various investment techniques, including derivatives, options and futures transactions, foreign currency transactions, “short” sales and leveraging for either hedging or other purposes. We may concentrate our activities by owning significant or controlling interests in certain investments. We may not be successful in finding suitable opportunities to invest our cash and our strategy of investing in undervalued assets may expose us to numerous risks.

Successful execution of our activist investment activities involves many risks, certain of which are outside of our control.

The success of our investment strategy may require, among other things: (i) that we properly identify companies whose securities prices can be improved through corporate and/or strategic action or successful restructuring of their operations; (ii) that we acquire sufficient securities of such companies at a sufficiently attractive price; (iii) that we avoid triggering anti-takeover and regulatory obstacles while aggregating our positions; (iv) that management of portfolio companies and other security holders respond positively to our proposals; and (v) that the market price of portfolio companies' securities increases in response to any actions taken by the portfolio companies. We cannot assure you that any of the foregoing will succeed.

The success of the Investment Funds depends upon the ability of our Investment segment to successfully develop and implement investment strategies that achieve the Investment Funds' objectives. Subjective decisions made by employees of our Investment segment may cause the Investment Funds to incur losses or to miss profit opportunities on which the Investment Funds would otherwise have capitalized. In addition, in the event that Mr. Icahn ceases to participate in the management of the Investment Funds, the consequences to the Investment Funds and our interest in them could be material and adverse and could lead to the premature termination of the Investment Funds.

The Investment Funds make investments in companies we do not control.

Investments by the Investment Funds include investments in debt or equity securities of publicly traded companies that we do not control. Such investments may be acquired by the Investment Funds through open market trading activities or through purchases of securities from the issuer. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which our Investment segment disagree or that the majority of stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve the best interests of the Investment Funds. In addition, the Investment Funds may make investments in which it shares control over the investment with co-investors, which may make it more difficult for it to implement its investment approach or exit the investment when it otherwise would. If any of the foregoing were to occur, the values of the investments by the Investment Funds could decrease and our Investment segment revenues could suffer as a result.

The Investment Funds' investment strategy involves numerous and significant risks, including the risk that we may lose some or all of our investments in the Investment Funds. This risk may be magnified due to concentration of investments and investments in undervalued securities.

Our Investment segment's revenue depends on the investments made by the Investment Funds. There are numerous and significant risks associated with these investments, certain of which are described in this risk factor and in other risk factors set forth herein.

Certain investment positions held by the Investment Funds may be illiquid. The Investment Funds may own restricted or non-publicly traded securities and securities traded on foreign exchanges. We also have significant influence with respect to certain companies owned by the Investment Funds, including representation on the board of directors of certain companies, and may be subject to trading restrictions with respect to specific positions in the Investment Funds at any particular time. These investments and trading restrictions could prevent the Investment Funds from liquidating unfavorable positions promptly and subject the Investment Funds to substantial losses.

At any given time, the Investment Funds' assets may become highly concentrated within a particular company, industry, asset category, trading style or financial or economic market. In that event, the Investment Funds' investment portfolio will be more susceptible to fluctuations in value resulting from adverse events, developments or economic conditions affecting the performance of that particular company, industry, asset category, trading style or economic market than a less concentrated portfolio would be. As a result, the Investment Funds' investment portfolio's aggregate returns may be volatile and may be affected substantially by the performance of only one or a few holdings.

As of December 31, 2018, our top five holdings in the Investment Funds had a market value of approximately $4.3 billion, which represented approximately 43% of our assets under management for the Investment Segment. Our largest holding at December 31, 2018 was Herbalife Ltd. (“Herbalife”), which had a market value of approximately $1.7 billion, and represented approximately 16% of our assets under management for the Investment Segment. Therefore, a significant decline in the fair market values of our larger positions may have a material adverse impact on our consolidated financial position, results of operations or cash flows and the trading price of our depositary units. For example, Herbalife previously disclosed in its public filings that the SEC and the Department of Justice have been conducting an investigation into Herbalife’s compliance with the Foreign Corrupt Practices Act in China, which is mainly focused on Herbalife’s China external affairs expenditures relating to its China business activities and the adequacy of and compliance with Herbalife’s internal controls relating to such expenditures, and while it cannot predict the eventual scope, duration, or outcome of the government investigation at this time, including potential monetary payments, injunctions, or other relief, the results of this investigation could have a materially adverse impact on Herbalife’s financial condition, results of operations, and operations and the trading price of its common shares, which could, in turn, have a material adverse impact on our consolidated financial position, results of operations or cash flows and the trading price of our depositary units. Certain of the companies in our Investment Funds file annual, quarterly and current reports with the SEC, which are publicly available, and contain additional risk factors with respect to such companies.

The Investment Funds seek to invest in securities that are undervalued. The identification of investment opportunities in undervalued securities is challenging, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Investment Funds' investments may not adequately compensate for the business and financial risks assumed.

From time to time, the Investment Funds may invest in bonds or other fixed income securities, such as commercial paper and higher yielding (and, therefore, higher risk) debt securities. It is likely that a major economic recession could severely disrupt the market for such securities and may have a material adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

For reasons not necessarily attributable to any of the risks set forth in this Report (e.g., supply/demand imbalances or other market forces), the prices of the securities in which the Investment Funds invest may decline substantially. In particular, purchasing assets at what may appear to be undervalued levels is no guarantee that these assets will not be trading at even more undervalued levels at a future time of valuation or at the time of sale.

The prices of financial instruments in which the Investment Funds may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Investment Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Investment Funds are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses.

The use of leverage in investments by the Investment Funds may pose a significant degree of risk and may enhance the possibility of significant loss in the value of the investments in the Investment Funds.

The Investment Funds may leverage their capital if their general partners believe that the use of leverage may enable the Investment Funds to achieve a higher rate of return. Accordingly, the Investment Funds may pledge its securities in order to borrow additional funds for investment purposes. The Investment Funds may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings that the Investment Funds may have outstanding at any time may be substantial in relation to their capital. While leverage may present opportunities for increasing the Investment Funds' total return, leverage may increase losses as well.

Accordingly, any event that adversely affects the value of an investment by the Investment Funds would be magnified to the extent such fund is leveraged. The cumulative effect of the use of leverage by the Investment Funds in a market that moves adversely to the Investment Funds' investments could result in a substantial loss to the Investment Funds that would be greater than if the Investment Funds were not leveraged. There is no assurance that leverage will be available on acceptable terms, if at all.

In general, the use of short-term margin borrowings results in certain additional risks to the Investment Funds. For example, should the securities pledged to brokers to secure any Investment Fund's margin accounts decline in value, the Investment Funds could be subject to a “margin call,” pursuant to which it must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of any of the Investment Funds' assets, the Investment Funds might not be able to liquidate assets quickly enough to satisfy its margin requirements.

The Investment Funds may enter into repurchase and reverse repurchase agreements. When the Investment Funds enters into a repurchase agreement, it “sells” securities issued by the U.S. or a non-U.S. government, or agencies thereof, to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Investment Fund “buys” securities issued by the U.S. or a non-U.S. government, or agencies thereof, from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Investment Funds, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by any of the Investment Funds involves certain risks. For example, if the seller of securities to the Investment Funds under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Investment Funds will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Investment Funds' ability to dispose of the underlying securities may be restricted. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Investment Funds may suffer a loss to the extent it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

The financing used by the Investment Funds to leverage its portfolio will be extended by securities brokers and dealers in the marketplace in which the Investment Funds invest. While the Investment Funds will attempt to negotiate the terms of these financing arrangements with such brokers and dealers, its ability to do so will be limited. The Investment Funds are therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Investment Funds. Because the Investment Funds currently have no alternative credit facility which could be used to finance its portfolio in the absence of financing from broker-dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of the Investment Funds' portfolios at distressed prices could result in significant losses to the Investment Funds.

The possibility of increased regulation could result in additional burdens on our Investment segment.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Reform Act"), enacted into law in July 2010, resulted in regulations affecting almost every part of the financial services industry.

The regulatory environment in which our Investment segment operates is subject to further regulation in addition to the rules already promulgated, including the Reform Act. Our Investment segment may be adversely affected by the enactment of new or revised regulations, or changes in the interpretation or enforcement of rules and regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. Such changes may limit the scope of investment activities that may be undertaken by the Investment Funds' managers. Any such changes could increase the cost of our Investment segment doing business and/or materially adversely impact its profitability. Additionally, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges have taken and are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Investment Funds and the Investment segment could be substantial and adverse.

The ability to hedge investments successfully is subject to numerous risks.

The Investment Funds may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Investment Funds' investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Investment Funds' unrealized gains in the value of its investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Investment Funds' portfolio; (v) hedge the interest rate or currency exchange rate on any of the Investment Funds' liabilities or assets; (vi) protect against any increase in the price of any securities our Investment segment anticipate purchasing at a later date; or (vii) for any other reason that our Investment segment deems appropriate.

The success of any hedging activities will depend, in part, upon the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. However, hedging techniques may not always be possible or effective in limiting potential risks of loss. Since the characteristics of many securities change as markets change or time passes, the success of our Investment segment's hedging strategy will also be subject to the ability of our Investment segment to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Investment Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Investment Funds than if it had not engaged in such hedging transactions. For a variety of reasons, the Investment Funds may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Investment Funds from achieving the intended hedge or expose the Investment Funds to risk of loss. The Investment Funds do not intend to seek to hedge every position and may determine not to hedge against a particular risk for various reasons, including, but not limited to, because they do not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge. Our Investment segment may not foresee the occurrence of the risk and therefore may not hedge against all risks.

The Investment Funds invest in distressed securities, as well as bank loans, asset backed securities and mortgage backed securities.

The Investment Funds may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial, legal and business risks that can result in substantial, or at times even total, losses. The market prices of such securities are subject to abrupt and erratic market movements and above-average price volatility. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate insolvency and reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash, assets or a new security the value of which will be less than the purchase price to the Investment Funds of the security in respect to which such distribution was made and the terms of which may render such security illiquid.

The Investment Funds may invest in companies that are based outside of the United States, which may expose the Investment Funds to additional risks not typically associated with investing in companies that are based in the United States.

Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated or whose prices are quoted in non-U.S. currencies pose, to the extent not successfully hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. The Investment Funds may have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Investment Funds' performance. Investments in non-U.S. markets may result in imposition of non-U.S. taxes or withholding on income and gains recognized with respect to such securities. There can be no assurance that adverse developments with respect to such risks will not materially adversely affect the Investment Funds' investments that are held in certain countries or the returns from these investments.

The Investment Funds' investments are subject to numerous additional risks including those described below.

- Generally, there are few limitations set forth in the governing documents of the Investment Funds on the execution of their investment activities, which are subject to the sole discretion of our Investment segment.
- The Investment Funds may buy or sell (or write) both call options and put options, and when it writes options, it may do so on a covered or an uncovered basis. When the Investment Funds sell (or write) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is covered. If it is covered, the Investment Funds would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the

creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

- The Investment Funds may engage in short-selling, which is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. The Investment Funds may be subject to losses if a security lender demands return of the borrowed securities and an alternative lending source cannot be found or if the Investment Funds are otherwise unable to borrow securities that are necessary to hedge its positions. There can be no assurance that the Investment Funds will be able to maintain the ability to borrow securities sold short. There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market.
- The ability of the Investment Funds to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions and restrictions adopted in response to adverse

market events. Regulatory authorities may from time-to-time impose restrictions that adversely affect the Investment Funds' ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Investment Funds may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing.

- The Investment Funds may effect transactions through over-the-counter or inter-dealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes the Investment Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Investment Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Investment Funds have concentrated its transactions with a single or small group of its counterparties. The Investment Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of the Investment Funds' transactions with one counterparty.
- Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by other institutions. This systemic risk may materially adversely affect the financial intermediaries (such as prime brokers, clearing agencies, clearing houses, banks, securities firms and exchanges) with which the Investment Funds interact on a daily basis.
- The efficacy of investment and trading strategies depends largely on the ability to establish and maintain an overall market position in a combination of financial instruments. The Investment Funds' trading orders may not be executed in a timely and efficient manner due to various circumstances, including systems failures or human error. In such event, the Investment Funds might only be able to acquire some but not all of the components of the position, or if the overall positions were to need adjustment, the Investment Funds might not be able to make such adjustment. As a result, the Investment Funds may not be able to achieve the market position selected by our Investment segment and might incur a loss in liquidating their position.
- The Investment Funds assets may be held in one or more accounts maintained for the Investment Fund by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions. The prime broker, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions in the event of their insolvency. Accordingly, the practical effect of these laws and their application to the Investment Funds' assets may be subject to substantial variations, limitations and uncertainties. The insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Investment Funds' assets or in a significant delay in the Investment Funds having access to those assets.
- The Investment Funds may invest in synthetic instruments with various counterparties. In the event of the insolvency of any counterparty, the Investment Funds' recourse will be limited to the collateral, if any, posted by the counterparty and, in the absence of collateral, the Investment Funds will be treated as a general creditor of the counterparty. While the Investment Funds expect that returns on a synthetic financial instrument may reflect those of each related reference security, as a result of the terms of the synthetic financial instrument and the assumption of the credit risk of the counterparty, a synthetic financial instrument may have a different expected return. The Investment Funds may also invest in credit default swaps.

Risks Relating to our Consolidated Operating Subsidiaries

Changes in regulations and regulatory actions can adversely affect our operating results and our ability to allocate capital.

In recent years, regulatory authorities have increased their regulation and scrutiny of businesses partially in response to financial markets crises, global economic recessions, and social and environmental issues. These initiatives may impact our operating subsidiaries, particularly those within our Energy and Mining segments. Changes in regulation and regulatory actions may increase our compliance costs and may require changes to how our operating subsidiaries conduct their businesses. Any regulatory changes could have a significant negative impact on our financial condition, results of operations or cash flows.

Our operating subsidiaries operate businesses which are subject to the risk of operational disruptions, damage to property, injury to persons or environmental and legal liability. Our operating subsidiaries could incur potentially significant costs to the extent there are unforeseen events which are not fully insured.

Our operating subsidiaries, particularly within our Energy and Mining segments, may become subject to catastrophic loss, which may cause operations to shut down or become significantly impaired. Our operating subsidiaries may also be subject to liability for hazards for which it cannot be insured, which could exceed policy limits or against which it may elect not to be insured due to high premium costs. Examples of such risks include but are not limited to industrial accidents, environmental hazards, power outages, equipment failures, structural failures, flooding, unusual or unexpected geological conditions and severe weather conditions, among others. These events may damage or destroy properties, production facilities, transport facilities and equipment, as well as lead to personal injury or death, environmental damage, waste from intermediary products or resources, production or transportation delays and monetary losses or legal liability. Such damages are not limited to our operations or our employees and could significantly impact the surrounding areas. Operations at our subsidiaries could be curtailed, limited or completely shut down for an extended period of time, or indefinitely, as a result of one or more unforeseen events and circumstances, which may or may not be within our control, and which may not be adequately insured. Any one of these events and circumstances could have a material adverse impact on our operations, financial condition and cash flows.

Environmental laws and regulations could require our operating subsidiaries to make substantial capital expenditures to remain in compliance or to remediate current or future contamination that could give rise to material liabilities.

Several of our subsidiaries are subject to a variety of federal, state and local environmental laws and regulations relating to the protection of the environment, including those governing the emission or discharge of pollutants into the environment, product specifications and the generation, treatment, storage, transportation, disposal and remediation of solid and hazardous wastes. Violations of these laws and regulations or permit conditions can result in substantial penalties, injunctive orders compelling installation of additional controls, civil and criminal sanctions, permit revocations and/or facility shutdowns.

In addition, new environmental laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement of laws and regulations or other developments could require our businesses to make additional unforeseen expenditures. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. These expenditures or costs for environmental compliance could have a material adverse effect on our operating subsidiaries' results of operations, financial condition and profitability. Certain of our subsidiaries' facilities operate under a number of federal and state permits, licenses and approvals with terms and conditions containing a significant number of prescriptive limits and performance standards in order to operate. These permits, licenses, approvals, limits and standards require a significant amount of monitoring, record keeping and reporting in order to demonstrate compliance with the underlying permit, license, approval, limit or standard. Non-compliance or incomplete documentation of our subsidiaries' compliance status may result in the imposition of fines, penalties and injunctive relief. Additionally, there may be times when certain of our subsidiaries are unable to meet the standards and terms and conditions of our permits, licenses and approvals due to operational upsets or malfunctions, which may lead to the imposition of fines and penalties or operating restrictions that may have a material adverse effect on their ability to operate their facilities and accordingly on our consolidated financial position, results of operations or cash flows. Refer to Note 17, "Commitments and Contingencies," to the consolidated financial statements for additional discussion of environmental matters affecting our businesses.

Our Energy segment's businesses are, and commodity prices are, cyclical and highly volatile, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Our Energy segment's petroleum business' financial results are primarily affected by the margin between refined product prices and the prices for crude oil and other feedstocks. Historically, refining margins have been volatile, and are expected to continue to be volatile in the future. The petroleum business' cost to acquire feedstocks and the price at which it can ultimately sell refined products depend upon several factors beyond its control, including regional and global supply of and demand for crude oil, gasoline, diesel and other feedstocks and refined products. These in turn depend on, among other things, the availability and quantity of imports, the production levels of U.S. and international suppliers, levels of refined petroleum product inventories, productivity and growth (or the lack thereof) of U.S. and global economies, U.S. relationships with foreign governments, political affairs and the extent of governmental regulation.

Some of these factors can vary by region and may change quickly, adding to market volatility, while others may have longer-term effects on refining and marketing margins, which are uncertain. CVR Refining does not produce crude oil and must purchase all of the crude oil it refines long before it refines them and sell the refined products. Price level changes during the period between purchasing feedstocks and selling the refined petroleum products from these feedstocks could have a significant effect on our Energy segment's financial results and a decline in market prices may negatively impact the carrying value of its inventories.

Profitability is also impacted by the ability to purchase crude oil at a discount to benchmark crude oils, such as WTI, as the petroleum business does not produce any crude oil and must purchase all of the crude oil it refines. Crude oil differentials can fluctuate significantly based upon overall economic and crude oil market conditions. Adverse changes in crude oil differentials can adversely impact refining margins, earnings and cash flows. In addition, the petroleum business' purchases of crude oil, although based on WTI prices, have historically been at a discount to WTI because of the proximity of the refineries to the sources, existing logistics infrastructure and quality differences. Any change in the sources of crude oil, infrastructure or logistical improvements or quality differences could result in a reduction of the petroleum business' historical discount to WTI and may result in a reduction of our Energy segment's cost advantage.

Volatile prices for natural gas and electricity affect the petroleum business' manufacturing and operating costs. Natural gas and electricity prices have been, and will continue to be, affected by supply and demand for fuel and utility services in both local and regional markets.

If sufficient Renewable Identification Numbers (RINs) are unavailable for purchase or if our Energy segment's petroleum business has to pay a significantly higher price for RINs, or if its petroleum business is otherwise unable to meet Renewable Fuel Standard mandates, our financial condition and results of operations could be materially adversely affected.

The Environmental Protection Agency (the "EPA") has promulgated the Renewable Fuel Standards ("RFS"), which requires refiners to either blend "renewable fuels," such as ethanol and biodiesel, into their transportation fuels or purchase renewable fuel credits, known as RINs, in lieu of blending. Under the RFS, the volume of renewable fuels that refineries like Coffeyville and Wynnewood are obligated to blend into their finished petroleum products is adjusted annually by the EPA. The petroleum business is not able to blend the substantial majority of its transportation fuels, so it has to purchase RINs on the open market as well as waiver credits for cellulosic biofuels from the EPA, in order to comply with the RFS. The price of RINs has been extremely volatile as the EPA's proposed renewable fuel volume mandates approached and exceeded the "blend wall." The blend wall refers to the point at which the amount of ethanol blended into the transportation fuel supply exceeds the demand for transportation fuel containing such levels of ethanol. The blend wall is generally considered to be reached when more than 10% ethanol by volume ("E10 gasoline") is blended into transportation fuel.

The petroleum business cannot predict the future prices of RINs. The price of RINs has been extremely volatile over the last year. Additionally, the cost of RINs is dependent upon a variety of factors, which include the availability of RINs for purchase, the price at which RINs can be purchased, transportation fuel production levels, the mix of the petroleum business' petroleum products, as well as the fuel blending performed at the refineries and downstream terminals, all of which can vary significantly from period to period. However, the costs to obtain the necessary number of RINs and waiver credits could be material, if the price for RINs increases. Additionally, because the petroleum business does not produce renewable fuels, increasing the volume of renewable fuels that must be blended into its products displaces an increasing volume of the refineries' product pool, potentially resulting in lower earnings and materially adversely affecting the petroleum business' cash flows. If the demand for the petroleum business' transportation fuel decreases as a result of the use of increasing volumes of renewable fuels, increased fuel economy as a result of new EPA fuel economy standards, or other factors, the impact on its business could be material. If sufficient RINs are unavailable for purchase, if the petroleum business has to pay a significantly higher price for RINs or if the petroleum business is otherwise unable to meet the EPA's RFS mandates, its business, financial condition and results of operations could be materially adversely affected.

Commodity derivative contracts, particularly with respect to our Energy segment, may limit our potential gains, exacerbate potential losses and involve other risks.

Our Energy segment's petroleum business may enter into commodity derivatives contracts to mitigate crack spread risk with respect to a portion of its expected refined products production. However, its hedging arrangements may fail to fully achieve these objectives for a variety of reasons, including its failure to have adequate hedging contracts, if any, in effect at any particular time and the failure of its hedging arrangements to produce the anticipated results. The petroleum business may not be able to procure adequate hedging arrangements due to a variety of factors. Moreover, such transactions may limit its ability to benefit from favorable changes in margins. In addition, the petroleum business' hedging activities may expose it to the risk of financial loss in certain circumstances, including instances in which:

- the volumes of its actual use of crude oil or production of the applicable refined products is less than the volumes subject to the hedging arrangement;
- accidents, interruptions in transportation, inclement weather or other events cause unscheduled shutdowns or otherwise adversely affect its refinery or suppliers or customers;
- the counterparties to its futures contracts fail to perform under the contracts; or

• a sudden, unexpected event materially impacts the commodity or crack spread subject to the hedging arrangement.

As a result, the effectiveness of CVR Energy's risk mitigation strategy could have a material adverse impact on our Energy segment's financial results and cash flows.

Climate change laws and regulations could have a material adverse effect on our results of operations, financial condition, and cash flows.

The current administration has sought to implement a new or modified policy with respect to climate change. For example, the administration announced its intention to withdraw the United States from the Paris Climate Agreement, though the earliest possible effective date of withdrawal for the United States is November 2020. If efforts to address climate change resume, at the federal legislative level, this could mean Congressional passage of legislation adopting some form of federal mandatory GHG emission reduction, such as a nationwide cap-and-trade program. It is also possible that Congress may pass alternative climate change bills that do not mandate a nationwide cap-and-trade program and instead focus on promoting renewable energy and energy efficiency.

In addition to potential federal legislation, a number of states have adopted regional greenhouse gas initiatives to reduce carbon dioxide and other GHG emissions. In 2007, a group of Midwest states, including Kansas (where CVR Energy has a refinery and nitrogen fertilizer facility), formed the Midwestern Greenhouse Gas Reduction Accord, which calls for the development of a cap-and-trade system to control GHG emissions and for the inventory of such emissions. However, the individual states that have signed on to the accord must adopt laws or regulations that implement the trading scheme before it becomes effective. To date, Kansas has taken no meaningful action to implement the accord, and it's unclear whether Kansas intends to do so in the future.

Alternatively, the EPA may take further steps to regulate GHG emissions, although at this time it is unclear to what extent the EPA will pursue climate change regulation. The implementation of EPA regulations and/or the passage of federal or state climate change legislation may result in increased costs to (i) operate and maintain certain of our subsidiaries' facilities, (ii) install new emission controls on certain of our subsidiaries' facilities and (iii) administer and manage any GHG emissions program. Increased costs associated with compliance with any current or future legislation or regulation of GHG emissions, if it occurs, may have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, climate change legislation and regulations may result in increased costs not only for our business but also users of our refined and fertilizer products, thereby potentially decreasing demand for our products. Decreased demand for our products may have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Our subsidiaries' competitors may be larger and have greater financial resources and operational capabilities than our subsidiaries do, which may require them or us to invest significant additional capital in order to effectively compete. Our investments, or our subsidiaries' investments, may not achieve desired results.

Our operating subsidiaries face competitive pressures within markets in which they operate. We manage our subsidiaries with the objective of growing their value over time by, among other means, investing in and strengthening our subsidiaries' competitive advantages. Many factors, including availability of financial resources, supply chain capabilities and local market changes, may limit our ability to strengthen our subsidiaries' competitive advantages. In addition, competitors may be significantly larger than our subsidiaries are and may have greater financial resources and operational capabilities. Accordingly, our subsidiaries may require significant additional resources, which may not be available to them through internally generated cash flows. With respect to our Automotive segment, we have invested significant resources in various initiatives to remain competitive and stimulate growth. In addition, we will continue to consider strategic alternatives in our automotive aftermarket parts business to maximize value. If we are unable to implement these initiatives efficiently and effectively, or if these initiatives are unsuccessful, our consolidated financial condition, results of operations and cash flows could be adversely affected.

Certain of our subsidiaries have operations in foreign countries which expose them to risks related to economic and political conditions, currency fluctuations, import/export restrictions, regulatory and other risks.

Certain of our subsidiaries are global businesses and have manufacturing and distribution facilities in many countries. International operations are subject to certain risks including:

- exposure to local economic conditions;
- exposure to local political conditions (including the risk of seizure of assets by foreign governments);
- currency exchange rate fluctuations (including, but not limited to, material exchange rate fluctuations, such as devaluations) and currency controls;
- export and import restrictions;
- restrictions on ability to repatriate foreign earnings;
- labor unrest; and
- compliance with U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting inappropriate payments.

The likelihood of such occurrences and their potential effect on our businesses are unpredictable and vary from country-to-country.

Certain of our businesses' operating entities report their financial condition and results of operations in currencies other than the U.S. Dollar. The reported results of these entities are translated into U.S. Dollars at the applicable exchange rates for reporting in our consolidated financial statements. As a result, fluctuations in the U.S. Dollar against foreign currencies will affect the value at which the results of these entities are included within our consolidated results. Our businesses are exposed to a risk of loss from changes in foreign exchange rates whenever they, or one of their foreign subsidiaries, enters into a purchase or sales agreement in a currency other than its functional currency. Such changes in exchange rates could affect our businesses' financial condition or results of operations.

Certain of our businesses have substantial indebtedness, which could restrict their business activities and/or could subject them to significant interest rate risk.

Our subsidiaries' inability to generate sufficient cash flow to satisfy their debt obligations, or to refinance their debt obligations on commercially reasonable terms, would have a material adverse effect on their businesses, financial condition, and results of operations. In addition, covenants in debt instruments could limit their ability to engage in certain transactions and pursue their business strategies, which could adversely affect liquidity.

Our subsidiaries' indebtedness could:

- limit their ability to borrow money for working capital, capital expenditures, debt service requirements or other corporate purposes, guarantee additional debt or issue redeemable, convertible of preferred equity;
- limit their ability to make distributions or prepay its debt, incur liens, enter into agreements that restrict distributions from restricted subsidiaries, sell or otherwise dispose of assets (including capital stock of subsidiaries), enter into transactions with affiliates and merger consolidate or sell substantially all of its assets;
- require them to dedicate a substantial portion of its cash flow to payments on indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures, product development, and other corporate requirements;
- increase their vulnerability to general adverse economic and industry conditions; and
- limit their ability to respond to business opportunities.

Certain of our subsidiaries' indebtedness accrue interest at variable rates. To the extent market interest rates rise, the cost of their debt would increase, adversely affecting their financial condition, results of operations and cash flows.

A significant labor dispute involving any of our businesses or one or more of their customers or suppliers or that could otherwise affect our operations could adversely affect our financial performance.

A substantial number of our operating subsidiaries’ employees and the employees of its largest customers and suppliers are represented by labor unions under collective bargaining agreements. There can be no assurances that future negotiations with the unions will be resolved favorably or that our subsidiaries will not experience a work stoppage or disruption that could adversely affect its financial condition, operating results and cash flows. A labor dispute involving any of our businesses, particularly within our Energy segment, any of its customers or suppliers or any other suppliers to its customers or that otherwise affects our subsidiaries’ operations, or the inability by it, any of its customers or suppliers or any other suppliers to its customers to negotiate, upon the expiration of a labor agreement, an extension of such agreement or a new agreement on satisfactory terms could adversely affect our financial condition, operating results and cash flows. In addition, if any of our subsidiaries’ significant customers experience a material work stoppage, the customer may halt or limit the purchase of its products. This could require certain businesses to shut down or significantly reduce production at facilities relating to such products, which could adversely affect our business.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Holding Company and Investment

Icahn Enterprises, Icahn Enterprises Holdings and our Investment segment operations are headquartered in New York, New York, which is leased office space.

Energy

CVR Energy is headquartered in Sugar Land, Texas, which is leased office space. Additionally, other administrative office space is leased in Kansas City, Kansas and Oklahoma City, Oklahoma.

CVR Energy owns and operates two oil refineries as well as office buildings located in Coffeyville, Kansas and Wynnewood, Oklahoma. CVR Energy also owns and operates two fertilizer plants in Coffeyville, Kansas and East Dubuque, Illinois. CVR Energy owns crude oil storage facilities in Kansas and Oklahoma, refined oil storage facilities at its Wynnewood, Oklahoma refinery location, and fertilizer storage facilities at its East Dubuque, Illinois fertilizer plant location. CVR Energy also leases additional crude oil storage facilities.

Automotive

Icahn Automotive is headquartered in Kennesaw, Georgia, which is leased office space. Icahn Automotive's operations include 1,352 company operated store locations, 848 franchise locations and 27 distributions centers throughout the United States. Approximately 90% of Icahn Automotive's facilities are leased and the remainder are owned.

Food Packaging

Viskase is headquartered in Lombard, Illinois. Viskase's operations include eleven manufacturing facilities, six distribution centers and three service centers throughout North America, Europe, South America and Asia.

Metals

PSC Metals is headquartered in Mayfield Heights, Ohio, which is leased office space. PSC Metals has additional administrative offices located in Nashville, Tennessee and North Olmsted, Ohio. PSC Metals' operations consist of 30 recycling yards, three secondary plate storage and distribution centers, two secondary pipe storage and distribution centers and two auto parts recycling warehouses located throughout the Midwestern and Southeastern United States.

Real Estate

Our Real Estate segment is headquartered in New York, New York. Our Real Estate segment's operations consist of 7 commercial rental real estate properties in the United States. Our Real Estate segment's operations also include development properties as well as golf and club operations in Cape Cod, Massachusetts and Vero Beach, Florida. In addition, our Real Estate segment has a hotel, timeshare and casino resort property in Aruba as well as a casino property in Atlantic City, New Jersey, which ceased operations in 2014.

Home Fashion

WPH is headquartered in New York, New York. WPH's operations include a manufacturing and distribution facility in Chipley, Florida and a manufacturing facility in Bahrain, both of which are owned facilities. WPH owns office and retail store space in Valley, Alabama and Lumberton, North Carolina where it operates two outlet stores. WPH also leases retail store space in Chipley, Florida and leases various additional administrative office space primarily throughout the southern United States.

Mining

Ferrous Resources is headquartered in Belo Horizonte, Brazil, which is a leased office space. Ferrous Resources' operations consist of six iron mineral resource properties in Brazil.

Item 3. Legal Proceedings.

We are, and will continue to be, subject to litigation from time to time in the ordinary course of our business. We also incorporate by reference into this Part I, Item 3 of this Report, the information regarding the lawsuits and proceedings described and referenced in Note 17, "Commitments and Contingencies," to the consolidated financial statements as set forth in Item 8 of this Report.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Security Holder Matters and Issuer Purchases of Equity Securities.

Market Information

Icahn Enterprises' depositary units are traded on the NASDAQ Global Select Market under the symbol "IEP." The range of high and low sales prices for our depositary units for each quarter during 2018 and 2017 are as follows:

2018	**High**	**Low**
First Quarter	$62.79	$53.29
Second Quarter	73.23	57.00
Third Quarter	81.88	62.20
Fourth Quarter	74.69	50.33

2017	**High**	**Low**
First Quarter	$63.96	$50.17
Second Quarter	53.85	47.06
Third Quarter	56.40	49.13
Fourth Quarter	59.88	51.01

Holders of Record

As of December 31, 2018, there were approximately 2,000 record holders of Icahn Enterprises' depositary units including multiple beneficial holders at depositories, banks and brokers listed as a single record holder in the street name of each respective depository, bank or broker.

There were no repurchases of Icahn Enterprises' depositary units during 2018 or 2017.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information regarding outstanding unit option awards, and depository units available for future issuance, under the Icahn Enterprises L.P. 2017 Long Term Incentive Plan (the "2017 Incentive Plan") as of December 31, 2018:

Plan Category	**Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)**	**Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)**
2017 Incentive Plan	15,704	$ 51.08	953,554

During the first quarter of 2017, the board of directors of the general partner of Icahn Enterprises unanimously approved and adopted the 2017 Incentive Plan, which became effective during the first quarter of 2017 subject to the approval by holders of a majority of Icahn Enterprises depositary units. The 2017 Incentive Plan permits us to issue depositary units and grant options, restricted units or other unit-based awards to all of our, and our affiliates', employees, consultants, members and partners, as well as the three non-employee directors of our general partner. One million of Icahn Enterprises' depositary units were initially available under the 2017 Incentive Plan.

Item 6. Selected Financial Data.

The following tables contain our selected historical consolidated financial data from continuing operations, which should be read in conjunction with our consolidated financial statements and the related notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Report. The selected financial data has been derived from our historical financial statements, recasted for discontinued operations, as applicable. The comparability of our selected financial data from continuing operations presented below is affected by, among other factors, (i) the performance of the Investment Funds, (ii) the results of our Energy segment's operations, impacted by the relationship of its refined product prices and prices for crude oil and other feedstocks, (iii) impairment charges, primarily in our Automotive segment in 2018, our Energy segment in 2016, 2015 and 2014 and our Mining segment in 2015, (iv) acquisitions of businesses, primarily in our Automotive segment during 2017, 2016 and 2015, (v) gains on dispositions of assets, primarily in our Railcar and Real Estate segments in 2017, including the impact of the disposed income generating assets on subsequent operations, (vi) our Holding Company's unrealized equity investment gains and losses and (vii) the enactment of tax legislation in the United States in 2017.

	Icahn Enterprises					**Icahn Enterprises Holdings**				
	As of/Year Ended December 31,					**As of/Year Ended December 31,**				
	2018	**2017**	**2016**	**2015**	**2014**	**2018**	**2017**	**2016**	**2015**	**2014**
	(in millions, except per unit data)					(in millions)				
Statement of Operations Data From Continuing Operations:										
Net sales	$10,576	$9,306	$7,740	$6,771	$10,376	$10,576	$9,306	$7,740	$6,771	$10,376
Other revenues from operations	647	743	840	418	383	647	743	840	418	383
Net gain (loss) from investment activities	322	302	(1,373)	(987)	(564)	322	302	(1,373)	(987)	(564)
Gain on disposition of assets, net	84	2,163	6	40	18	84	2,163	6	40	18
Net income (loss)	282	2,357	(2,285)	(1,941)	(775)	283	2,359	(2,284)	(1,940)	(774)
Less: Income (loss) attributable to non-controlling interests	495	84	(1,158)	(938)	(271)	495	84	(1,158)	(938)	(271)
Net (loss) income attributable to Icahn Enterprises/Icahn Enterprises Holdings	$(213)	$2,273	$(1,127)	$(1,003)	$(504)	$(212)	$2,275	$(1,126)	$(1,002)	$(503)
Net (loss) income attributable to Icahn Enterprises/Icahn Enterprises Holdings allocable to:										
Limited partners	$(209)	$2,228	$(1,105)	$(983)	$(494)	$(210)	$2,252	$(1,115)	$(992)	$(498)
General partner	(4)	45	(22)	(20)	(10)	(2)	23	(11)	(10)	(5)
	$(213)	$2,273	$(1,127)	$(1,003)	$(504)	$(212)	$2,275	$(1,126)	$(1,002)	$(503)
Basic and diluted (loss) income per LP unit	$(1.16)	$13.84	$(8.07)	$(7.80)	$(4.15)					
Basic and diluted weighted average LP units outstanding	180	161	137	126	119					
Cash distributions declared per LP unit	$7.00	$6.00	$6.00	$6.00	$6.00					
Balance Sheet Data:										
Cash and cash equivalents	$2,656	$1,164	$1,114	$1,369	$2,292	$2,656	$1,164	$1,114	$1,369	$2,292
Investments	8,337	10,015	9,559	15,002	14,149	8,337	10,015	9,559	15,002	14,149
Property, plant and equipment, net	4,703	5,186	5,905	5,668	5,456	4,703	5,186	5,905	5,668	5,456
Assets held for sale	333	10,263	11,493	10,054	9,765	333	10,263	11,493	10,054	9,765
Total assets	23,396	31,801	33,371	36,407	35,743	23,428	31,833	33,399	36,434	35,769
Deferred tax liability	676	732	1,147	791	904	676	732	1,147	791	904
Due to brokers	141	1,057	3,725	7,317	5,197	141	1,057	3,725	7,317	5,197
Liabilities held for sale	112	7,010	9,103	7,521	7,029	112	7,010	9,103	7,521	7,029
Debt	7,326	7,372	7,236	8,556	8,161	7,330	7,377	7,239	8,559	8,164
Equity attributable to Icahn Enterprises/Icahn Enterprises Holdings	6,529	5,106	2,154	3,987	5,443	6,557	5,133	2,179	4,011	5,466

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.
The following discussion is intended to assist you in understanding our present business and the results of operations together with our present financial condition. This section should be read in conjunction with our consolidated financial statements and the accompanying notes contained in this Report.

Executive Overview
Introduction
Icahn Enterprises L.P. ("Icahn Enterprises") is a master limited partnership formed in Delaware on February 17, 1987. Icahn Enterprises Holdings L.P. ("Icahn Enterprises Holdings") is a limited partnership formed in Delaware on February 17, 1987. References to "we," "our" or "us" herein include both Icahn Enterprises and Icahn Enterprises Holdings and their subsidiaries, unless the context otherwise requires.
Icahn Enterprises owns a 99% limited partner interest in Icahn Enterprises Holdings.

Therefore, the financial results of Icahn Enterprises and Icahn Enterprises Holdings are substantially the same, with differences relating primarily to allocations to the general and limited partners. We do not discuss Icahn Enterprises and Icahn Enterprises Holdings separately unless we believe it is necessary to an understanding of the businesses.
We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Energy, Automotive, Food Packaging, Metals, Real Estate, Home Fashion and Mining. We also report the results of our Holding Company, which includes the results of certain subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings (unless otherwise noted), and investment activity and expenses associated with our Holding Company. Our historical results also report the results of our Railcar segment through the date we sold our last remaining railcars on lease, which occurred in the third quarter of 2018.
Significant Transactions and Developments
Significant transactions and developments affecting our results of operations and liquidity for the year ended December 31, 2018 are summarized as follows:
Sale of Discontinued Operations. During the fourth quarter of 2018, we closed on the sales of Federal-Mogul LLC ("Federal-Mogul"), Tropicana Entertainment Inc. ("Tropicana") and American Railcar Industries, Inc. ("ARI"). As a result of the transactions, our Holding Company received approximately $3.2 billion in aggregate cash proceeds and approximately $1.2 billion of fair value equity in Tenneco, Inc., resulting in the recognition of aggregate pre-tax gains on the sales of discontinued operations attributable to Icahn Enterprises of approximately $1.4 billion.
Pending Sale of Ferrous Resources. On December 5, 2018, we announced a definitive agreement to sell Ferrous Resources Ltd. for total consideration of $550 million. The transaction is expected to close in the first half of 2019.

Results of Operations

Consolidated Financial Results

Our operating businesses comprise consolidated subsidiaries which operate in various industries and are managed on a decentralized basis. Revenues for our continuing operating businesses primarily consist of net sales of various products, services revenue, franchisor operations and leasing of real estate. Due to the structure and nature of our business, we primarily discuss the results of operations by individual reporting segment in order to better understand our consolidated operating performance. Certain other financial information is discussed on a consolidated basis following our segment discussion, including other revenues and expenses included in continuing operations as well as our results from discontinued operations. In addition to the summarized financial results below, refer to Note 12, "Segment and Geographic Reporting," to the consolidated financial statements for a reconciliation of each of our reporting segment's results of continuing operations to our consolidated results.

The comparability of our summarized consolidated financial results presented below is affected by, among other factors, (i) the performance of the Investment Funds, (ii) the results of our Energy segment's operations, impacted by the relationship of its refined product prices and prices for crude oil and other feedstocks, (iii) impairment charges, primarily in our Automotive segment in 2018 and our Energy segment in 2016, (iv) acquisitions of businesses, primarily in our Automotive segment during 2017 and 2016, (v) gains on dispositions of assets, primarily in our Railcar and Real Estate segments in 2017, including the impact of the disposed income generating assets on subsequent operations, (vi) our Holding Company's unrealized equity investment gains and losses and (vii) the enactment of tax legislation in the United States in 2017. Refer to our respective segment discussions and "Other Consolidated Results of Operations," below for further discussion.

	Revenues			**Net Income (Loss) From Continuing Operations**			**Net Income (Loss) From Continuing Operations Attributable to Icahn Enterprises**		
	Year Ended December 31,			**Year Ended December 31,**			**Year Ended December 31,**		
	2018	**2017**	**2016**	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
	(in millions)								
Investment	$737	$297	$(1,223)	$679	$118	$(1,487)	$319	$80	$(604)
Holding Company	(291)	68	21	(639)	355	(287)	(638)	355	(287)
Other Operating Segments:									
Energy	7,135	5,988	4,783	379	275	(604)	238	229	(327)
Automotive	2,856	2,728	2,503	(230)	(51)	19	(230)	(51)	19
Food Packaging	379	389	328	(15)	(6)	8	(12)	(5)	6
Metals	467	408	269	5	(44)	(20)	5	(44)	(20)
Real Estate	212	628	89	112	549	5	112	549	5
Home Fashion	171	183	196	(11)	(20)	(12)	(11)	(20)	(12)
Mining	106	93	63	1	10	(24)	3	9	(19)
Railcar	5	1,837	350	1	1,171	117	1	1,171	112
Other operating segments	11,331	12,254	8,581	242	1,884	(511)	106	1,838	(236)
Consolidated	$11,777	$12,619	$7,379	$282	$2,357	$(2,285)	$(213)	$2,273	$(1,127)

Investment

We invest our proprietary capital through various private investment funds (the "Investment Funds"). As of December 31, 2018 and 2017, we had investments with a fair market value of approximately $5.1 billion and $3.0 billion, respectively, in the Investment Funds. As of December 31, 2018 and 2017, the total fair market value of investments in the Investment Funds made by Mr. Icahn and his affiliates (excluding us) was approximately $5.0 billion and $4.4 billion, respectively.

Our Investment segment's results of operations are reflected in net income (loss) in the consolidated statements of operations. Our Investment segment's net income (loss) is driven by the amount of funds allocated to the Investment Funds and the performance of the underlying investments in the Investment Funds. Future funds allocated to the Investment Funds may increase or decrease based on the contributions and redemptions by our Holding Company and by Mr. Icahn and his affiliates. Additionally, historical performance results of the Investment Funds are not indicative of future results as past market conditions, investment opportunities and investment decisions may not occur in the future. Changes in general market conditions coupled with changes in exposure to short and long positions have significant impact on our Investment segment's results of operations and the comparability of results of operations year over year and as such, future results of operations will be impacted by our future exposures and future market conditions, which may not be consistent with prior trends. Refer to the "Investment Segment Liquidity" section of our "Liquidity and Capital Resources" discussion for additional information regarding our Investment segment's exposure as of December 31, 2018.

For the years ended December 31, 2018, 2017 and 2016, our Investment Funds' returns were 7.9%, 2.1% and (20.3)%, respectively. Our Investment Funds' returns represent a weighted-average composite of the average returns, net of expenses. The following table sets forth the performance attribution for the Investment Funds' returns:

	Year Ended December 31,		
	2018	**2017**	**2016**
Long positions	(0.8)%	5.4 %	16.3 %
Short positions	7.8 %	(3.0)%	(34.1)%
Other	0.9 %	(0.3)%	(2.5)%
	7.9 %	2.1 %	(20.3)%

The following table presents net income (loss) for our Investment segment:

	Year Ended December 31,		
	2018	**2017**	**2016**
	(in millions)		
Long positions	$(329)	$2,035	$552
Short positions	931	(1,787)	(1,894)
Other	77	(130)	(145)
	$679	$118	$(1,487)

Years Ended December 31, 2018, 2017 and 2016

For 2018, the Investment Funds' positive performance was driven by net gains in their short positions offset in part by net losses in their long positions. The positive performance of our Investment segment's short positions was driven by the positive performance of broad market hedges of $642 million and the aggregate performance of multiple other short positions with net gains across various sectors, primarily the energy sector. The negative performance of our Investment segment's long positions was driven by losses from two consumer, cyclical sector investments, a basic material sector investment, two consumer, non-cyclical sector investments, a technology sector investment and an industrial sector investment with losses aggregating approximately $1.4 billion. The aggregate performance of investments with net losses across various other sectors accounted for an additional negative performance of our Investment segment's long positions. Losses in long positions were offset in part by gains from a consumer, non-cyclical sector investment, a technology sector investment and an energy sector investment with gains aggregating approximately $1.3 billion.

For 2017, the Investment Funds' positive performance was driven by net gains in their long positions, offset in part by net losses in their short positions. The positive performance of our Investment segment's long positions was driven by gains from two consumer, non-cyclical sector investments, a basic materials sector investment, an energy sector investment and a consumer, cyclical sector investment aggregating approximately $1.6 billion. The aggregate performance of investments with gains across various other sectors accounted for the additional positive performance of our Investment segment's long positions, offset in part by the aggregate performance of investments with losses in the financial sector. Losses in short positions were attributable to the negative performance of broad market hedges of approximately $2.1 billion and the negative performance of various other short positions across multiple sectors. Losses in short positions were offset in part by the positive performance of three consumer, cyclical sector short positions aggregating $627 million.

For 2016, the Investment Funds' negative performance was driven by net losses in their short positions, offset in part by net gains in their long positions. Losses in short positions were attributable to the negative performance of broad market hedges of approximately $1.5 billion, as well as the negative performance of other short positions, primarily in the consumer, cyclical sector. The positive performance of our Investment segment's long positions was driven by gains from a certain basic materials sector investment of $561 million. The aggregate performance of investments with gains across various other sectors were offset by the aggregate performance of investments with losses primarily in the technology and consumer non-cyclical sectors.

Energy

Our Energy segment is primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing businesses. The sale of petroleum products accounted for approximately 95%, 94% and 93% of our Energy segment's net sales for the years ended December 31, 2018, 2017 and 2016, respectively.

The results of operations of the petroleum business are primarily affected by the relationship between refined product prices and the prices for crude oil and other feedstocks that are processed and blended into petroleum products, such as gasoline, diesel fuel and jet fuel, that are produced by a refinery ("refined products"). The cost to acquire crude oil and other feedstocks and the price for which refined products are ultimately sold depend on factors beyond our Energy segment's control, including the supply of and demand for crude oil, as well as gasoline and other refined products. This supply and demand depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and the extent of government regulation. Because the petroleum business applies first-in, first-out accounting to value its inventory, crude oil price movements may impact gross margin in the short-term fluctuations in the market price of inventory. The effect of changes in crude oil prices on the petroleum business' results of operations is influenced by the rate at which the prices of refined products adjust to reflect these changes.

In addition to current market conditions, there are long-term factors that may impact the demand for refined products. These factors include mandated renewable fuels standards, proposed climate change laws and regulations, and increased mileage standards for vehicles. The petroleum business is also subject to the Renewable Fuel Standard ("RFS") of the United States Environmental Protection Agency, which requires it to either blend “renewable fuels” in with its transportation fuels or purchase renewable fuel credits, known as renewable identification numbers (“RINs”), in lieu of blending. The price of RINs has been extremely volatile and the future cost of RINs for the petroleum business is difficult to estimate. Additionally, the cost of RINs is dependent upon a variety of factors, which include the availability of RINs for purchase, the price at which RINs can be purchased, transportation fuel production levels, the mix of the petroleum business' petroleum products, as well as the fuel blending performed at its refineries and downstream terminals, all of which can vary significantly from period to period. Refer to Note 17, "Commitments and Contingencies," to the consolidated financial statements for further discussion of RINs.

The following table presents our Energy segment's net sales, cost of goods sold and gross margin:

	Year Ended December 31,		
	2018	**2017**	**2016**
	(in millions)		
Net sales	$7,124	$5,988	$4,782
Cost of goods sold	6,453	5,799	4,637
Gross margin	$671	$189	$145

Years Ended December 31, 2018 and 2017

Net sales for our Energy segment increased by approximately $1.1 billion (19%) for the year ended December 31, 2018 as compared to the comparable prior year period. The increase was primarily due to our petroleum business as a result of an increase in refined products crack spreads, partially offset by decreased sales volumes. Our nitrogen fertilizer business' net sales increased over the comparable periods due to higher sales prices and volumes.

Cost of goods sold for our Energy segment increased by $654 million (11%) for the year ended December 31, 2018 as compared to the comparable prior year period. The increase was primarily due to our petroleum business as a result of a higher cost of consumed crude oil offset in part by a decrease in RINs costs. The increase in consumed crude oil costs was due to an increase in crude oil prices, offset in part by a decrease in consumed crude volume. The net cost of RINs was favorably impacted by a reduction in the petroleum segment's RFS obligation and reduced market pricing.

Gross margin for our Energy segment increased by $482 million for the year ended December 31, 2018 as compared to the comparable prior year period. Gross margin as a percentage of net sales was 9% and 3% for the year ended December 31, 2018 and 2017, respectively, with an increase attributable to our petroleum business. The increase in the gross margin as a percentage of net sales for our petroleum business was primarily due to higher gross margins per barrel resulting from a higher refined product crack spreads and reduced RINs costs, offset in part by lower sales volumes.

Years Ended December 31, 2017 and 2016

Net sales for our Energy segment increased by approximately $1.2 billion (25%) for the year ended December 31, 2017 as compared to the comparable prior year period. The increase was primarily due to an increase in our petroleum business as a result of higher sales prices for transportation fuels and byproducts. This increase was offset in part by our nitrogen fertilizer business primarily due to a decrease in sales prices for its products.

Cost of goods sold for our Energy segment increased by approximately $1.2 billion (25%) for the year ended December 31, 2017 as compared to the comparable prior year period. The increase was primarily due to our petroleum business as a result of higher cost of consumed crude oil, due to higher prices, as well as increased products purchased for resale. This increase was offset in part by our nitrogen fertilizer business primarily due to higher costs in 2016 from inventory and deferred revenue fair value adjustments and decreased current year distribution costs due to the timing of regulatory railcar repairs and maintenance.

Gross margin for our Energy segment increased by $44 million (30%) for the year ended December 31, 2017 as compared to the comparable prior year period. Gross margin as a percentage of net sales was 3% and 3% for the years ended December 31, 2017 and 2016, respectively. Gross margin as a percentage of net sales for our petroleum business was higher due to higher margins per barrel resulting from an increase in the sales price of gasoline and distillates. Cost of consumed oil per barrel for the year ended December 31, 2017 increased by 21% as compared to the prior year. This increase was offset by a decrease attributable to our nitrogen fertilizer business.

Automotive

Our Automotive segment's results of operations are generally driven by the distribution and installation of automotive aftermarket parts and are affected by the relative strength of automotive part replacement trends, among other factors. Our automotive aftermarket parts business is in a highly competitive industry and is smaller than several of its competitors, who have greater financial resources and operational capabilities. Acquisitions in recent years within our Automotive segment, including our acquisitions of The Pep Boys - Manny, Moe & Jack ("Pep Boys") in 2016 and the franchise businesses of Precision Tune Auto Care ("Precision Tune") and American Driveline Systems, the franchisor of AAMCO and licensor of Cottman Transmission service centers ("American Driveline"), in 2017, provided operating synergies, expanded our market presence, strengthened our parts distribution channel and enhanced our Automotive segment's ability to better service its customers. Our Automotive segment's results of operations also include automotive services labor. Automotive services labor revenues are included in other revenues from operations in our consolidated statements of operations, however, the sale of any installed parts or materials related to automotive services are included in net sales. Therefore, we discuss the combined results of our automotive net sales and automotive services labor revenues below.

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

- Positioning the service business to take advantage of opportunities in the do-it-for-me market and vehicle fleets;
- Optimizing the value of the commercial parts distribution business in high volume markets;
- Improving inventory management across Icahn Automotive's parts and tire distribution network;
- Optimizing the store and warehouse footprint through openings, closings, consolidations and conversions by market;
- Digital initiatives including a new e-commerce platform and enhanced e-fulfillment capabilities;
- Investment in customer experience initiatives such as enhanced customer loyalty programs and selective upgrades in facilities;
- Investment in employees with focus on training and career development investments; and
- Business process improvements, including investments in our supply chain and information technology capabilities.

The following table presents our Automotive segment's operating revenue, cost of revenue and gross margin:

	Year Ended December 31,		
	2018	**2017**	**2016**
	(in millions)		
Net sales and other revenue from operations	$2,858	$2,723	$2,501
Cost of goods sold and other expenses from operations	1,976	1,978	1,860
Gross margin	$882	$745	$641

Years Ended December 31, 2018 and 2017

Net sales and other revenue from operations for our Automotive segment for the year ended December 31, 2018 increased by $135 million (5%) as compared to the comparable prior year period. The increase was attributable to an increase in automotive services revenues. On an organic basis, automotive services revenue increased by $52 million (5%) due to growing do-it-for-me and fleet businesses. Acquisitions accounted for an additional increase in automotive services revenue of $94 million (including $27 million from franchise royalty revenues), offset in part by a decrease of $11 million due to store closures. Aftermarket parts sales, including commercial and retail sales, remained flat over the comparable period as retail sales decreased by $24 million (4%) offset in part by an increase in commercial sales. Commercial sales increased by $67 million (7%) on an organic basis, driven by increases in IEH Auto sales as well as growth in Pep Boys commercial programs, as well as an additional $22 million from acquisitions, offset in part by $65 million due to the effects of the adoption of FASB ASC Topic 606.

Cost of goods sold and other expenses from operations for the year ended December 31, 2018 decreased $2 million (0%) compared to the comparable prior year period. Cost of goods sold and automotive services labor increased by $62 million which was more than offset by the effects of the adoption of FASB ASC Topic 606 as discussed above. Gross margin on net sales and automotive services labor revenues for the year ended December 31, 2018 increased by $137 million (18%) as compared to the comparable prior year period. Gross margin as a percentage of net sales and automotive services labor revenues was 31% and 27% for the years ended December 31, 2018 and 2017, respectively. The improvement in gross margin primarily reflects higher margin percentages from franchisor operations as well as higher margins from automotive services due to cost improvements and selective price increases.

Years Ended December 31, 2017 and 2016

Net sales and other revenue from operations for our Automotive segment for the year ended December 31, 2017 increased by $222 million (9%) as compared to the comparable prior year period. The increase was attributable to an increase in automotive services revenues of $188 million and an increase in aftermarket parts sales of $34 million. These increases in automotive services and aftermarket parts sales were due in part to the inclusion of Pep-Boys for the full twelve months in 2017 compared to eleven months in 2016. Automotive services also increased $21 million due to the acquisitions of Precision Tune and American Driveline in 2017.

Cost of goods sold and other expenses from operations for the year ended December 31, 2017 increased by $118 million (6%), as compared to the comparable prior year period. The increase was due to volume increases. Gross margin on net sales and automotive services labor revenues for the year ended December 31, 2017 increased by $104 million (16%) as compared to the comparable prior year period. Gross margin as a percentage of net sales and automotive services labor revenues was 27% and 26% for the years ended December 31, 2017 and 2016, respectively. The improvement in gross margin primarily reflects higher margin percentages from franchisor operations, which were first acquired in 2017, as well as higher margins from automotive services due to cost improvements and selective price increases.

Food Packaging

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

Years Ended December 31, 2018 and 2017

Net sales for the year ended December 31, 2018 increased by $3 million (1%) as compared to the corresponding prior year period. The increase was due to the favorable effects of foreign exchange, offset in part due to lower volume and unfavorable price and product mix. Cost of goods sold for the year ended December 31, 2018 increased by $19 million (6%) as compared to the corresponding prior year period due to higher raw material and labor costs. Gross margin as a percentage of net sales was 20% and 24% for the year ended December 31, 2018 and 2017, respectively. The decrease in gross margin as a percentage of net sales over the comparable periods was primarily due to increasing raw material labor costs and lower fixed cost absorption.

Years Ended December 31, 2017 and 2016

Net sales for the year ended December 31, 2017 increased by $63 million (19%) as compared to the comparable prior year period. The increase was primarily due to higher sales volume, primarily from acquisitions, offset in part by unfavorable price and product mix and foreign currency exchange. Cost of goods sold for the year ended December 31, 2017 increased by $48 million (19%) as compared to the corresponding prior year period. Gross margin as a percentage of net sales was flat at 24% for the years ended December 31, 2017 and 2016.

Metals

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

Years Ended December 31, 2018 and 2017

Net sales for the year ended December 31, 2018 increased by $57 million (14%) compared to the comparable prior year period due to higher ferrous shipment volumes and higher average selling prices for most grades of material, partially offset by lower non-ferrous auto residue pricing and lower non-ferrous volume. Ferrous selling prices increased due to higher market pricing as domestic mill production benefited from trade cases and the effects of additional tariffs on steel imports. Improved consumer market pricing was also driven primarily by the increased demand from domestic steel mills.

Cost of goods sold for the year ended December 31, 2018 increased by $52 million (13%) compared to the comparable prior year period. The increase was primarily due to higher ferrous shipment volumes, as discussed above, and to increased material costs due to higher market prices. Gross margin as a percentage of net sales was flat at 5% for each of the years ended December 31, 2018 and 2017.

Years Ended December 31, 2017 and 2016

Net sales for the year ended December 31, 2017 increased by $142 million (53%) as compared to the comparable prior year period primarily due to higher ferrous, non-ferrous and non-ferrous auto residue shipment volumes and higher average selling prices. Ferrous shipment volumes increased due to improved demand from domestic steel mills and improved flow of raw materials into the recycling yards driven by increased market pricing. Additionally, during 2017, a major new steel mill came on line which increased demand for scrap metal. Domestic mill production has benefited from trade cases and speculation regarding the recent probe into steel imports. Improved consumer market pricing was also driven primarily by the increased demand from domestic steel mills. Non-ferrous shipment volumes increased 46% during the year ended December 31, 2017 as compared to the comparable prior year period primarily due to utilization of the capital investment in aluminum processing capabilities at one of our facilities made in late 2016, while higher pricing reflected higher terminal market prices in 2017 as compared to 2016.

Cost of goods sold for the year ended December 31, 2017 increased by $105 million (37%) as compared to the comparable prior year period. The increase was primarily due to higher shipment volumes, as discussed above, and to increased material costs due to higher market prices. Gross margin as a percentage of net sales was 5% for the year ended December 31, 2017 as compared to a loss of 6% in the comparable prior year period. The margin percentage improvement was driven by an increased material margin attributed to a continued focus on disciplined buying, higher pricing for non-ferrous auto residue, and by continued efforts to bring processing costs in line with volume and market pricing.

Real Estate

Real Estate revenues and expenses primarily include sales of residential units, results from club operations, rental income and expenses, including income from financing leases, and hotel, timeshare and casino operations. Sales of residential units are included in net sales in our consolidated financial statements. Results from club and rental operations, including financing lease income, and hotel, timeshare and casino operations are included in other revenues from operations in our consolidated financial statements. Revenue from our real estate operations for the years ended December 31, 2018, 2017 and 2016 were substantially derived from income from club and rental operations.

Home Fashion

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

Years Ended December 31, 2018 and 2017

Net sales for the year ended December 31, 2018 decreased by $12 million (7%) compared to the comparable prior year period due to lower sales volume. Cost of goods sold for the year ended December 31, 2018 decreased by $18 million (11%) compared to the comparable prior year period due to sales mix and lower sales volume. Gross margin as a percentage of net sales was 16% for the year ended December 31, 2018 compared to 11% for the comparable

prior year period, with the increase primarily due to sale mix.
Years Ended December 31, 2017 and 2016
Net sales for the year ended December 31, 2017 decreased by $12 million (6%) as compared to the comparable prior year period due to lower sales volume. Cost of goods sold for the year ended December 31, 2017 decreased by $6 million (4%) as compared to the comparable prior year period primarily due to sales mix. Gross margin as a percentage of net sales was 11% for

the year ended December 31, 2017 compared to 14% for the comparable prior year period, with the decrease primarily due to sales mix and inventory obsolescence.

Mining

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

Years Ended December 31, 2018 and 2017

Net sales for the year ended December 31, 2018 increased $9 million as compared to the comparable prior year period due to volume increases. Cost of goods sold for the year ended December 31, 2018 increased $13 million (22%) compared to the comparable prior year period due to a certain plant operation resuming in 2018, increasing the cost of production to produce a higher quality of iron ore.

Years Ended December 31, 2017 and 2016

Net sales for the year ended December 31, 2017 increased by $23 million as compared to the comparable prior year period primarily due to iron ore price increases, offset in part by volume decreases. Cost of goods sold for the year ended December 31, 2017 increased by $4 million as compared to the comparable prior year period.

Railcar

Our Railcar segment's other revenues from operations primarily relates to its railcar leasing revenue. On June 1, 2017 we sold American Railcar Leasing, LLC ("ARL") along with a majority of its railcar lease fleet. We sold the remaining railcars previously owned by ARL throughout the remainder of 2017 and the first nine months of 2018.

Holding Company

Our Holding Company's results of operations primarily reflect the interest expense on its senior unsecured notes for each of the years ended December 31, 2018, 2017 and 2016. We discuss interest expense in consolidation below. In addition, our Holding Company has investment gains and losses from debt and equity investments. During 2018, net loss from investment activities was primarily attributable to an unrealized loss from an equity investment offset in part by unrealized gains from an equity and debt investment. During 2017, unrealized gains from an equity investment was offset in part by unrealized losses from a debt investment. During 2016, net gain from investment activities was primarily due to realized gains from a debt investment.

Other Consolidated Results of Operations

Gain On Disposition of Assets, Net

As discussed in Note 1, "Description of Business," to the consolidated financial statements, our Real Estate segment sold two commercial rental properties, resulting in aggregate pretax gain on disposition of assets of $89 million for the year ended December 31, 2018. In addition, our Railcar segment sold its remaining railcars previously owned by ARL, resulting in aggregate pretax gain on disposition of assets of $5 million for the year ended December 31, 2018. During 2017, we sold ARL along with a majority of its railcar lease fleet, resulting in an aggregate pretax gain on disposition of assets of approximately $1.7 billion recorded by our Railcar segment for the year ended December 31, 2017. In August 2017, our Real Estate segment sold a development property in Las Vegas Nevada, resulting in a pretax gain on disposition of assets of $456 million for the year ended December 31, 2017. Our Real Estate segment also sold additional properties during 2017, primarily within its rental operations, resulting in an additional pretax gain on disposition of assets aggregating $40 million for the year ended December 31, 2017.

Selling, General and Administrative

Years Ended December 31, 2018 and 2017

Our consolidated selling, general and administrative for the year ended December 31, 2018 increased by $117 million (9%) as compared to the comparable prior year period. The increase was primarily attributable to an increase from our Automotive segment of $132 million primarily due to the inclusion of various acquisitions of automotive businesses as well as costs associated with the growth of the commercial parts business. This increase was offset in part primarily due to our Railcar segment, which decreased due to the sale of ARL in the second quarter of 2017, as well as aggregate net decreases within various other segments.

Years Ended December 31, 2017 and 2016
Our consolidated selling, general and administrative for the year ended December 31, 2017 increased by $268 million (27%) as compared to the comparable prior year period. The increase was primarily attributable to an increase from our Automotive segment of $271 million primarily due to the inclusion of the full year impact of Pep Boys in 2017, which was acquired in February 2016, and the acquisitions of Precision Tune, American Driveline and various other acquisitions in 2017, as well as personnel costs associated with integration and increased customer services. There were aggregate net increases within various other segments which were more than offset by a decrease of $21 million from our Investment segment due to a decrease of compensation expense.

Restructuring

Our consolidated restructuring, net for the years ended December 31, 2018, 2017 and 2016 was $21 million, $4 million and $5 million, respectively, and was primarily attributable to our Food Packaging segment. During the year ended December 31, 2018, our Food Packaging segment recorded $9 million of restructuring charges for employee costs relating to certain of its European operations. During the year ended December 31, 2018, our Energy segment recorded $5 million of restructuring charges for employee costs and other exit costs relating to an office closure. During the year ended December 31, 2018, our Automotive segment recorded $5 million of restructuring charges primarily for exit costs relating to facility closures. Refer to Note 12, "Segment and Geographic Reporting," to the consolidated financial statements for net restructuring charges recorded by each of our segments.

Impairment

Refer to Note 5, "Fair Value Measurements," and Note 8, "Goodwill and Intangible Assets, Net," to the consolidated financial statements for a discussion of impairments of assets.

Interest Expense

Years Ended December 31, 2018 and 2017
Our consolidated interest expense during the year ended December 31, 2018 decreased by $131 million (20%) as compared the comparable prior year period. The decrease was primarily due to lower interest expense from our Investment segment attributable to a decrease in due to broker balances over the respective periods, as well as lower interest expense from our Railcar segment due to the sale of ARL in the second quarter of 2017. These decreases were offset in part by higher interest expense from our Holding Company due to debt refinancing in December 2017, resulting in debt with higher interest rates.

Years Ended December 31, 2017 and 2016
Our consolidated interest expense for the year ended December 31, 2017 decreased by $37 million (5%) as compared to the comparable prior year period. The decrease was primarily due to lower interest expense from our Investment segment attributable to a decrease in due to broker balances over the respective periods, as well as lower interest expense from our Railcar segment due to the sale of ARL in the second quarter of 2017. These decreases were offset in part by higher interest expense from our Energy segment due to a certain debt offering in the second quarter of 2016, as well as higher interest expense from our Holding Company due to our senior unsecured notes refinancing in the first quarter of 2017, which is subject to higher interest rates.

Income Tax Expense

Certain of our subsidiaries are partnerships not subject to taxation in our consolidated financial statements and certain other subsidiaries are corporations, or subsidiaries of corporations, subject to taxation in our consolidated financial statements. Therefore, our consolidated effective tax rate generally differs from the statutory federal tax rate. Refer to Note 14, "Income Taxes," to the consolidated financial statements for a discussion of income taxes.

In addition, in accordance with FASB ASC Topic 740, *Income Taxes*, we analyze all positive and negative evidence and maintain a valuation allowance on deferred tax assets that are not considered more likely than not to be realized. Based on current analysis, including increased level of income and ability to use losses previously limited, we have determined that it is more likely than not that a significant portion of our U.S. tax loss carryforwards and credits will be realized and have released the valuation allowance on these deferred tax assets.

Discontinued Operations

As discussed in Note 1, "Description of Business," to the consolidated financial statements, we operated discontinued operations previously included in our Automotive and Railcar segments and former Gaming segment. The sales of each of the businesses closed in the fourth quarter of 2018 and resulted in aggregate pre-tax gains on the sales of discontinued operations attributable to Icahn Enterprises of approximately $1.4 billion.

See Note 13, "Discontinued Operations," to the consolidated financial statements, for financial information with respect to each of our discontinued operating businesses.

Liquidity and Capital Resources

Holding Company Liquidity

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

As of December 31, 2018, our Holding Company had cash and cash equivalents of approximately $1.8 billion and total debt of approximately $5.5 billion. As of December 31, 2018, our Holding Company had investments in the Investment Funds with a total fair market value of approximately $5.1 billion. We may redeem our direct investment in the Investment Funds upon notice. See "Investment Segment Liquidity" below for additional information with respect to our Investment segment liquidity.

Sale of Businesses and Assets

On October 1, 2018, we closed on the sales of Federal-Mogul and Tropicana and on December 5, 2018, we closed on the sale of ARI. In addition, during 2018, we sold our remaining railcars previously owned by ARL. These dispositions resulted in aggregate cash proceeds of approximately $3.2 billion during 2018. As part of the proceeds from the sale of Federal-Mogul, we also acquired a non-controlling interest in the purchaser, Tenneco, Inc. ("Tenneco"), represented by an aggregate of approximately 29.5 million voting and non-voting shares of Tenneco common stock with a fair market value of approximately $1.2 billion at the time of sale. Refer to Note 1, "Description of Business," to the consolidated financial statements for further discussion.

In addition, on December 5, 2018, we announced a definitive agreement to sell Ferrous Resources. The transaction is expected to close in 2019 and, if consummated, will provide additional liquidity to our Holding Company.

Subsequent Events

On January 29, 2019, we received $60 million in connection with CVR Energy's purchase of all remaining common units of CVR Refining, which included all common units of CVR Refining held directly by us.

Subsequent to December 31, 2018, CVR Energy declared a quarterly dividend which should result in an additional $53 million in dividends payable to us in the first quarter of 2019. In addition, Tenneco declared a quarterly dividend which should result in an additional $7 million in dividends payable to us in the first quarter of 2019.

Holding Company Borrowings and Availability

	December 31,	
	2018	**2017**
	(in millions)	
6.000% senior unsecured notes due 2020	$1,702	$1,703
5.875% senior unsecured notes due 2022	1,344	1,342
6.250% senior unsecured notes due 2022	1,213	1,216
6.750% senior unsecured notes due 2024	498	498
6.375% senior unsecured notes due 2025	748	748
	$5,505	$5,507

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

The indentures governing our senior unsecured notes described above restrict the payment of cash distributions, the purchase of equity interests or the purchase, redemption, defeasance or acquisition of debt subordinated to the senior unsecured notes. The indentures also restrict the incurrence of debt or the issuance of disqualified stock, as defined in the indentures, with certain exceptions. In addition, the indentures require that on each quarterly determination date, we and the guarantor of the notes (currently only Icahn Enterprises Holdings) maintain certain minimum financial ratios, as defined therein. The indentures also restrict the creation of liens, mergers, consolidations and sales of substantially all of our assets, and transactions with affiliates. Additionally, each of the senior unsecured notes outstanding as of December 31, 2018 are subject to optional redemption premiums in the event we redeem any of the notes prior to certain dates as described in the indentures.

As of December 31, 2018, we were in compliance with all covenants, including maintaining certain minimum financial ratios, as defined in the indentures. Additionally, as of December 31, 2018, based on covenants in the indentures governing our senior unsecured notes, we are permitted to incur approximately $2.0 billion of additional indebtedness.

Distributions on Depositary Units

On February 26, 2019, the Board of Directors of the general partner of Icahn Enterprises declared a quarterly distribution in the amount of $2.00 per depositary unit. The quarterly distribution is payable in either cash or additional depositary units, at the election of each depositary unitholder and will be paid on or about April 17, 2019 to depositary unitholders of record at the close of business on March 11, 2019.

During the year ended December 31, 2018, we declared four quarterly distributions aggregating $7.00 per depositary unit. Mr. Icahn and his affiliates elected to receive their proportionate share of these distributions in depositary units. Mr. Icahn and his affiliates owned approximately 91.7% of Icahn Enterprises' outstanding depositary units as of December 31, 2018. In connection with these distributions, aggregate cash distributions to all depositary unitholders was $95 million during the year ended December 31, 2018.

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

Investment Segment Liquidity

During the year ended December 31, 2018, we invested approximately $1.7 billion in the Investment Funds, net of redemptions, and affiliates of Mr. Icahn (excluding us and our subsidiaries) invested $310 million in the Investment Funds. In addition to investments by us and other affiliates of Mr. Icahn, the Investment Funds historically have access to significant amounts of cash available from prime brokerage lines of credit, subject to customary terms and market conditions.

Additionally, our Investment segment liquidity is driven by the investment activities and performance of the Investment Funds. As of December 31, 2018, the Investment Funds' had a net short notional exposure of 24%. The Investment Funds' long exposure was 69% (67% long equity and 2% long credit and other) and its short exposure was 93% (88% short equity and 5% short credit and other). The notional exposure represents the ratio of the notional exposure of the Investment Funds' invested capital to the net asset value of the Investment Funds at December 31, 2018.

Of the Investment Funds' 69% long exposure, 68% was comprised of the fair value of its long positions (with certain adjustments) and 1% was comprised of single name equity forward contracts and credit contracts. Of the Investment Funds' 93% short exposure, 4% was comprised of the fair value of our short positions and 89% was comprised of short credit default swap contracts and short broad market index swap derivative contracts.

With respect to both our long positions that are not notionalized (68% long exposure) and our short positions that are not notionalized (4% short), each 1% change in exposure as a result of purchases or sales (assuming no change in value) would have a 1% impact on our cash and cash equivalents (as a percentage of net asset value). Changes in exposure as a result of purchases and sales as well as adverse changes in market value would also have an effect on funds available to us pursuant to prime brokerage lines of credit.

With respect to the notional value of our other short positions (89% short exposure), our liquidity would decrease by the balance sheet unrealized loss if we were to close the positions at year end prices. This would be offset by a release of restricted cash balances collateralizing these positions as well as an increase in funds available to us pursuant to certain prime brokerage lines of credit. If we were to increase our short exposure by adding to these short positions, we would be required to provide cash collateral equal to a small percentage of the initial notional value at counterparties that require cash as collateral and then post additional collateral equal to 100% of the mark to market on adverse changes in fair value. For our counterparties who do not require cash collateral, funds available from lines of credit would decrease.

Other Segment Liquidity

Segment Cash and Cash Equivalents

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

	December 31, 2018	**2017**
	(in millions)	
Energy	$668	$482
Automotive	43	52
Food Packaging	46	16
Metals	20	24
Real Estate	39	32
Home Fashion	1	—
Mining	—	15
	$817	$621

Our Mining segment had $11 million of cash and cash equivalents included in assets held for sale as of December 31, 2018.

Segment Borrowings and Availability

Segment debt consists of the following:

	December 31, 2018	**2017**
	(in millions)	
Energy	$1,170	$1,166
Automotive	372	340
Food Packaging	273	273
Metals	—	1
Real Estate	2	22
Home Fashion	4	5
Mining	—	58
	$1,821	$1,865

Our Mining segment had $55 million of debt included in liabilities held for sale as of December 31, 2018.
As of December 31, 2018, all of our subsidiaries were in compliance with all debt covenants.

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

	December 31, 2018
	(in millions)
Energy	$ 444
Automotive	90
Food Packaging	7
Metals	54
Home Fashion	26
	$ 621

The above outstanding debt and borrowing availability with respect to each of our continuing operating segments reflects third-party obligations. Certain terms of financings for certain of our businesses impose restrictions on the business' ability to transfer funds to us, including restrictions on dividends, distribution, loans and other transactions. See Note 10, "Debt," to the consolidated financial statements for further discussion regarding our segment debt, including information relating to maturities, interest rates and borrowing availabilities.

Subsidiary Payments for Acquisition

On January 29, 2019, CVR Energy paid $241 million, excluding payments to us, for the acquisition of the remaining common units of CVR Refining from non-controlling interests.

Consolidated Cash Flows

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

The following table summarizes cash flow information for Icahn Enterprises' reporting segments and our Holding Company:

	Year Ended December 31, 2018			Year Ended December 31, 2017			Year Ended December 31, 2016		
	Net Cash Provided By (Used In)			Net Cash Provided By (Used In)			Net Cash Provided By (Used In)		
	Operating Activities	Investing Activities	Financing Activities	Operating Activities	Investing Activities	Financing Activities	Operating Activities	Investing Activities	Financing Activities
	(in millions)								
Holding Company	$(315)	$1,724	$(97)	$(340)	$216	$422	$(209)	$245	$23
Investment	(116)	—	2,018	(1,914)	—	1,900	108	—	(552)
Other Operating Segments:									
Energy	620	(100)	(334)	168	(196)	(226)	267	(201)	(95)
Automotive	(190)	(134)	315	(284)	(302)	583	6	(991)	1,033
Food Packaging	9	(25)	46	24	(57)	8	28	(22)	(3)
Metals	14	(20)	(1)	17	(29)	31	(13)	(2)	8
Real Estate	412	168	(552)	110	269	(410)	(23)	31	36
Home Fashion	3	(4)	—	(2)	(5)	5	(6)	(8)	—
Mining	4	(40)	32	8	(38)	31	—	(22)	22
Railcar	—	—	—	94	11	(222)	220	(140)	(305)
Other operating segments	872	(155)	(494)	135	(347)	(200)	479	(1,355)	696
Discontinued operations	474	(437)	(121)	691	(580)	(280)	840	(593)	(251)
Total before eliminations	915	1,132	1,306	(1,428)	(711)	1,842	1,218	(1,703)	(84)
Eliminations	—	1,458	(1,458)	—	1,124	(1,124)	—	(142)	142
Consolidated	$915	$2,590	$(152)	$(1,428)	$413	$718	$1,218	$(1,845)	$58

Eliminations

Eliminations in the table above relate to our Holding Company's transactions with our Investment and other operating segments. Our Holding Company's net (investments in) distributions from the Investments Funds are included in cash flows from investing activities for our Holding Company and cash flows from financing activities for our Investment segment. Our Holding Company's net distributions from (investments in) our other operating segments are included in cash flows from investing activities for our Holding Company and cash flows from financing activities for our other operating segments. In addition, our Holding Company received loan proceeds from our Railcar segment in 2016 and repaid the loan in 2017 and which is included in cash flows from financing activities for our Holding Company and cash flows from investing activities for our other operating segments.

Holding Company

	Year Ended December 31,		
	2018	2017	2016
	(in millions)		
Operating Activities:			
Cash payments for interest on senior unsecured notes	$(339)	$(312)	$(285)
Net cash receipts (payments) for income taxes, net of refunds	15	(17)	41
Operating transactions with subsidiaries	13	(2)	39
Other	(4)	(9)	(4)
	$(315)	$(340)	$(209)
Investing Activities:			
Proceeds from sale of businesses and assets	$3,187	$1,808	$—
Payments to acquire additional interests in subsidiaries	(5)	(349)	(2)
Net (investments in) distributions from the Investment Funds	(1,708)	(1,300)	1,050
Net distributions from (investments in) other operating segments	250	56	(783)
Other	—	1	(20)
	$1,724	$216	$245
Financing Activities:			
Partnership contributions	$—	$612	$1
Partnership distributions	(97)	(81)	(103)
Net debt refinancing	—	11	—
Note (repayment) proceeds from other operating segments	—	(120)	125
	$(97)	$422	$23
Increase in cash and cash equivalents and restricted cash and restricted cash equivalents	$1,312	$298	$59

The increases in interest payments over the comparable periods are due to higher interest rates on certain of our senior unsecured notes due to certain debt refinancings in the first and fourth quarters of 2017.

Net cash receipts (payments) for income taxes, net of refunds is net of tax sharing receipts from certain of our consolidated subsidiaries aggregating $27 million, $28 million and $45 million during the years ended December 31, 2018, 2017 and 2016, respectively.

Proceeds from the sale of businesses includes proceeds from the sales of Federal-Mogul, Tropicana and ARI in 2018 and ARL in 2017 (and residual sales of ARL's remaining railcars in 2018). The cash flows with respect to each of Federal-Mogul, Tropicana and ARI are reported in discontinued operations for all periods presented and the cash proceeds from each of the sales remain with our Holding Company in continuing operations.

Payments to acquire additional interests in subsidiaries during 2018 relates to the acquisition of the remaining interests in a hotel, timeshare and casino resort property in Aruba, previously a subsidiary of Tropicana, in which we had an indirect majority controlling interest in. During 2017, we increased our ownership in Federal-Mogul and Tropicana and during 2016, we increased our ownership in Viskase.

During 2017, we received $600 million in connection with a rights offering for Icahn Enterprises depositary units as well as $12 million from our general partner in connection with the rights offering in order to maintain its aggregate 1.99% general partner interest in Icahn Enterprises.

Net (investments in) distributions from the Investment Funds, Net distributions from (investments in) other operating segments and Note (repayment) proceeds from other operating segments are eliminated in consolidation and discussed further below.

Investment Segment
Our Investment segment's cash flows from operating activities for the comparable periods were attributable to its net investment transactions.
Our Investment segment's cash flows from financing activities for the comparable periods were due to contributions from, and distributions to, our Holding Company and Mr. Icahn and his affiliates. Our Investment segment had net cash provided by financing activities of approximately $2.0 billion for the year ended December 31, 2018, which included our approximately $1.7 billion net investment in the Investment Funds as well as $310 million received from Mr. Icahn and his affiliates (excluding us). For the year ended December 31, 2017, our Investment segment had net cash provided by financing activities of $1.9 billion which included our $1.3 billion net investment in the Investment Funds as well as $600 million received from Mr. Icahn and his affiliates (excluding us). For the year ended December 31, 2016, our Investment segment had net cash used in financing activities of $552 million due to distributions paid to our Holding Company of approximately $1.1 billion, offset in part by net contributions from Mr. Icahn and his affiliates (excluding us) of $498 million.
Other Operating Segments

	Year Ended December 31,		
	2018	2017	2016
	(in millions)		
Operating Activities:			
Net cash flow from operating activities before changes in operating assets and liabilities	$778	$337	$327
Changes in operating assets and liabilities	102	(203)	196
Transactions with Holding Company	(8)	1	(44)
	$872	$135	$479
Investing Activities:			
Capital expenditures	$(272)	$(316)	$(247)
Acquisition of businesses, net of cash acquired	(15)	(249)	(1,009)
Proceeds from sale of assets	183	175	31
Note repayment from (loan to) Holding Company	—	120	(125)
Other	(51)	(77)	(5)
	$(155)	$(347)	$(1,355)
Financing Activities:			
Net debt and supply chain financing activity	$(78)	$(96)	$(15)
Distributions to non-controlling interests	(139)	(75)	(73)
Net (distributions to) contributions from Holding Company	(292)	(37)	802
Other	15	8	(18)
	$(494)	$(200)	$696
Increase in cash and cash equivalents and restricted cash and restricted cash equivalents	$223	$(412)	$(180)

Our other operating segments' net cash flow from operating activities before changes in operating assets and liabilities were primarily attributable to our Energy segment's positive results from operations for all periods, and for 2017 and 2016, were also attributable to our Railcar segment prior to the sale of its railcar lease fleet.
Changes in operating assets and liabilities for 2018 was primarily attributable to our Real Estate segment receiving payment for its mortgage receivables relating to its 2017 sale of a development property in Las Vegas, Nevada, offset in part by changes in operating assets and liabilities for our Energy and Automotive segments. Changes in operating assets and liabilities for 2017 and 2016 were primarily attributable to our Energy segment resulting from changes in the biofuel blending obligation caused by changes in RINs prices.
Capital expenditures are primarily from our Energy, Automotive and Mining segments. For the year ended December 31, 2018, our Energy segment's capital expenditures were $102 million, primarily for maintenance, our Automotive segment's capital expenditures were $66 million, primarily for store improvements, and our Mining segment's capital expenditures were $40 million. For the years ended December 31, 2017 and 2016, our Energy segment's capital expenditures were $120 million

and $133 million, respectively, our Automotive segment's capital expenditures were $86 million and $37 million, respectively, and our Mining segment's capital expenditures were $38 million and $22 million, respectively.
Acquisition of businesses, net of cash acquired, primarily relates to our Automotive segment. Our Automotive segment's acquisitions included various service businesses aggregating $15 million in 2018, the acquisitions of Precision Tune, American Driveline and various other service businesses aggregating $218 million in 2017 and its acquisitions of Pep Boys and certain other businesses aggregating $971 million in 2016. In addition, our Food Packaging segment acquired a casings manufacturer for $31 million in 2017 and had other acquisitions of $4 million in 2016, and our Energy segment acquired a nitrogen fertilizer business for common units of CVR Partners and $64 million of net cash consideration in 2016. Acquisitions of businesses, net of cash acquired in 2016 were offset by $30 million of cash held by casino properties in Atlantic City, New Jersey which we obtained a controlling equity interest in through the conversion of our prior debt investment in such casino business.
Proceeds from sale of assets are primarily due to our Real Estate segment's dispositions of certain properties in 2018 and 2017. Proceeds from sale of assets for 2016 primarily relates to our Automotive segment.
During the year ended December 31, 2017, our Railcar segment received $120 million from our Holding Company for the repayment of an intercompany loan and during the year ended December 31, 2016, our Railcar segment paid $125 million to our Holding Company for the issuance of the intercompany loan.
Distributions to non-controlling interests were from our Energy segment for the years ended December 31, 2018, 2017 and 2016, relating to its regular quarterly dividends and distributions, excluding payments made to us.
Net distributions to and contributions from our Holding Company include the dividends and distributions paid by our Energy segment of $192 million, $148 million and $142 million for the years ended December 31, 2018, 2017 and 2016, respectively, as well as by our Real Estate segment of $543 million, $374 million and $4 million, respectively, and by our Railcar segment of $0 million, $47 million and $75 million, respectively. During the year ended December 31, 2016, our Automotive segment also distributed $100 million to our Holding Company. During the years ended December 31, 2018, 2017 and 2016, our Automotive segment received funds in the form of investments from our Holding Company of $365 million, $504 million and $1,042 million, respectively, for the acquisition of businesses, investments in 767 Auto Leasing LLC and costs associated with our Automotive segment's multi-year transformation plan. Our other operating segments received funds in the form of loans and investments from our Holding Company aggregating $34 million, $28 million and $81 million during the years ended December 31, 2018, 2017 and 2016, respectively. Our Food Packaging segment also received $50 million in 2018 in connection with a rights offering, including $44 million from our Holding Company.

Discontinued Operations

	Year Ended December 31,		
	2018	**2017**	**2016**
	(in millions)		
Operating Activities:			
Federal-Mogul	$225	$416	$546
Tropicana	120	150	114
ARI	122	128	179
Transactions with Holding Company	7	(3)	1
	$474	$691	$840
Investing Activities:			
Federal-Mogul	$(263)	$(370)	$(400)
Tropicana	(55)	(56)	(79)
ARI	(119)	(154)	(114)
	$(437)	$(580)	$(593)
Financing Activities:			
Federal-Mogul	$(56)	$(35)	$(20)
Tropicana	(75)	(188)	(46)
ARI	(32)	(38)	(166)

Net contributions from (distributions to) Holding Company	42	(19)	(19)
	$(121)	$(280)	$(251)

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Our cash flows from operating activities from discontinued operations was primarily due to net cash flow from operating activities before changes in operating assets and liabilities for each of Federal-Mogul, Tropicana and ARI. However, Federal-Mogul's cash flows from operating activities in 2017 compared to 2016 was also significantly impacted by changes in operating assets and liabilities primarily due to a buildup of inventory in 2017 compared to a reduction of inventory in 2016.

Our cash flows from investing activities from discontinued operations were primarily due to capital expenditures for each of Federal-Mogul, Tropicana and ARI.

Our cash flows from financing activities from discontinued operations were primarily due to net debt transactions for each of Federal-Mogul, Tropicana and ARI. In addition, ARI had aggregate quarterly dividends of $23 million, $31 million and $31 million for the years ended December 31, 2018, 2017 and 2016, respectively, of which $14 million, $19 million and $19 million were paid to us. In 2018, Federal-Mogul also received $56 million from us in connection with a certain litigation reserve.

Consolidated Capital Expenditures

Refer to Note 12, "Segment and Geographic Reporting," for a reconciliation of our segments' capital expenditures to consolidated capital expenditures for each of the years ended December 31, 2018, 2017 and 2016.

We estimate that our consolidated capital expenditures for our continuing operating businesses to be approximately $239 million for our Energy segment, a majority of which is planned for maintenance, $60 million for our Automotive segment, primarily for strategic priorities and growth, and approximately $63 million in the aggregate for all other segments.

Consolidated Contractual Commitments and Contingencies

The following table reflects, at December 31, 2018, our contractual cash obligations, subject to certain conditions, due over the indicated periods:

	2019	2020	2021	2022	2023	Thereafter	Total
	(in millions)						
Debt obligations	$21	$1,712	$616	$3,055	$645	$ 1,251	$7,300
Capital lease obligations	6	6	4	4	3	29	52
Interest payments	468	467	346	251	115	121	1,768
Pension and other post-retirement benefit plans	3	4	4	5	5	56	77
Operating lease obligations	196	175	152	134	85	235	977
Purchase obligations	139	89	78	76	75	444	901
Letters of credit	51	—	—	—	—	—	51
Total	$884	$2,453	$1,200	$3,525	$928	$ 2,136	$11,126

The table above excludes debt obligations of $55 million and related interest payments of $14 million relating to our Mining segment, which is classified as held for sale as of December 31, 2018.

Certain of CVR Energy's and PSC Metals' facilities are environmentally impaired. As of December 31, 2018, CVR Energy and PSC Metals have recorded environmental liabilities of $8 million and $27 million, respectively. For further discussion regarding these commitments, among others, see Note 17, “Commitments and Contingencies,” to the consolidated financial statements.

As discussed in Note 4, “Investments and Related Matters,” to the consolidated financial statements, we have contractual liabilities of $468 million related to securities sold, not yet purchased as of December 31, 2018. This amount has not been included in the table above as maturity is not subject to a contract and cannot be properly estimated.

Consolidated Off-Balance Sheet Arrangements

We have off-balance sheet risk related to investment activities associated with certain financial instruments, including futures, options, credit default swaps and securities sold, not yet purchased. For additional information regarding these arrangements, refer to Note 6, “Financial Instruments,” to the consolidated financial statements contained elsewhere in this Report.

Critical Accounting Policies and Estimates

Our significant accounting policies are described in Note 2, "Basis of Presentation and Summary of Significant Accounting Policies," to the consolidated financial statements. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Among others, estimates are used when accounting for valuation of investments. Estimates used in determining fair value measurements include, but are not limited to, expected future cash flow assumptions, market rate assumptions for contractual obligations, actuarial assumptions for benefit plans, settlement plans for litigation and contingencies, and appropriate discount rates. Estimates and assumptions are evaluated on an ongoing basis and are based on historical and other factors believed to be reasonable under the circumstances. The results of these estimates may form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources. Actual results, under conditions and circumstances different from those assumed, may differ from estimates.

We believe the following accounting policies are critical to our business operations and the understanding of results of operations and affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Income Taxes

Except as described below, no provision has been made for federal, state, local or foreign income taxes on the results of operations generated by partnership activities as such taxes are the responsibility of the partners. Our corporate subsidiaries account for their income taxes under the asset and liability method.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

On December 22, 2017, The Tax Cuts and Jobs Act (the "Tax Legislation") was enacted in the United States, significantly revising certain U.S. corporate income tax provisions; including, among other items, a reduction of the U.S. corporate rate from 35% to 21%, effective for tax year beginning after December 31, 2017; the transition of U.S. international taxation from a worldwide tax system to a territorial system; and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017, (or, if greater, November 2, 2017) of a "specified foreign corporation" which includes controlled foreign corporations and other foreign corporations which have at least one U.S. corporate shareholder that owns 10% or more of the value or voting power of such foreign corporation. We estimated the impact of the Tax Legislation on our income tax provision for the year ended December 31, 2017 in accordance with our understanding of the Tax Legislation and guidance available at the date of this filing and as a result have recorded adjustments to the various tax balances, current, long-term and deferred tax assets and liabilities, all during the fourth quarter of 2017, the period in which the Tax Legislation was enacted. The actual amounts recorded in 2017 were not significantly different from the provisional amounts estimated in the prior year tax provision.

Management periodically evaluates all evidence, both positive and negative, in determining whether a valuation allowance to reduce the carrying value of deferred tax assets is still needed. For each of the three years ended December 31, 2018, we concluded, based on the projections of taxable income, that certain of our corporate subsidiaries more likely than not will realize a partial benefit from their deferred tax assets and loss carry forwards. Ultimate realization of the deferred tax assets is dependent upon, among other factors, our corporate subsidiaries' ability to generate sufficient taxable income within the carryforward periods and is subject to change depending on the tax laws in effect in the years in which the carryforwards are used.

See Note 14, "Income Taxes," to the consolidated financial statements for further discussion regarding our income taxes.

Valuation of Investments

The fair value of our investments, including securities sold, not yet purchased, is based on observable market prices when available. Securities owned by the Investment Funds that are listed on a securities exchange are valued at their last sales price on the primary securities exchange on which such securities are traded on such date. Securities that are not listed on any exchange but are traded over-the-counter are valued at the mean between the last “bid” and “ask” price for such security on such date. Securities and other instruments for which market quotes are not readily available are valued at fair value as determined in good faith by the applicable general partner. For some investments little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances and may incorporate management's own assumptions and involves a significant degree of judgment.

Long-Lived Assets and Goodwill

We calculate depreciation and amortization on a straight-line basis over the estimated useful lives of the various definite-lived assets. When assets are placed in service, we make estimates of what we believe are their reasonable useful lives.

Long-lived assets held and used by our various operating segments and long-lived assets to be disposed of are reviewed for impairment whenever events or changes in circumstances, such as vacancies and rejected leases and reduced production capacity, indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, we estimate the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows, undiscounted and without interest charges, is less than the carrying amount of the asset an impairment loss is recognized. Measurement of an impairment loss for long-lived assets that we expect to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. Definite-lived assets held by our various segments are periodically reviewed for impairment indicators. If impairment indicators exist, we perform the required analysis and an impairment loss is recognized in accordance with U.S. GAAP.

Indefinite-lived intangible assets, such as goodwill and trademarks, held by our various segments are reviewed for impairment annually, or more frequently if impairment indicators exist. Goodwill impairment testing involves comparing the fair value of our reporting units to their respective carrying values. If the fair value of the reporting unit exceeds its carrying value, no impairment is necessary. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss, equal to the difference (limited to the total amount of goodwill allocated to the tested reporting unit), is recognized in accordance with U.S. GAAP. As of December 31, 2018, our consolidated goodwill was $247 million, primarily within our Automotive segment. We perform the annual goodwill impairment test for our Automotive segment as of October 1 of each year. Based on our annual goodwill impairment analysis for our Automotive segment, we determined that the carrying value of its Parts reporting unit exceeded its fair value and as a result, we recognized a goodwill impairment charge of $87 million in the fourth quarter of 2018, which represented the full amount of the remaining goodwill allocated to the Parts reporting unit. We also determined that the fair value of our Automotive segment's Service reporting unit was significantly in excess of its carrying value and therefore, no impairment is required. As of December 31, 2018, our Automotive segment had remaining goodwill of $241 million, which is allocated entirely to its Service reporting unit.

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

See Note 5, "Fair Value Measurements," and Note 8, "Goodwill and Intangible Assets, Net," to the consolidated financial statements for further discussion regarding the fair value measurements of our long-live assets as well as goodwill and intangible assets.

Recently Issued Accounting Standards

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our consolidated balance sheets include substantial amounts of assets and liabilities whose fair values are subject to market risks. Our significant market risks are primarily associated with equity prices, commodity prices, interest rates and foreign currency exchange rates as discussed below.

Equity Price Risk

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

Investment

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

The Investment Funds hold investments that are reported at fair value as of the reporting date, which include securities owned, securities sold, not yet purchased and derivatives as reported in our consolidated balance sheets. Based on their respective balances as of December 31, 2018, we estimate that in the event of a 10% adverse change in the fair value of these investments, the fair values of securities owned, securities sold, not yet purchased and derivatives would decrease by approximately $687 million, $47 million and $1.0 billion, respectively. However, as of December 31, 2018, we estimate that the impact to our share of the net gain (loss) from investment activities reported in our consolidated statements of operations would be less than the change in fair value since we have an investment of approximately 50% in the Investment Funds, and the non-controlling interests in income would correspondingly offset approximately 50% of the change in fair value. As of December 31, 2017, we estimated that in the event of a 10% adverse change in the fair value of these investments, the fair values of securities owned, securities sold, not yet purchased and derivatives would decrease by approximately $953 million, $102 million and $1.0 billion, respectively and as of December 31, 2017, our investment in the Investment Funds was 41%.

Holding Company

The carrying values of investments subject to equity price risks are based on quoted market prices or management's estimates of fair value as of the balance sheet dates. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Based on sensitivity analysis for our equity price risks as of December 31, 2018, the effect of a hypothetical 10% adverse change in market prices would result in loss of approximately $131 million for our Holding Company. As of December 31, 2017, such hypothetical loss was approximately $38 million, with the difference reflecting our acquired investment in Tenneco Inc. during 2018 as well as a positive change in the historical price of other investments held by our Holding Company during 2018. The selected hypothetical change does not reflect what could be considered the best- or worst-case scenarios as results could be far worse due to the nature of equity markets.

Commodity Price Risk

CVR Refining, as a manufacturer of refined petroleum products, and CVR Partners, as a manufacturer of nitrogen fertilizer products, all of which are commodities, have exposure to market pricing for products sold in the future. In order to realize value from our Energy segment's processing capacity, a positive spread between the cost of raw materials and the value of finished products must be achieved (i.e., gross margin or crack spread). The physical commodities that comprise our raw materials and finished goods are typically bought and sold at a spot or index price that can be highly variable.

Our Energy segment's petroleum business uses a crude oil purchasing intermediary, Vitol, to purchase the majority of its non-gathered crude oil inventory for the refineries, which allows it to take title to and price its crude oil at locations in close proximity to the refineries, as opposed to the crude oil origination point, reducing its risk associated with volatile commodity prices by shortening the commodity conversion cycle time. The commodity conversion cycle time refers to the time elapsed between raw material acquisition and the sale of finished goods. In addition, the petroleum business seeks to reduce the variability of commodity price exposure by engaging in hedging strategies and transactions that will serve to protect gross margins as forecasted in the annual operating plan. With regard to its hedging activities, CVR Refining may enter into, or has entered into, derivative instruments which serve to: lock in or fix a percentage of the anticipated or planned gross margin in future periods when the derivative market offers commodity spreads that generate positive cash flows; hedge the value of inventories in excess of minimum required inventories; and manage existing derivative positions related to a change in anticipated operations and market conditions.

Interest Rate Risk

Our predominant exposure to interest rate risk is related to our Automotive and Food Packaging segments.

Automotive

Our Automotive segment has variable rate debt with a principal amount outstanding of $370 million as of December 31, 2018. A 1.0% increase in interest rates would increase interest expense by approximately $4 million on an annualized basis, thus decreasing net income by the same amount. Additionally, as of December 31, 2018, our Automotive segment has additional borrowing availability subject to variable interest rates of $90 million, which if outstanding, would increase our Automotive segment's exposure to changes in interest rates.

Food Packaging

Our Food Packaging segment has variable rate debt with a principal amount outstanding of $264 million as of December 31, 2018. A 1.0% increase in interest rates would increase interest expense by approximately $3 million on an annualized basis, thus decreasing net income by the same amount. Additionally, as of December 31, 2018, our Food Packaging segment has additional borrowing availability subject to variable interest rates of $7 million, which if outstanding, would increase our Food Packaging segment's exposure to changes in interest rates.

Foreign Currency Exchange Rate Risk

Certain of our subsidiaries, operate in foreign jurisdictions and we transact business in foreign currencies. In addition, we may hold investments in common stocks of major multinational companies who have significant foreign business and foreign currency risk of their own. Our net assets subject to financial statement translation into U.S. Dollars are primarily in our Food Packaging segment.

Food Packaging

Viskase has foreign currency exposures related to buying, selling, and financing in currencies other than the local currencies in which they operate. At December 31, 2018, Viskase's most significant foreign currency exposures were Euro, Mexican peso, Polish zloty, Brazilian real and Philippine peso.

Viskase is exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect Viskase's financial condition.

Viskase recorded translation (losses) gains in accumulated other comprehensive loss of $(5) million and $6 million for the years ended December 31, 2018 and 2017, respectively, and recorded translation (losses) gains in earnings of $(5) million and $2 million for the years ended December 31, 2018 and 2017, respectively.

Credit Risk

We and the Investment Funds are subject to certain inherent risks through our investments.

Our entities typically invest excess cash in large money market funds. The money market funds primarily invest in government securities and other short-term, highly liquid instruments with a low risk of loss. The Investment Funds also maintain free credit balances with their prime brokers and in interest bearing accounts at major banking institutions. We seek to diversify our cash investments across several accounts and institutions and monitor performance and counterparty risk.

The Investment Funds and, to a lesser extent, other entities hold derivative instruments that are subject to credit risk in the event that the counterparties are unable to meet the terms of such agreements. When the Investment Funds make such investments or enter into other arrangements where they might suffer a significant loss through the default or insolvency of a counterparty, we monitor the credit quality of such counterparty and seek to do business with creditworthy counterparties. Counterparty risk is monitored by obtaining and reviewing public information filed by the counterparties and others.

Compliance Program Price Risk

As a producer of transportation fuels from petroleum, CVR Refining is required to blend biofuels into the product it produces or to purchase RINs in the open market in lieu of blending to meet the mandates established by the EPA. CVR Refining is exposed to market risk related to volatility in the price of RINs needed to comply with the Renewable Fuel Standards. To mitigate the impact of this risk on our Energy segment's results of operations and cash flows, CVR Refining purchased RINs when prices are deemed favorable. See Note 17, "Commitments and Contingencies," to the consolidated financial statements for further discussion about compliance with the Renewable Fuel Standards.

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Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Partners
Icahn Enterprises L.P.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Icahn Enterprises L.P. (a Delaware limited partnership) and subsidiaries (the “Partnership”) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Partnership’s internal control over financial reporting as of December 31, 2018, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 1, 2019 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on the Partnerships financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/GRANT THORNTON LLP

We have served as the Partnership’s auditor since 2004.
New York, New York
March 1, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Partners
Icahn Enterprises Holdings L.P.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Icahn Enterprises Holdings L.P. (a Delaware limited partnership) and subsidiaries (the “Partnership”) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on the Partnership’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Partnership’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/GRANT THORNTON LLP

We have served as the Partnership’s auditor since 2004.

New York, New York

March 1, 2019

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except unit amounts)

	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	$2,656	$1,164
Cash held at consolidated affiliated partnerships and restricted cash	2,682	747
Investments	8,337	10,015
Due from brokers	664	506
Accounts receivable, net	474	473
Inventories, net	1,779	1,730
Property, plant and equipment, net	4,703	5,186
Goodwill	247	327
Intangible assets, net	501	544
Assets held for sale	333	10,263
Other assets	1,020	846
Total Assets	$23,396	$31,801
LIABILITIES AND EQUITY		
Accounts payable	$832	$980
Accrued expenses and other liabilities	900	984
Deferred tax liability	676	732
Unrealized loss on derivative contracts	36	1,275
Securities sold, not yet purchased, at fair value	468	1,023
Due to brokers	141	1,057
Liabilities held for sale	112	7,010
Debt	7,326	7,372
Total liabilities	10,491	20,433
Commitments and contingencies (Note 17)		
Equity:		
Limited partners: Depositary units: 191,366,097 and 173,564,307 units issued and outstanding at December 31, 2018 and 2017, respectively	7,319	5,341
General partner	(790)	(235)
Equity attributable to Icahn Enterprises	6,529	5,106
Equity attributable to non-controlling interests	6,376	6,262
Total equity	12,905	11,368
Total Liabilities and Equity	$23,396	$31,801

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

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

	Year Ended December 31,		
	2018	**2017**	**2016**
Revenues:			
Net sales	$10,576	$9,306	$7,740
Other revenues from operations	647	743	840
Net gain (loss) from investment activities	322	302	(1,373)
Interest and dividend income	148	127	124
Gain on disposition of assets, net	84	2,163	6
Other (loss) income, net	—	(22)	42
	11,777	12,619	7,379
Expenses:			
Cost of goods sold	8,947	8,258	6,837
Other expenses from operations	529	518	631
Selling, general and administrative	1,386	1,269	1,001
Restructuring	21	4	5
Impairment	92	87	586
Interest expense	524	655	692
	11,499	10,791	9,752
Income (loss) from continuing operations before income tax benefit	278	1,828	(2,373)
Income tax benefit	4	529	88
Income (loss) from continuing operations	282	2,357	(2,285)
Income from discontinued operations	1,764	234	65
Net income (loss)	2,046	2,591	(2,220)
Less: net income (loss) attributable to non-controlling interests	539	161	(1,092)
Net income (loss) attributable to Icahn Enterprises	$1,507	$2,430	$(1,128)
Net (loss) income attributable to Icahn Enterprises from:			
Continuing operations	$(213)	$2,273	$(1,127)
Discontinued operations	1,720	157	(1)
	$1,507	$2,430	$(1,128)
Net income (loss) attributable to Icahn Enterprises allocated to:			
Limited partners	$2,063	$2,382	$(1,106)
General partner	(556)	48	(22)
	$1,507	$2,430	$(1,128)
Basic and diluted income (loss) per LP unit:			
Continuing operations	$(1.16)	$13.84	$(8.07)
Discontinued operations	12.62	0.96	0.00
	$11.46	$14.80	$(8.07)
Basic and diluted weighted average LP units outstanding	180	161	137
Cash distributions declared per LP unit	$7.00	$6.00	$6.00

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended December 31,		
	2018	**2017**	**2016**
Net income (loss)	$2,046	$2,591	$(2,220)
Other comprehensive (loss) income, net of tax:			
Post-retirement benefits	21	50	18
Hedge instruments	(3)	(1)	3
Translation adjustments and other	(86)	124	(148)
Other comprehensive (loss) income, net of tax	(68)	173	(127)
Comprehensive income (loss)	1,978	2,764	(2,347)
Less: Comprehensive income (loss) attributable to non-controlling interests	532	177	(1,112)
Comprehensive income (loss) attributable to Icahn Enterprises	$1,446	$2,587	$(1,235)
Comprehensive income (loss) attributable to Icahn Enterprises allocated to:			
Limited partners	$2,003	$2,536	$(1,210)
General partner	(557)	51	(25)
	$1,446	$2,587	$(1,235)

See notes to consolidated financial statements.

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

	Equity Attributable to Icahn Enterprises				
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2015	$ (257)	$ 4,244	$ 3,987	$ 6,046	$ 10,033
Net loss	(22)	(1,106)	(1,128)	(1,092)	(2,220)
Other comprehensive loss	(3)	(104)	(107)	(20)	(127)
Partnership distributions	(2)	(101)	(103)	—	(103)
Partnership contribution	1	—	1	—	1
Investment segment contributions	—	—	—	505	505
Investment segment distributions	—	—	—	(7)	(7)
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(86)	(86)
LP unit issuance	—	35	35	—	35
Changes in subsidiary equity and other	(11)	(520)	(531)	517	(14)
Balance, December 31, 2016	(294)	2,448	2,154	5,863	8,017
Net income	48	2,382	2,430	161	2,591
Other comprehensive income	3	154	157	16	173
Partnership distributions	(2)	(79)	(81)	—	(81)
Partnership contributions	12	600	612	—	612
Investment segment contributions	—	—	—	600	600
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(92)	(92)
Cumulative effect adjustment from adoption of accounting principal	(1)	(46)	(47)	—	(47)
Changes in subsidiary equity and other	(1)	(118)	(119)	(286)	(405)
Balance, December 31, 2017	(235)	5,341	5,106	6,262	11,368
Net (loss) income	(556)	2,063	1,507	539	2,046
Other comprehensive loss	(1)	(60)	(61)	(7)	(68)
Partnership distributions	(2)	(95)	(97)	—	(97)
Investment segment contributions	—	—	—	310	310
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(153)	(153)
Cumulative effect adjustment from adoption of accounting principal	(1)	(28)	(29)	—	(29)
Changes in subsidiary equity and other	5	98	103	(575)	(472)
Balance, December 31, 2018	$ (790)	$ 7,319	$ 6,529	$ 6,376	$ 12,905

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2018	**2017**	**2016**
Cash flows from operating activities:			
Net income (loss)	$2,046	$2,591	$(2,220)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Income from discontinued operations	(1,764)	(234)	(65)
Net loss (gain) from securities transactions	476	(2,273)	(266)
Purchases of securities	(4,810)	(781)	(2,059)
Proceeds from sales of securities	6,763	2,413	7,630
Purchases to cover securities sold, not yet purchased	(1,083)	(1,078)	(361)
Proceeds from securities sold, not yet purchased	1,077	1,222	616
Changes in receivables and payables relating to securities transactions	(1,195)	(1,704)	(4,828)
Gain on disposition of assets, net	(84)	(2,163)	(6)
Depreciation and amortization	447	474	526
Impairment	92	87	586
Deferred taxes	(19)	(557)	(134)
Other, net	123	(27)	58
Changes in operating assets and liabilities:			
Accounts receivable, net	45	(72)	(58)
Inventories, net	(86)	(185)	(86)
Other assets	(208)	20	315
Accounts payable	(61)	132	28
Unrealized loss on derivative contracts	(1,239)	136	1,106
Accrued expenses and other liabilities	(84)	(123)	(403)
Net cash provided by (used in) operating activities from continuing operations	436	(2,122)	379
Net cash provided by operating activities from discontinued operations	479	694	839
Net cash provided by (used in) operating activities	915	(1,428)	1,218
Cash flows from investing activities:			
Capital expenditures	(272)	(316)	(247)
Acquisition of businesses, net of cash acquired	(15)	(249)	(1,009)
Purchase of additional interests in consolidated subsidiaries	(5)	(349)	(2)
Proceeds from disposition of businesses and assets	3,370	1,983	31
Other, net	(51)	(76)	(25)
Net cash provided by (used in) investing activities from continuing operations	3,027	993	(1,252)
Net cash used in investing activities from discontinued operations	(437)	(580)	(593)
Net cash provided by (used in) investing activities	2,590	413	(1,845)
Cash flows from financing activities:			
Investment segment contributions from non-controlling interests	310	600	505
Investment segment distributions from non-controlling interests	—	—	(7)
Partnership contributions	—	612	1
Partnership distributions	(97)	(81)	(103)
Proceeds from subsidiary equity offerings	6	—	—
Dividends and distributions to non-controlling interests in subsidiaries	(139)	(75)	(73)
Proceeds from Holding Company senior unsecured notes	—	2,470	—
Repayments of Holding Company senior unsecured notes	—	(2,450)	—
Proceeds from subsidiary borrowings	1,268	1,334	1,908
Repayments of subsidiary borrowings	(1,346)	(1,430)	(1,923)

Other, net	9	(1)	(18)
Net cash provided by financing activities from continuing operations	11	979	290
Net cash used in financing activities from discontinued operations	(163)	(261)	(232)
Net cash (used in) provided by financing activities	(152)	718	58
Effect of exchange rate changes on cash and cash equivalents and restricted cash and restricted cash equivalents	(7)	3	—
Add back change in cash and restricted cash of assets held for sale	81	321	(165)
Net increase (decrease) in cash and cash equivalents and restricted cash and restricted cash equivalents	3,427	27	(734)
Cash and cash equivalents and restricted cash and restricted cash equivalents, beginning of period	1,911	1,884	2,618
Cash and cash equivalents and restricted cash and restricted cash equivalents, end of period	$5,338	$1,911	$1,884

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions)

	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	$2,656	$1,164
Cash held at consolidated affiliated partnerships and restricted cash	2,682	747
Investments	8,337	10,015
Due from brokers	664	506
Accounts receivable, net	474	473
Inventories, net	1,779	1,730
Property, plant and equipment, net	4,703	5,186
Goodwill	247	327
Intangible assets, net	501	544
Assets held for sale	333	10,263
Other assets	1,052	878
Total Assets	$23,428	$31,833
LIABILITIES AND EQUITY		
Accounts payable	$832	$980
Accrued expenses and other liabilities	900	984
Deferred tax liability	676	732
Unrealized loss on derivative contracts	36	1,275
Securities sold, not yet purchased, at fair value	468	1,023
Due to brokers	141	1,057
Liabilities held for sale	112	7,010
Debt	7,330	7,377
Total liabilities	10,495	20,438
Commitments and contingencies (Note 17)		
Equity:		
Limited partner	7,421	5,420
General partner	(864)	(287)
Equity attributable to Icahn Enterprises Holdings	6,557	5,133
Equity attributable to non-controlling interests	6,376	6,262
Total equity	12,933	11,395
Total Liabilities and Equity	$23,428	$31,833

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)

	Year Ended December 31,		
	2018	**2017**	**2016**
Revenues:			
Net sales	$10,576	$9,306	$7,740
Other revenues from operations	647	743	840
Net gain (loss) from investment activities	322	302	(1,373)
Interest and dividend income	148	127	124
Gain on disposition of assets, net	84	2,163	6
Other (loss) income, net	—	(21)	42
	11,777	12,620	7,379
Expenses:			
Cost of goods sold	8,947	8,258	6,837
Other expenses from operations	529	518	631
Selling, general and administrative	1,386	1,269	1,001
Restructuring	21	4	5
Impairment	92	87	586
Interest expense	523	654	691
	11,498	10,790	9,751
Income (loss) from continuing operations before income tax benefit	279	1,830	(2,372)
Income tax benefit	4	529	88
Income (loss) from continuing operations	283	2,359	(2,284)
Income from discontinued operations	1,764	234	65
Net income (loss)	2,047	2,593	(2,219)
Less: net income (loss) attributable to non-controlling interests	539	161	(1,092)
Net income (loss) attributable to Icahn Enterprises Holdings	$1,508	$2,432	$(1,127)
Net income (loss) attributable to Icahn Enterprises Holdings from:			
Continuing operations	$(212)	$2,275	$(1,126)
Discontinued operations	1,720	157	(1)
	$1,508	$2,432	$(1,127)
Net income (loss) attributable to Icahn Enterprises Holdings allocated to:			
Limited partner	$2,085	$2,408	$(1,116)
General partner	(577)	24	(11)
	$1,508	$2,432	$(1,127)

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended December 31,		
	2018	**2017**	**2016**
Net income (loss)	$2,047	$2,593	$(2,219)
Other comprehensive (loss) income, net of tax:			
Post-retirement benefits	21	50	18
Hedge instruments	(3)	(1)	3
Translation adjustments and other	(86)	124	(148)
Other comprehensive (loss) income, net of tax	(68)	173	(127)
Comprehensive income (loss)	1,979	2,766	(2,346)
Less: Comprehensive income (loss) attributable to non-controlling interests	532	177	(1,112)
Comprehensive income (loss) attributable to Icahn Enterprises Holdings	$1,447	$2,589	$(1,234)
Comprehensive income (loss) attributable to Icahn Enterprises Holdings allocated to:			
Limited partner	$2,025	$2,563	$(1,222)
General partner	(578)	26	(12)
	$1,447	$2,589	$(1,234)

See notes to consolidated financial statements.

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

	Equity Attributable to Icahn Enterprises Holdings				
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2015	$(299)	$4,310	$4,011	$6,046	$10,057
Net loss	(11)	(1,116)	(1,127)	(1,092)	(2,219)
Other comprehensive loss	(1)	(106)	(107)	(20)	(127)
Partnership distributions	(1)	(102)	(103)	—	(103)
Partnership contribution	1	—	1	—	1
Investment segment contributions	—	—	—	505	505
Investment segment distributions	—	—	—	(7)	(7)
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(86)	(86)
LP unit issuance	—	35	35	—	35
Changes in subsidiary equity and other	(6)	(525)	(531)	517	(14)
Balance, December 31, 2016	(317)	2,496	2,179	5,863	8,042
Net income	24	2,408	2,432	161	2,593
Other comprehensive income	2	155	157	16	173
Partnership distributions	(1)	(80)	(81)	—	(81)
Partnership contributions	6	606	612	—	612
Investment segment contributions	—	—	—	600	600
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(92)	(92)
Cumulative effect adjustment from adoption of accounting principal	—	(47)	(47)	—	(47)
Changes in subsidiary equity and other	(1)	(118)	(119)	(286)	(405)
Balance, December 31, 2017	(287)	5,420	5,133	6,262	11,395
Net (loss) income	(577)	2,085	1,508	539	2,047
Other comprehensive loss	(1)	(60)	(61)	(7)	(68)
Partnership distributions	(1)	(96)	(97)	—	(97)
Investment segment contributions	—	—	—	310	310
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(153)	(153)
Cumulative effect adjustment from adoption of accounting principal	—	(29)	(29)	—	(29)
Changes in subsidiary equity and other	2	101	103	(575)	(472)
Balance, December 31, 2018	$(864)	$7,421	$6,557	$6,376	$12,933

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2018	**2017**	**2016**
Cash flows from operating activities:			
Net income (loss)	$2,047	$2,593	$(2,219)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Income from discontinued operations	(1,764)	(234)	(65)
Net loss (gain) from securities transactions	476	(2,273)	(266)
Purchases of securities	(4,810)	(781)	(2,059)
Proceeds from sales of securities	6,763	2,413	7,630
Purchases to cover securities sold, not yet purchased	(1,083)	(1,078)	(361)
Proceeds from securities sold, not yet purchased	1,077	1,222	616
Changes in receivables and payables relating to securities transactions	(1,195)	(1,704)	(4,828)
Gain on disposition of assets, net	(84)	(2,163)	(6)
Depreciation and amortization	447	474	526
Impairment	92	87	586
Deferred taxes	(19)	(557)	(134)
Other, net	122	(29)	57
Changes in operating assets and liabilities			
Accounts receivable, net	45	(72)	(58)
Inventories, net	(86)	(185)	(86)
Other assets	(208)	20	315
Accounts payable	(61)	132	28
Unrealized loss on derivative contracts	(1,239)	136	1,106
Accrued expenses and other liabilities	(84)	(123)	(403)
Net cash provided by (used in) operating activities from continuing operations	436	(2,122)	379
Net cash provided by operating activities from discontinued operations	479	694	839
Net cash provided by (used in) operating activities	915	(1,428)	1,218
Cash flows from investing activities:			
Capital expenditures	(272)	(316)	(247)
Acquisition of businesses, net of cash acquired	(15)	(249)	(1,009)
Purchase of additional interests in consolidated subsidiaries	(5)	(349)	(2)
Proceeds from disposition of businesses and assets	3,370	1,983	31
Other, net	(51)	(76)	(25)
Net cash provided by (used in) investing activities from continuing operations	3,027	993	(1,252)
Net cash used in investing activities from discontinued operations	(437)	(580)	(593)
Net cash provided by (used in) investing activities	2,590	413	(1,845)
Cash flows from financing activities:			
Investment segment contributions from non-controlling interests	310	600	505
Investment segment distributions from non-controlling interests	—	—	(7)
Partnership contributions	—	612	1
Partnership distributions	(97)	(81)	(103)
Proceeds from subsidiary equity offerings	6	—	—
Dividends and distributions to non-controlling interests in subsidiaries	(139)	(75)	(73)
Proceeds from Holding Company senior unsecured notes	—	2,470	—
Repayments of Holding Company senior unsecured notes	—	(2,450)	—
Proceeds from subsidiary borrowings	1,268	1,334	1,908
Repayments of subsidiary borrowings	(1,346)	(1,430)	(1,923)

Other, net	9	(1)	(18)
Net cash provided by financing activities from continuing operations	11	979	290
Net cash used in financing activities from discontinued operations	(163)	(261)	(232)
Net cash (used in) provided by financing activities	(152)	718	58
Effect of exchange rate changes on cash and cash equivalents and restricted cash and restricted cash equivalents	(7)	3	—
Add back change in cash and restricted cash of assets held for sale	81	321	(165)
Net increase (decrease) in cash and cash equivalents and restricted cash and restricted cash equivalents	3,427	27	(734)
Cash and cash equivalents and restricted cash and restricted cash equivalents, beginning of period	1,911	1,884	2,618
Cash and cash equivalents and restricted cash and restricted cash equivalents, end of period	$ 5,338	$ 1,911	$ 1,884

See notes to consolidated financial statements.

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business.

Overview

Icahn Enterprises L.P. (“Icahn Enterprises”) is a master limited partnership formed in Delaware on February 17, 1987. Icahn Enterprises Holdings L.P. (“Icahn Enterprises Holdings”) is a limited partnership formed in Delaware on February 17, 1987.

Icahn Enterprises

91.7%

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Energy, Automotive, Food Packaging, Metals, Real Estate, Home Fashion and Mining. We also report the results of our Holding Company, which includes the results of certain subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings (unless otherwise noted), and investment activity and expenses associated with our Holding Company. Our historical results also report the results of our Railcar segment through the date we sold our last remaining railcars on lease, which occurred in the third quarter of 2018. See Note 12, "Segment and Geographic Reporting," for a reconciliation of each of our reporting segment's results of operations to our consolidated results. Certain additional information with respect to our segments are discussed below.

Investment

Our Investment segment is comprised of various private investment funds ("Investment Funds") in which we have general partner interests and through which we invest our proprietary capital. We and certain of Mr. Icahn's wholly-owned affiliates are the only investors in the Investment Funds. As general partner, we provide investment advisory and certain administrative and back office services to the Investment Funds but do not provide such services to any other entities, individuals or accounts. Interests in the Investment Funds are not offered to outside investors. We had interests in the Investment Funds with a fair market value of approximately $5.1 billion and $3.0 billion as of December 31, 2018 and 2017, respectively.

Energy

We conduct our Energy segment through our majority owned subsidiary, CVR Energy, Inc. ("CVR Energy"). CVR Energy is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing businesses through its holdings in CVR Refining, LP ("CVR Refining") and CVR Partners, LP ("CVR Partners"), respectively. CVR Refining is an independent petroleum refiner and marketer of high value transportation fuels. CVR Partners produces and markets nitrogen fertilizers in the form of urea ammonium nitrate and ammonia. CVR Energy has a general partner interest in CVR Refining and CVR Partners and also owns approximately 80.6% of the outstanding common units of CVR Refining and 34.4% of the outstanding common units of CVR Partners as of December 31, 2018. On August 1, 2018, CVR Energy completed an exchange offer whereby CVR Refining's public unitholders tendered a total of 21,625,106 common units of CVR Refining in exchange for 13,699,549 shares of CVR Energy common stock. In connection with this transaction, our equity attributable to Icahn Enterprises and Icahn Enterprises holdings increased by $99 million.

As of December 31, 2018, we owned approximately 70.8% of the total outstanding common stock of CVR Energy. In addition, as of December 31, 2018, we directly owned approximately 3.9% of the total outstanding common units of CVR Refining.

On January 29, 2019, CVR Energy, pursuant to the exercise of its right to purchase all of the issued and outstanding common units in CVR Refining, purchased the remaining common units of CVR Refining not already owned by CVR Energy, including the purchase of CVR Refining common units owned directly by us. As a result, as of January 29, 2019, CVR Energy

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owns all of the common units of CVR Refining and we no longer have any direct ownership in CVR Refining. In addition, the common units of CVR Refining have subsequently ceased to be publicly traded or listed on the New York Stock Exchange any other national securities exchange. The remaining common units of CVR Refining acquired in this transaction were purchased for $241 million, excluding the amount paid by CVR Energy to us for the common units of CVR Refining directly owned by us.

During 2016, CVR Partners acquired a nitrogen fertilizer business for total purchase price consideration which included the issuance of common units of CVR Partners with a fair value of $335 million, cash paid of $99 million and debt assumed with a fair value of $368 million.

Automotive

We conduct our Automotive segment through our wholly-owned subsidiary, Icahn Automotive Group LLC ("Icahn Automotive"). Icahn Automotive is engaged in the retail and wholesale distribution of automotive parts in the aftermarket as well as providing automotive repair and maintenance services to its customers. Icahn Automotive is the parent company of various automotive businesses acquired in recent years, including The Pep Boys - Manny, Moe & Jack ("Pep Boys") and the franchise businesses of Precision Tune Auto Care ("Precision Tune") and American Driveline Systems, the franchisor of AAMCO and Cottman Transmission service centers ("American Driveline"). Precision Tune and American Driveline were acquired in 2017 for an aggregate purchase price of $162 million. Pep Boys was acquired in 2016 for aggregate consideration of approximately $1.2 billion.

Food Packaging

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

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

Metals

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

Real Estate

Our Real Estate operations consist primarily of rental real estate, property development and associated club activities. Our rental real estate operations consist primarily of office and industrial properties leased to single corporate tenants. Our property development operations are run primarily through a real estate investment, management and development subsidiary that focuses primarily on the construction and sale of single-family and multi-family homes, lots in subdivisions and planned communities, and raw land for residential development. Our property development locations also operate golf and club operations. In addition, our Real Estate operations also includes a hotel, timeshare and casino resort property in Aruba as well as a casino property in Atlantic City, New Jersey, which ceased operations in 2014 prior to our obtaining control of the property.

During 2018, our Real Estate segment sold two commercial rental properties for aggregate proceeds of $179 million, resulting in aggregate pretax gain on disposition of assets of $89 million.

In August 2017, our Real Estate segment sold a development property in Las Vegas, Nevada for $600 million, resulting in a pretax gain on disposition of assets of $456 million. The transaction included cash proceeds from the sale of $225 million and two tranches of seller financing totaling $375 million (including a $345 million first-lien mortgage and a $30 million second-lien mortgage). The seller financing receivables, plus accrued and unpaid interest receivable, are included in other assets in our consolidated balance sheet as of December 31, 2017 and were received in full during 2018.

Home Fashion

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

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Mining

We conduct our Mining segment through our majority owned subsidiary, Ferrous Resources Ltd. ("Ferrous Resources"). As of December 31, 2018, we owned approximately 77.2% of the total outstanding common stock of Ferrous Resources. Ferrous Resources acquired certain rights to iron ore mineral resources in Brazil and develops mining operations and related infrastructure to produce and sell iron ore products to the global steel industry.

On December 5, 2018, we announced a definitive agreement to sell Ferrous Resources for total consideration of $550 million. The transaction is expected to close in the first half of 2019. This transaction met all the criteria to be classified as held for sale on December 5, 2018 upon execution of the definitive agreement.

Railcar

We conducted our Railcar segment through our wholly-owned subsidiary, American Railcar Leasing, LLC ("ARL"). ARL operated a leasing business consisting of purchased railcars leased to third parties under operating leases. During 2017, we sold ARL and a majority of its railcar lease fleet for aggregate cash consideration of approximately $1.8 billion and reassigned the debt of ARL to the purchaser. During 2018, we sold all remaining railcars of ARL not previously sold for additional cash consideration of $17 million. In connection with these transactions, we recorded a pretax gain on disposition of assets of approximately $1.7 billion in 2017 and an additional pretax gain of $5 million in 2018.

As a result of the sale of all remaining railcars, as of December 31, 2018, our business no longer includes an active Railcar segment.

Description of Discontinued Operating Businesses

As of December 31, 2018, we also report discontinued operations previously reported in our Automotive and Railcar segments and former Gaming segment as discussed below. In addition, see Note 13, "Discontinued Operations," for additional information with respect to our discontinued operating businesses.

Automotive

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

On October 1, 2018, we closed on the previously announced sale of Federal-Mogul to Tenneco Inc. ("Tenneco"). In connection with the sale, we received $800 million in cash and approximately 29.5 million shares of Tenneco common stock, of which approximately 23.8 million shares are non-voting shares that will convert to voting shares if and when sold. The remaining approximately 5.7 million voting shares received by us represents approximately 9.9% of the aggregate voting interest in Tenneco. There are restrictions on how many shares of Tenneco common stock that can be sold by us within the first 150 days after the closing of the sale. The voting and non-voting shares of Tenneco common stock have the same economic value. As of October 1, 2018, the approximately 29.5 million voting and non-voting shares of Tenneco common stock had a fair market value of approximately $1.2 billion, which our Holding Company will hold and record as a Level 1 investment measured at fair value on a recurring basis. In addition, Federal-Mogul's outstanding debt was assumed by Tenneco.

As a result of the sale of Federal-Mogul, we recorded a pretax gain on sale of discontinued operations attributable to Icahn Enterprises of $251 million in the fourth quarter of 2018.

Gaming

Our discontinued Gaming operations consists of our previous majority ownership in Tropicana Entertainment Inc. ("Tropicana") and the Trump Taj Mahal Casino Resort ("Taj Mahal"). In August 2017, we increased our ownership in Tropicana from 72.5% to 83.9% through a tender offer for additional shares of Tropicana common stock not already owned by us for an aggregate purchase price of $95 million. In addition, Tropicana repurchased and retired shares of its common stock in connection with this tender offer for an aggregate purchase price of $36 million. Taj Mahal closed in October 2016 and was subsequently sold on March 31, 2017.

On October 1, 2018, Tropicana closed on the previously announced real estate sales and merger transaction for aggregate cash consideration, net of adjustments, of approximately $1.8 billion. The transaction did not include Tropicana Aruba Resort and Casino, which was retained by us and is now reported within our Real Estate segment. Our proportionate share of the cash proceeds, net of adjustments, was approximately $1.5 billion.

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As a result of the sale of Tropicana, we recorded a pretax gain on sale of discontinued operations attributable to Icahn Enterprises of $779 million in the fourth quarter of 2018.

Railcar

Our discontinued Railcar operations consists of our previous majority ownership in American Railcar Industries, Inc. ("ARI"). On December 5, 2018, we closed on the previously announced sale of ARI for aggregate cash consideration of .

As a result of the sale of ARI, we recorded a pretax gain on sale of discontinued operations attributable to Icahn Enterprises of $400 million in the fourth quarter of 2018.

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

The audited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

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

Events beyond our control, including significant appreciation or depreciation in the market value of certain of our publicly traded holdings or adverse developments with respect to our ownership of certain of our subsidiaries, could result in our inadvertently becoming an investment company that is required to register under the Investment Company Act. Our recent sales of Federal-Mogul, Tropicana and ARI did not result in our being considered an investment company. However, additional transactions involving the sale of certain assets could result in our being considered an investment company. Following such events or transactions, an exemption under the Investment Company Act would provide us up to one year to take steps to avoid becoming classified as an investment company. We expect to take steps to avoid becoming classified as an investment company, but no assurance can be made that we will successfully be able to take the steps necessary to avoid becoming classified as an investment company.

Principles of Consolidation

As of , our consolidated financial statements include the accounts of (i) Icahn Enterprises and Icahn Enterprises Holdings and (ii) the wholly and majority owned subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings, in addition to variable interest entities ("VIEs") in which we are the primary beneficiary. In evaluating whether we have a controlling financial interest in entities that we consolidate, we consider the following: (1) for voting interest entities, including limited partnerships and similar entities that are not VIEs, we consolidate these entities in which we own a majority of the voting interests; and (2) for VIEs, we consolidate these entities in which we are the primary beneficiary. See below for a discussion of our VIEs. Kick-out rights, which are the rights underlying the limited partners' ability to dissolve the limited partnership or otherwise remove the general partners, held through voting interests of partnerships and similar entities that are not VIEs are considered the equivalent of the equity interests of corporations that are not VIEs.

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

Discontinued Operations and Held For Sale

We classify assets and liabilities as held for sale when management, having the authority to approve the action, commits to a plan to sell the disposal group, the sale is probable within one year, and the disposal group is available for immediate sale in its present condition. We also consider whether an active program to locate a buyer has been initiated, whether the disposal group is marketed actively for sale at a price that is reasonable in relation to its current fair value, and whether actions required to complete the plan indicate it is unlikely significant changes to the plan will be made or the plan will be withdrawn.

In accordance with U.S. GAAP, we classify operations as discontinued when they meet all the criteria to be classified as held for sale and when the sale represents a strategic shift that will have a major impact on our financial condition and results of operations.

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Use of Estimates in Preparation of Financial Statements
The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Due to the inherent uncertainty involved in making estimates, actual results may differ from the estimates and assumptions used in preparing the consolidated financial statements.
Reclassifications
In connection with our adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-18, *Restricted Cash*, as discussed below, our net cash provided by operating activities for the years ended December 31, 2017 and 2016 was decreased by $19 million and $446 million, respectively.
In connection with our adoption of FASB ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, as discussed below, we decreased our selling, general and administrative costs by $4 million and $4 million and decreased other income, net by $4 million and $4 million for the years ended December 31, 2017 and 2016, respectively.
Certain reclassifications have been made within the consolidated statements of operations to include gain (loss) on derivatives within cost of goods sold for our Energy segment. Prior year balances have been reclassified to conform to the current year presentation. The reclassifications of losses on derivatives from other income, net to costs of goods sold were $70 million and $19 million for the years ended December 31, 2017 and 2016, respectively. These reclassifications did not have an impact on previously reported net income.
We have recasted certain historical results for discontinued operations, which we disclose in Note 13, "Discontinued Operations." In addition, certain other reclassifications from the prior year presentation have been made to conform to the current year presentation, which did not have an impact on previously reported net income and equity and are not deemed material.
Consolidated Variable Interest Entities

We

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

CVR Refining and CVR Partners are each considered VIEs because each of these limited partnerships lack both substantive kick-out and participating rights. In addition, CVR Energy also concluded that, based upon its general partner's roles and rights in CVR Refining and CVR Partners as afforded by their respective partnership agreements, coupled with its exposure to losses and benefits in each of CVR Refining and CVR Partners through its significant limited partner interests, intercompany credit facilities and services agreements, it is the primary beneficiary of both CVR Refining and CVR Partners. Based upon this evaluation, CVR Energy continues to consolidate both CVR Refining and CVR Partners.

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Food Packaging
Viskase holds a variable interest in a joint venture for which Viskase is the primary beneficiary. Viskase's interest in the joint venture includes a 50% equity interest and also relates to the sales, operations, administrative and financial support to the joint venture through providing many of the assets used in its business.
The following table includes balances of assets and liabilities of VIE's included in Icahn Enterprises Holdings' consolidated balance sheets.

	December 31,	
	2018	2017
	(in millions)	
Cash and cash equivalents	$415	$223
Cash held at consolidated affiliated partnerships and restricted cash	2,648	734
Investments	6,951	9,615
Due from brokers	664	506
Property, plant and equipment, net	3,027	3,185
Inventories, net	380	369
Intangible assets, net	278	298
Other assets	863	267
Accounts payable, accrued expenses and other liabilities	516	1,815
Securities sold, not yet purchased, at fair value	468	1,023
Due to brokers	141	1,057
Debt	1,170	1,166

The

due from brokers, a

See Investments and

Related Matters Fair Value Measurements

non-financial assets and/or liabilities

The fair value of our long-term debt is based on the quoted market prices for the same or similar issues or on the current rates offered to us for debt of the same remaining maturities. The carrying value and estimated fair value of our debt as of December 31, 2018 was approximately $7.3 billion and $7.3 billion, respectively. The carrying value and estimated fair value of our debt as of December 31, 2017 was approximately $7.4 billion and $7.6 billion, respectively.

Acquisitions of Businesses
We account for business combinations under the acquisition method of accounting (other than acquisitions of businesses under common control), which requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement.
Accounting for business combinations requires us to make significant estimates and assumptions, especially at the acquisition date including our estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. In valuing our acquisitions, we estimate fair values based on industry data and trends and by reference to relevant market rates and transactions, and discounted cash flow valuation methods, among other factors. The discount rates used were commensurate with the inherent risks

associated with each type of asset and the level and timing of cash flows appropriately reflect market participant assumptions. The primary items that generate goodwill include the value of the synergies between the acquired company and our existing businesses and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset.

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Acquisition, Investments and Disposition of Entities under Common Control
Acquisitions or investments of entities under common control are reflected in a manner similar to pooling of interests. The general partner's capital account or non-controlling interests, as applicable, are charged or credited for the difference between the consideration we pay for the entity and the related entity's basis prior to our acquisition or investment. Net gains or losses of an acquired entity prior to its acquisition or investment date are allocated to the general partner's capital account or non-controlling interests, as applicable. In allocating gains and losses upon the sale of a previously acquired common control entity, we allocate a gain or loss for financial reporting purposes by first restoring the general partner's capital account or non-controlling interests, as applicable, for the cumulative charges or credits relating to prior periods recorded at the time of our acquisition or investment and then allocating the remaining gain or loss ("Common Control Gains or Losses") among our general partner, limited partners and non-controlling interests, as applicable, in accordance with their respective ownership percentages. In the case of acquisitions of entities under common control, such Common Control Gains or Losses are allocated in accordance with their respective partnership percentages under the Amended and Restated Agreement of Limited Partnership dated as of May 12, 1987, as amended from time to time (together with the partnership agreement of Icahn Enterprises Holdings, the “Partnership Agreement”) (i.e., 98.01% to the limited partners and 1.99% to the general partner).
Cash Flow
Cash and cash equivalents and restricted cash and restricted cash equivalents in our consolidated statements of cash flows is comprised of (i) cash and cash equivalents and (ii) cash held at consolidated affiliated partnerships and restricted cash.
Cash and Cash Equivalents
We consider short-term investments, which are highly liquid with original maturities of three months or less at date of purchase, to be cash equivalents.
Cash Held at Consolidated Affiliated Partnerships and Restricted Cash
Our cash held at consolidated affiliated partnerships balance was $2,648 million and $192 million as of December 31, 2018 and December 31, 2017, respectively. Cash held at consolidated affiliated partnerships relates to our Investment segment and consists of cash and cash equivalents held by the Investment Funds that, although not legally restricted, is not available to fund the general liquidity needs of the Investment segment or Icahn Enterprises.
Our restricted cash balance was $34 million and $555 million as of December 31, 2018 and December 31, 2017, respectively. Restricted cash includes, but is not limited to, our Investment segment's cash pledged and held for margin requirements on derivative transactions.
Investments and Related Transactions
Investment
Investment Transactions and Related Investment Income (Loss). Investment transactions of the Investment Funds are recorded on a trade date basis. Realized gains or losses on sales of investments are based on the first-in, first-out or the specific identification method. Realized and unrealized gains or losses on investments are recorded in the consolidated statements of operations. Interest income and expenses are recorded on an accrual basis and dividends are recorded on the ex-dividend date. Premiums and discounts on fixed income securities are amortized using the effective yield method.
Investments held by the Investment segment are carried at fair value. Our Investment segment applies the fair value option to those investments that are otherwise subject to the equity method.
Valuation of Investments. Securities of the Investment Funds that are listed on a securities exchange are valued at their last sales price on the primary securities exchange on which such securities are traded on such date. Securities that are not listed on any exchange but are traded over-the-counter are valued at the mean between the last “bid” and “ask” price for such security on such date. Securities and other instruments for which market quotes are not readily available are valued at fair value as determined in good faith by the Investment Funds.

Foreign Currency Transactions. The books and records of the Investment Funds are maintained in U.S. dollars. Assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Transactions during the period denominated in currencies other than U.S. dollars are translated at the rate of exchange applicable on the date of the transaction. Foreign currency translation gains and losses are recorded in the consolidated statements of operations. The Investment Funds do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in the market prices of

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securities. Such fluctuations are reflected in net gain (loss) from investment activities in the consolidated statements of operations.
Fair Values of Financial Instruments. The fair values of the Investment Funds' assets and liabilities that qualify as financial instruments under applicable U.S. GAAP approximate the carrying amounts presented in the consolidated balance sheets.
Securities Sold, Not Yet Purchased. The Investment Funds may sell an investment they do not own in anticipation of a decline in the fair value of that investment. When the Investment Funds sell an investment short, they must borrow the investment sold short and deliver it to the broker-dealer through which they made the short sale. A gain, limited to the price at which the Investment Funds sold the investment short, or a loss, unlimited in amount, will be recognized upon the cover of the short sale.
Due From Brokers. Due from brokers represents cash balances with the Investment Funds' clearing brokers. These funds as well as fully-paid for and marginable securities are essentially restricted to the extent that they serve as collateral against securities sold, not yet purchased. Due from brokers may also include unrestricted balances with derivative counterparties.
Due To Brokers. Due to brokers represents margin debit balances collateralized by certain of the Investment Funds' investments in securities.
Other Segments and Holding Company
Investments in equity and debt securities are carried at fair value with the unrealized gains or losses reflected in the consolidated statements of operations. For purposes of determining gains and losses, the cost of securities is based on specific identification. Dividend income is recorded when declared and interest income is recognized when earned.
Fair Value Option for Financial Assets and Financial Liabilities
The fair value option gives entities the option to measure eligible financial assets, financial liabilities and firm commitments at fair value (i.e., the fair value option), on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value pursuant to the provisions of FASB Accounting Standards Codification ("ASC") Topic 825, *Financial Instruments*. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. In estimating the fair value for financial instruments for which the fair value option has been elected, we use the valuation methodologies in accordance to where the financial instruments are classified within the fair value hierarchy as discussed in Note 5, “Fair Value Measurements.” For our Investment segment, we apply the fair value option to our investments that would otherwise be accounted under the equity method.
Derivatives
From time to time, our subsidiaries enter into derivative contracts, including purchased and written option contracts, swap contracts, futures contracts and forward contracts. U.S. GAAP requires recognition of all derivatives as either assets or liabilities in the balance sheet at their fair value. The accounting for changes in fair value depends on the intended use of the derivative and its resulting designation. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation. Gains and losses related to a hedge are either recognized in income immediately to offset the gain or loss on the hedged item or are deferred and reported as a component of accumulated other comprehensive loss and subsequently recognized in earnings when the hedged item affects earnings. The change in fair value of the ineffective portion of a financial instrument, determined using the hypothetical derivative method, is recognized in earnings immediately. The gain or loss related to financial instruments that are not designated as hedges are recognized immediately in earnings. Cash flows related to hedging activities are included in the operating section of the consolidated statements of cash flows. For further information regarding our derivative contracts, see Note 6, “Financial Instruments."

Accounts Receivable, Net

Accounts receivable, net consists of trade receivables from customers, including contract assets when we have an unconditional right to receive consideration. An allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the consolidated financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of our customers, and an evaluation of the impact of economic conditions. Our allowance for doubtful accounts is an estimate based on specifically identified accounts as well as general reserves based on historical experience.

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Inventories, Net

Energy

Our Energy segment inventories consist primarily of domestic and foreign crude oil, blending stock and components, work in progress, fertilizer products, and refined fuels and by-products. Inventories are valued at the lower of FIFO cost, or net realizable value for fertilizer products, refined fuels and by-products for all periods presented. Refinery unfinished and finished products inventory values were determined using the ability-to-bear process, whereby raw materials and production costs are allocated to work-in-process and finished goods based on their relative fair values. Other inventories, including other raw materials, spare parts and supplies, are valued at the lower of moving-average cost, which approximates FIFO, or net realizable value. The cost of inventories includes inbound freight costs.

Automotive, Food Packaging, and Home Fashion

Our Automotive, Food Packaging and Home Fashion segment inventories are stated at the lower of cost or market. Cost is determined by using the first-in, first-out basis method ("FIFO"), except for our Automotive segment, which also utilizes weighted-average cost and the last-in, first-out method for certain of its subsidiaries. Inventory recorded using the last-in, first-out method was $846 million and $900 million as of December 31, 2018 and 2017, respectively, all of which relates to finished goods. The cost of manufactured goods includes the cost of direct materials, labor and manufacturing overhead. Our Automotive, Food Packaging and Home Fashion segments reserve for estimated excess, slow-moving and obsolete inventory as well as inventory whose carrying value is in excess of net realizable value.

Metals

Our Metals segment inventories are stated at the lower of cost or market. Cost is determined using the average cost method. The production and accounting process utilized by our Metals segment to record recycled metals inventory quantities relies on significant estimates. Our Metals segment relies upon perpetual inventory records that utilize estimated recoveries and yields that are based upon historical trends and periodic tests for certain unprocessed metal commodities. Over time, these estimates are reasonably good indicators of what is ultimately produced; however, actual recoveries and yields can vary depending on product quality, moisture content and source of the unprocessed metal. To assist in validating the reasonableness of the estimates, our Metals segment performs periodic physical inventories which involve the use of estimation techniques. Physical inventories may detect significant variations in volume, but because of variations in product density and production processes utilized to manufacture the product, physical inventories will not generally detect smaller variations. To help mitigate this risk, our Metals segment adjusts its physical inventories when the volume of a commodity is low and a physical inventory can more accurately estimate the remaining volume.

Mining

Our Mining segment inventories are valued at the lower of cost or market. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition, including direct materials and direct labor costs, and an allocation of production overheads based on normal production capacity. Cost is calculated using weighted average unit cost.

Long-Lived Assets

Long-lived assets such as property, plant, and equipment, and definite-lived intangible assets are recorded at cost or fair value established at acquisition, less accumulated depreciation or amortization, unless the expected future use of the assets indicate a lower value is appropriate. Long-lived asset groups are evaluated for impairment when impairment indicators exist. If the carrying value of a long-lived asset group is impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset group exceeds its fair value. Depreciation and amortization are computed principally by the straight-line method for financial reporting purposes.

Land and construction in progress are stated at the lower of cost or net realizable value. Interest is capitalized on expenditures for long-term projects until a salable or ready-for-use condition is reached. The interest capitalization rate is based on the interest rate on specific borrowings to fund the projects.

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Energy
The direct-expense method of accounting is used for planned major maintenance activities. Maintenance costs are recognized as expense when maintenance services are performed. Planned major maintenance activities for CVR Energy's nitrogen plant generally occur every two to three years. The required frequency of planned major maintenance activities varies by unit for the refineries, but generally is every four to five years.
For the years ended December 31, 2018, 2017, and 2016, our Energy segment recorded an aggregate of $10 million, $83 million and $38 million, respectively, in turnaround expenses related to its refineries and nitrogen fertilizer plants.
Mining
The costs of acquiring mineral reserves and resources for our Mining segment are capitalized in the consolidated balance sheets as incurred. Capitalized mineral reserves and mine development expenditures are, upon commencement of commercial production, depreciated using a unit of production method based on the estimated economically recoverable reserves to which they relate, or are written off if abandoned.
Exploration and evaluation expenditures relate to costs incurred in the exploration and evaluation of potential mineral reserves and include costs such as exploratory drilling, sample testing and the costs of feasibility studies. For our Mining segment, exploration and evaluation expenditures other than that acquired through the purchase of another mining company, are expensed as incurred. Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination.
Expenditures are transferred to mine development assets once the work completed supports the future development of the property, provided that technical feasibility and commercial viability studies have been successfully completed.
Goodwill and Indefinite-Lived Intangible Assets
Goodwill and indefinite-lived intangible assets primarily include trademarks and brand names acquired in acquisitions. For a complete discussion of the impairment of goodwill and indefinite-lived intangible assets related to our various segments, see Note 8, “Goodwill and Intangible Assets, Net.”
Goodwill
Goodwill is determined as the excess of fair value over amounts attributable to specific tangible and intangible assets. Goodwill is reviewed for impairment annually, or more frequently if impairment indicators exist. An impairment exists when a reporting unit’s carrying value exceeds its fair value. When performing the goodwill impairment testing, a reporting units’ fair value is based on valuation techniques using the best available information, primarily discounted cash flows projections, guideline transaction multiples, and multiples of current and future earnings. The impairment charge, if any, is the excess of the tested reporting unit's carrying value over its fair value, limited to the total amount of goodwill allocated to the tested reporting unit.
Indefinite-Lived Intangible Assets
Indefinite-lived intangible assets are stated at fair value established at acquisition or cost. These indefinite-lived intangible assets are reviewed for impairment annually, or more frequently if impairment indicators exist. An impairment exists when a trademark or brand names' carrying value exceeds its fair value. The fair values of these assets are based upon the prospective stream of hypothetical after-tax royalty cost savings discounted at rates that reflect the rates of return appropriate for these intangible assets. The impairment charge, if any, is the excess of the assets carrying value over its fair value.
Pension and Other Post-Retirement Benefit Plan Obligations
Post-retirement benefit liabilities were $77 million and $80 million as of December 31, 2018 and 2017, respectively, and are included in accrued expenses and other liabilities in our consolidated balance sheets.
Appropriate actuarial methods and assumptions are used in accounting for defined benefit pension plans and other post-retirement benefit plans. These assumptions include long-term rate of return on plan assets, discount rates and other factors. Actual results that differ from the assumptions used are accumulated and amortized over future periods. Therefore, assumptions used to calculate benefit obligations as of the end of the year directly impact the expense to be

recognized in future periods. The measurement date for all defined benefit plans is December 31 of each year.

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Accumulated Other Comprehensive Loss
Accumulated other comprehensive loss is included in the limited partners and general partner components of equity in the consolidated balance sheets in the amounts of $84 million and $1,384 million as of December 31, 2018 and 2017, respectively. Refer to Note 15, "Changes in Accumulated Other Comprehensive Loss," for further information.
Allocation of Net Profits and Losses in Consolidated Affiliated Partnerships
Net investment income and net realized and unrealized gains and losses on investments of the Investment Funds are allocated to the respective partners of the Investment Funds based on their percentage ownership in such Investment Funds on a monthly basis. Except for our limited partner interest, such allocations made to the limited partners of the Investment Funds are represented as non-controlling interests in our consolidated statements of operations.
General Partnership Interest of Icahn Enterprises and Icahn Enterprises Holdings
The general partner's capital account generally consists of its cumulative share of our net income less cash distributions plus capital contributions. Additionally, in acquisitions of common control companies accounted for at historical cost similar to a pooling of interests, the general partner's capital account would be charged (or credited) in a manner similar to a distribution (or contribution) for the excess (or deficit) of the fair value of consideration paid over historical basis in the business acquired.
Capital Accounts, as defined under the Partnership Agreement, are maintained for our general partner and our limited partners. The capital account provisions of our Partnership Agreement incorporate principles established for U.S. federal income tax purposes and are not comparable to the equity accounts reflected under U.S. GAAP in our consolidated financial statements. Under our Partnership Agreement, the general partner is required to make additional capital contributions to us upon the issuance of any additional depositary units in order to maintain a capital account balance equal to 1.99% (1% in the case of Icahn Enterprises Holdings) of the total capital accounts of all partners.
Generally, net earnings for U.S. federal income tax purposes are allocated 1.99% (1% in the case of Icahn Enterprises Holdings) and 98.01% (99% in the case of Icahn Enterprises Holdings) between the general partner and the limited partners, respectively, in the same proportion as aggregate cash distributions made to the general partner and the limited partners during the period. This is generally consistent with the manner of allocating net income under our Partnership Agreement; however, it is not comparable to the allocation of net income reflected in our consolidated financial statements.
Pursuant to the Partnership Agreement, in the event of our dissolution, after satisfying our liabilities, our remaining assets would be divided among our limited partners and the general partner in accordance with their respective percentage interests under the Partnership Agreement. If a deficit balance still remains in the general partner's capital account after all allocations are made between the partners, the general partner would not be required to make whole any such deficit.
Basic and Diluted Income Per LP Unit
For Icahn Enterprises, basic income (loss) per LP unit is based on net income or loss attributable to Icahn Enterprises allocated to limited partners. Net income or loss allocated to limited partners is divided by the weighted-average number of LP units outstanding. Diluted income (loss) per LP unit, when applicable, is based on basic income (loss) adjusted for the potential effect of dilutive securities as well as the related weighted-average number of units and equivalent units outstanding.
For accounting purposes, when applicable, earnings prior to dates of acquisitions of entities under common control are excluded from the computation of basic and diluted income per LP unit as such earnings are allocated to our general partner.
Income Taxes
Except as described below, no provision has been made for federal, state, local or foreign income taxes on the results of operations generated by partnership activities, as such taxes are the responsibility of the partners. Provision has

been made for federal, state, local or foreign income taxes on the results of operations generated by our corporate subsidiaries and these are reflected within continuing and discontinued operations. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

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Deferred tax assets are limited to amounts considered to be realizable in future periods. A valuation allowance is recorded against deferred tax assets if management does not believe that we have met the "more-likely-than-not" standard to allow recognition of such an asset.

U.S. GAAP provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the "more-likely-than-not" threshold, the largest amount of tax benefit that is greater than 50 percent likely to be recognized upon ultimate settlement with the taxing authority is recorded. See Note 14, "Income Taxes," for additional information.

Revenue From Contracts With Customers and Contract Balances

As discussed below, on January 1, 2018, we adopted FASB ASC Topic 606, *Revenue from Contracts with Customers*. Due to the nature of our business, we derive revenue from various sources in various industries. Investment segment and Holding Company revenues are not in scope of FASB ASC Topic 606. Real Estate leasing and Railcar leasing revenues are also not in scope of FASB ASC Topic 606. Revenue from contracts with customers are included in net sales and other revenues from operations in the consolidated statements of operations. Related contract assets are included in accounts receivable, net or other assets and related contract liabilities are included in accrued expenses and other liabilities in the consolidated balance sheets. Revenue from contracts with customers and related contract balances relate primarily to our Energy and Automotive segments. The following is a summary of our revenue recognition that is in scope of FASB ASC Topic 606. In addition, we present disaggregated revenue information in Note 12, "Segment and Geographic Reporting."

Energy

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

The petroleum business' contracts with its customers state the terms of the sale, including the description, quantity, and price of each product sold. Depending on the product sold, payment from customers is generally due in full within 2 to 30 days of product delivery or invoice date. Many of the petroleum business' contracts have index-based pricing which is considered variable consideration that should be estimated in determining the transaction price. Our Energy segment determined that it does not need to estimate the variable consideration because the uncertainty related to the consideration is resolved on the pricing date or the date when the product is delivered. The nitrogen fertilizer business has an immaterial amount of variable consideration for contracts with an original duration of less than a year. A small portion of the nitrogen fertilizer partnership's revenue includes contracts extending beyond one year and contain variable pricing in which the majority of the variability is attributed to the market-based pricing. The nitrogen fertilizer business' contracts do not contain a significant financing component.

Our Energy segment generally provides no warranty other than the implicit promise that goods delivered are free of liens and encumbrances and meet the agreed upon specifications. In addition, product returns are very rare and are accounted for as they occur, however, contracts do include provisions which state that the petroleum business will except returns of off-spec product, refund the customer, provide on-spec product, and pay for damages to any customer equipment which resulted from off-spec product. Typically, if a customer is not satisfied with a product, the price is adjusted downward instead of the product being returned or exchanged.

As of December 31, 2018, our Energy segment had $11 million of remaining performance obligations for contracts within an original expected duration of more than one year. Our Energy segment expects to recognize approximately $5 million of these performance obligations as revenue by the end of 2019 and the remaining balance thereafter.
Contract balances: Our Energy segment's deferred revenue is a contract liability that primarily relates to fertilizer sales contracts requiring customer prepayment prior to product delivery to guarantee a price and supply of nitrogen fertilizer. Deferred revenue is recorded at the point in time in which a prepaid contract is legally enforceable and the associated right to consideration is unconditional prior to transferring product to the customer. An associated receivable is recorded for uncollected

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prepaid contract amounts. Contracts requiring prepayment are generally short-term in nature and, as discussed above, revenue is recognized at the point in time in which the customer obtains control of the product. Our Energy segment had deferred revenue of $69 million and $34 million as of December 31, 2018 and January 1, 2018 (the effective date of the adoption of FASB ASC Topic 606), respectively. Deferred revenue is included in accrued expense and other liabilities in the consolidated balance sheets. For the year ended December 31, 2018, our Energy segment recorded revenue of $34 million with respect to deferred revenue outstanding as of January 1, 2018.

Automotive

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

Contract balances: Our Automotive segment has deferred revenue with respect to extended warranty plans of $42 million and $42 million as of December 31, 2018 and January 1, 2018, respectively, which are included in accrued expenses and other liabilities in our consolidated balance sheets. For the year ended December 31, 2018, our Automotive segment recorded revenue of $22 million with respect to deferred revenue outstanding as of January 1, 2018. For deferred revenue outstanding as of December 31, 2018, our Automotive segment expects to recognize approximately $22 million in 2019 and the remainder thereafter.

Food Packaging

Our Food Packaging segment revenues are recognized at the time products are shipped to the customer, under F.O.B. shipping point or F.O.B. port terms, which is the point at which title is transferred, the customer has the assumed risk of loss, and payment has been received or collection is reasonably assumed. Revenues are net of discounts, rebates and allowances. Viskase records all labor, raw materials, in-bound freight, plant receiving and purchasing, warehousing, handling and distribution costs as a component of costs of goods sold.

Metals

Our Metals segment's primary source of revenue is from the sale of processed ferrous scrap metal, non-ferrous scrap metals, steel pipe and steel plate. PSC Metals also generates revenues from sales of secondary plate and pipe, the brokering of scrap metals and from services performed. All sales are recognized when title passes to the customer. Revenues from services are recognized as the service is performed. Sales adjustments related to price and weight differences are reflected as a reduction of revenues when settled.

Home Fashion

Our Home Fashion segment records revenue upon delivery and when title is transferred and the customer has assumed the risk of loss. Unless otherwise agreed in writing, title and risk of loss pass from WPH to the customer when WPH delivers the merchandise to the designated point of delivery, to the designated point of destination or to the designated carrier, free on board. Provisions for certain rebates, sales incentives, product returns and discounts to customers are recorded in the same period the related revenue is recorded.

Mining

Our Mining segment recognizes revenue when title, ownership, and risk of loss pass to the customer, all of which occur upon shipment or delivery of the product and is based on the applicable shipping terms. Revenue is measured at the fair value of the consideration received or receivable, with any adjustments as a result of provisional pricing recorded against revenue.

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Other Revenue and Expense Recognition
Real Estate
Revenue Recognition: Revenue from real estate sales and related costs are recognized at the time of closing primarily by specific identification. Substantially all of the property comprising our net lease portfolio is leased to others under long-term net leases and we account for these leases in accordance with applicable U.S. GAAP. We account for our leases as follows: (i) under the financing method, (x) minimum lease payments to be received plus the estimated value of the property at the end of the lease are considered the gross investment in the lease and (y) unearned income, representing the difference between gross investment and actual cost of the leased property, is amortized to income over the lease term so as to produce a constant periodic rate of return on the net investment in the lease; and (ii) under the operating method, revenue is recognized as rentals become due, and expenses (including depreciation) are charged to operations as incurred.
Railcar
Revenue recognition: Revenues from railcar leasing are generated from operating leases that are priced as an integrated service that includes amounts related to executory costs, such as certain maintenance, insurance, and ad valorem taxes and are recognized on a straight-line basis per terms of the underlying lease. If railcars are sold under a lease that is less than one year old, the proceeds from the railcars sold that were on lease will be shown on a gross basis in revenues and cost of revenues at the time of sale. Sales of leased railcars that have been on lease for more than one year are recognized as a net gain or loss from the disposal of the long-term asset as a component of earnings from operations.
Energy
Shipping Costs: Our Energy segment's pass-through finished goods delivery costs reimbursed by customers are reported in net sales, while an offsetting expense is included in cost of goods sold.
Automotive
Shipping Costs: Our Automotive segment recognizes shipping and handling costs as incurred and is included in selling, general and administrative in the consolidated statements of operations for its commercial and retail parts businesses.
Environmental Liabilities
We recognize environmental liabilities when a loss is probable and reasonably estimable. Estimates of these costs are based upon currently available facts, internal and third-party assessments of contamination, available remediation technology, site-specific costs, and currently enacted laws and regulations. In reporting environmental liabilities, no offset is made for potential recoveries. Loss contingency accruals, including those for environmental remediation, are subject to revision as further information develops or circumstances change, and such accruals can take into account the legal liability of other parties. Environmental expenditures are capitalized at the time of the expenditure when such costs provide future economic benefits.
Litigation
On an ongoing basis, we assess the potential liabilities related to any lawsuits or claims brought against us. While it is typically very difficult to determine the timing and ultimate outcome of such actions, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In assessing probable losses, we make estimates of the amount of insurance recoveries, if any. We accrue a liability when we believe a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recovery, it is possible that certain matters may be resolved for amounts materially different from any provisions or disclosures that we have previously made.
Foreign Currency Translation

Exchange adjustments related to international currency transactions and translation adjustments for international subsidiaries whose functional currency is the U.S. dollar (principally those located in highly inflationary economies) are reflected in the consolidated statements of operations. Translation adjustments of international subsidiaries for which the local currency is the functional currency are reflected in the consolidated balance sheets as a component of accumulated other comprehensive income. Deferred taxes are not provided on translation adjustments, other than for intercompany loans not designated as permanently reinvested, as the earnings of the subsidiaries are considered to be permanently reinvested.

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Concentrations of credit risk
Concentrations of credit risk relate primarily to derivative instruments from our Investment segment. See Note 6, "Financial Instruments," for further discussion.
Adoption of New Accounting Standards
Revenue Accounting Standards Updates
In May 2014, the FASB issued ASU No. 2014-09, creating a new topic, FASB ASC Topic 606, *Revenue from Contracts with Customers*, superseding revenue recognition requirements in FASB ASC Topic 605, *Revenue Recognition*. This ASU requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In addition, an entity is required to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU was amended by ASU No. 2015-14, issued in August 2015, which deferred the original effective date by one year; the effective date of this ASU is for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017, using one of two retrospective application methods. In addition, the FASB issued other amendments during 2016 and 2017 to FASB ASC Topic 606 that include implementation guidance to principal versus agent considerations, guidance to identifying performance obligations and licensing guidance and other narrow scope improvements. We adopted these new standards on January 1, 2018 using the modified retrospective application method which required a cumulative effect adjustment recognized in equity at such date. The standard has been applied to all contracts at the date of initial application. No adjustment to revenue for periods prior to adoption were required. We have not identified any material differences in our revenue recognition methods that required modification under the new standards. Additionally, our internal control framework did not materially change as a result of the adoption of these new standards. The impact of adopting these new standards on our consolidated financial statements is a cumulative effect adjustment to decrease our equity attributable to Icahn Enterprises and Icahn Enterprises Holdings as of January 1, 2018 by $29 million, primarily relating to our Automotive segment.
As of January 1, 2018, our Energy segment increased each of accounts receivable, net and accrued expenses and other liabilities by $21 million for customer prepayments prior to delivery and to gross up certain fees collected from customers to reflect a receivable and deferred revenue recorded at the point in time in which a prepaid contract is legally enforceable and the associated right to consideration is unconditional. Previously, deferred revenue was recorded by our Energy segment upon customer prepayment.
As of January 1, 2018, our Automotive segment increased accrued expenses and other liabilities by $42 million and decreased deferred tax liabilities by $10 million for certain extended warranties to reflect the revenues from these plans as deferred revenue. Previously, revenues from these plans were recognized upfront. Our Automotive segment also recognizes revenue from the sale of goods on a drop ship basis. Previously, revenues from these transactions were recognized gross. For the year ended December 31, 2018, net sales and cost of goods sold would have been higher by $62 million and $62 million, respectively, under prior accounting principles.
In addition to the above, we increased assets by an aggregate of $32 million and increased liabilities by $29 million as of January 1, 2018, primarily with respect to Federal-Mogul's asset and liabilities classified as held for sale. For the year ended December 31, 2018, the impact on revenues would have been immaterial under prior accounting principles.
Other Accounting Standards Updates
In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall*, which amends FASB ASC Topic 825, *Financial Instruments*. This ASU requires that equity investments (except those accounted for under the equity method of accounting or those that result in the consolidation of the investee) to be measured at fair value with changes recognized in earnings. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment. In addition, there were other amendments to certain

disclosure and presentation matters pertaining to financial instruments, including the requirement of an entity to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. This ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We adopted this new standard on January 1, 2018 using the modified retrospective application method which required a cumulative effect adjustment recognized in equity at such date. The amendments related to equity securities without readily determinable fair values were applied prospectively to equity investments that existed as of the date of adoption. The adoption of this standard did not have a material impact on our consolidated financial statements.

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

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

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

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

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes FASB ASC Topic 840, *Leases*. This ASU requires the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. In addition, among other changes to the accounting for leases, this ASU retains the distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous guidance. Furthermore, quantification and qualitative disclosures, including disclosures regarding significant judgments made by management, will be required. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The amendments in this ASU should be applied using a modified retrospective approach. Early application is permitted. In addition, in July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842),* which provides an additional (and optional) transition method to adopt the new leases standard. We have developed an implementation plan to adopt the new leases standard using the new transition method option effective January 1, 2019, which will require adopting the new leases standard at the adoption date and recognizing a cumulative-effect adjustment to the opening balance of equity in the period of adoption instead of the earliest period presented. In addition, prior period presentation and disclosure will not be adjusted after adoption. The most significant impact will relate to the recognition of right-of-use assets and lease liabilities on our consolidated balance sheets for long-term operating leases with the significant majority of the impact within our Automotive segment. Our Automotive segment has identified approximately 2,300 leases, primarily for real estate, and estimates recognizing right-of-use assets of $639 million and related liabilities of $674 million as of January 1, 2019. Our Energy segment estimates recognizing right-of-use assets and liabilities of $53 million, in addition to the recognition of finance lease assets and obligations of $26 million, as of January 1, 2019. The aggregate impact of all other segments is not material.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which amends FASB ASC Topic 326, *Financial Instruments - Credit Losses.* This ASU requires financial assets measured at amortized cost to be presented at the net amount to be collected and broadens the information, including forecasted information incorporating more timely information, that an entity must consider in developing its expected credit loss estimate for assets measured. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early

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application is permitted for fiscal years beginning after December 15, 2018. We are currently evaluating the impact of this standard on our consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, which amends FASB ASC Topic 815, *Derivatives and Hedging*. This ASU includes amendments to existing guidance to better align an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

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

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

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*, which amends FASB ASC Subtopic 350-40, *Intangibles-Goodwill and Other-Internal-Use Software*. This ASU adds certain disclosure requirements related to implementation costs incurred for internal-use software and cloud computing arrangements. The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments in this ASU should be applied either using a retrospective or prospective approach. Early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

3. Related Party Transactions.

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

Investment Funds

During the years ended December 31, 2018, 2017 and 2016, Mr. Icahn and his affiliates (excluding us) invested $310 million, $600 million and $498 million, respectively, in the Investment Funds, net of redemptions. As of December 31, 2018 and 2017, the total fair market value of investments in the Investment Funds made by Mr. Icahn and his affiliates (excluding us) was approximately $5.0 billion and $4.4 billion, respectively, representing

approximately 50% and 59% of the Investment Funds' assets under management as of each respective date.
We pay for expenses pertaining to the operation, administration and investment activities of our Investment segment for the benefit of the Investment Funds (including salaries, benefits and rent). Effective April 1, 2011, based on an expense-sharing arrangement, certain expenses borne by us are reimbursed by the Investment Funds. For the years ended December 31, 2018, 2017 and 2016, $12 million, $13 million and $34 million, respectively, was allocated to the Investment Funds based on this expense-sharing arrangement.

Hertz Global Holdings, Inc.

As discussed in Note 4, "Investments and Related Matters," the Investment Funds have an investment in the common stock of Hertz Global Holdings, Inc. ("Hertz") measured at fair value that would have otherwise been subject to the equity

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method of accounting. Icahn Automotive provides services to Hertz in the ordinary course of business. For the years ended December 31, 2018, 2017 and 2016, revenue from Hertz was $40 million, $17 million and $3 million, respectively. Additionally, Federal-Mogul had payments to Hertz in the ordinary course of business of $1 million, $2 million and $2 million for the years ended December 31, 2018, 2017 and 2016, respectively.

During the year ended December 31, 2018, the Investment Funds purchased shares of a certain investment from Hertz in the amount of $36 million.

In addition to our transactions with Hertz disclosed above, in January 2018, we entered into a Master Motor Vehicle Lease and Management Agreement with Hertz, pursuant to which Hertz granted 767 Auto Leasing LLC ("767 Leasing"), a joint venture created to purchase vehicles for lease, the option to acquire certain vehicles from Hertz at rates aligned with the rates at which Hertz sells vehicles to third parties. Under this agreement, Hertz will lease the vehicles that 767 Leasing purchases from Hertz, or from third parties, under a mutually developed fleet plan and Hertz will manage, service, repair, sell and maintain those leased vehicles on behalf of 767 Leasing. Additionally, Hertz will rent the leased vehicles to transportation network company drivers from rental counters within locations leased or owned by us. This agreement has an initial term of 18 months and is subject to automatic six-month renewals thereafter, unless terminated by either party (with or without cause) prior to the start of any such six-month renewal. Our agreement with Hertz was unanimously approved by the independent directors of Icahn Enterprises' audit committee. Due to the nature of our involvement with 767 Leasing, which includes guaranteeing the payment obligations of 767 Leasing and sharing in the profits of 767 Leasing with Hertz, we determined that 767 Leasing is a variable interest entity. Furthermore, we determined that we are not the primary beneficiary as we do not have the power to direct the activities of 767 Leasing that most significantly impact its economic performance. Therefore, we do not consolidate the results of 767 Leasing. Our exposure to loss with respect to 767 Leasing is primarily limited to our direct investment in 767 Leasing as well as any payment obligations of 767 Leasing that we guarantee, which are not material at December 31, 2018. As of December 31, 2018, 767 Leasing had assets of $60 million, primarily vehicles for lease, and liabilities of $1 million, which represents a payable to Icahn Automotive in connection with a shared services agreement. For the year ended December 31, 2018, our Automotive segment invested $60 million in 767 Leasing. As of December 31, 2018, our Automotive segment had an equity method investment in 767 Leasing of $59 million.

American Railcar Leasing, LLC

On February 29, 2016, Icahn Enterprises entered into a contribution agreement with an affiliate of Mr. Icahn to acquire the remaining 25% economic interest in ARL not already owned by us. Pursuant to this contribution agreement, we contributed 685,367 newly issued depositary units of Icahn Enterprises with a fair value of $35 million to such affiliate in exchange for the remaining 25% economic interest in ARL. As a result of the transaction, we owned a 100% economic interest in ARL. This transaction was authorized by the independent committee of the board of directors of the general partner of Icahn Enterprises. The independent committee was advised by independent counsel and retained an independent financial advisor which rendered a fairness opinion.

ACF Industries LLC

Our Railcar operations, prior to December 5, 2018 (the date we closed on the sale of ARI), had certain transactions with ACF Industries LLC ("ACF"), an affiliate of Mr. Icahn, under various agreements, as well as on a purchase order basis. ACF is a manufacturer and fabricator of specialty railcar parts and miscellaneous steel products. Agreements and transactions with ACF include the following:

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

•Railcar purchases from ACF (prior to June 1, 2017)

Purchases from ACF were $3 million, $6 million and $21 million for the years ended December 31, 2018, 2017 and 2016, respectively. For the years ended December 31, 2018, 2017 and 2016, revenues from ACF were $6 million, $1 million and $1 million, respectively.

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Insight Portfolio Group LLC

Insight Portfolio Group LLC ("Insight Portfolio Group") is an entity formed and controlled by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services and tangible and intangible property at negotiated rates. Icahn Enterprises Holdings has a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. In addition to the minority equity interest held by Icahn Enterprises Holdings, certain subsidiaries of ours, including CVR Energy, Viskase, PSC Metals, WPH, Federal-Mogul (prior to October 1, 2018), ARI (prior to December 5, 2018), ARL (prior to June 1, 2017) and Tropicana (prior to October 1, 2018) also acquired minority equity interests in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. A number of other entities with which Mr. Icahn has a relationship also have minority equity interests in Insight Portfolio Group and also agreed to pay certain of Insight Portfolio Group's operating expenses. For the years ended December 31, 2018, 2017 and 2016, we and certain of our subsidiaries paid certain of the Insight Portfolio Group's operating expenses of $4 million, $2 million and $2 million, respectively.

4. Investments and Related Matters.

Investment

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

	December 31,	
	2018	2017
Assets	(in millions)	
Investments:		
Equity securities:		
Basic materials	$414	$1,170
Consumer, non-cyclical	2,161	2,551
Consumer, cyclical	1,161	777
Energy	1,598	1,489
Financial	167	2,185
Technology	1,040	833
Other	145	372
	6,686	9,377
Corporate debt securities	181	155
	$6,867	$9,532
Liabilities		
Securities sold, not yet purchased, at fair value:		
Equity securities:		
Consumer, non-cyclical	$57	$101
Consumer, cyclical	106	667
Energy	305	110
Industrial	—	110
	468	988

Corporate debt securities	—	35
	$468	$1,023

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The portion of unrealized (losses) gains that relates to securities still held by our Investment segment, primarily equity securities, was $(800) million, $1,413 million and $340 million for the years ended December 31, 2018, 2017 and 2016, respectively.

As of December 31, 2018, the Investment Funds owned approximately 27.9% of the outstanding common stock of Hertz. Our Investment segment recorded net (losses) gains of $(197) million, $13 million and $(389) million for the years ended December 31, 2018, 2017 and 2016, respectively, with respect to its investment in Hertz. As of December 31, 2018 and 2017, the aggregate fair value of our Investment segment's investment in Hertz was $320 million and $517 million, respectively.

The Investment Funds also owned approximately 18.1% of the outstanding common stock of Herbalife Ltd. ("Herbalife") as of December 31, 2018. We are deemed to have significant influence with respect to our investment in Herbalife after considering the collective ownership in Herbalife by us and affiliates of Mr. Icahn, as well as our collective representation on the board of directors of Herbalife. Our Investment segment recorded net gains (losses) of $864 million, $357 million and $(113) million for the years ended December 31, 2018, 2017 and 2016, respectively, with respect to its investment in Herbalife. As of December 31, 2018 and 2017, the aggregate fair value of our Investment segment's investment in Herbalife was approximately $1.7 billion and $1.2 billion, respectively.

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

Other Segments and Holding Company

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

	December 31, 2018	**2017**
	(in millions)	
Equity method investments	$143	$83
Other investments (measured at fair value)	1,327	400
	$1,470	$483

The portion of unrealized (losses) gains that relates to equity securities still held by our Other segments and Holding Company was $(339) million, $67 million and $0 million for the years ended December 31, 2018, 2017 and 2016, respectively.

5. Fair Value Measurements.

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

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

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

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies where all significant inputs are observable. The inputs and assumptions of our Level 2 investments are derived from market observable sources including reported trades, broker/dealer quotes and other pertinent data.
Level 3 - Pricing inputs are unobservable for the investment and non-financial asset and/or liability and include situations where there is little, if any, market activity for the investment or non-financial asset and/or liability. The inputs into the determination of fair value require significant management judgment or estimation. Fair value is determined using

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comparable market transactions and other valuation methodologies, adjusted as appropriate for liquidity, credit, market and/or other risk factors.
In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the investments', non-financial assets' and/or liabilities' level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the investment. Significant transfers, if any, between the levels within the fair value hierarchy are recognized at the beginning of the reporting period when changes in circumstances require such transfers.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

	December 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Investments (Note 4)	$7,493	$317	$372	$8,182	$9,378	$264	$278	$9,920
Derivative contracts, at fair value (Note 6)[1]	7	517	—	524	—	—	—	—
	$7,500	$834	$372	$8,706	$9,378	$264	$278	$9,920
Liabilities								
Securities sold, not yet purchased (Note 4)	$468	$—	$—	$468	$988	$35	$—	$1,023
Other liabilities	—	2	—	2	—	1	—	1
Derivative contracts, at fair value (Note 6)	—	36	—	36	36	1,239	—	1,275
	$468	$38	$—	$506	$1,024	$1,275	$—	$2,299

(1) Amounts are classified within other assets in our consolidated balance sheets.

Refer to Note 18, "Pension and Other Post-Retirement Benefit Plans," for our Food Packaging segment's defined benefit plan assets measured at fair value on a recurring basis as of December 31, 2018 and 2017.

Assets Measured at Fair Value on a Recurring Basis for Which We Use Level 3 Inputs to Determine Fair Value

The changes in investments measured at fair value on a recurring basis for which we use Level 3 inputs to determine fair value are as follows:

	Year Ended December 31,	
	2018	2017
	(in millions)	
Balance at January 1	$278	$211
Net unrealized gains	95	67
Other	(1)	—
Balance at December 31	$372	$278

Net unrealized gains during the years ended December 31, 2018 and 2017 relate to a certain equity investment which is considered a Level 3 investment due to unobservable market data and is measured at fair value on a recurring basis. We determined the fair value of this investment based on recent market transactions. As of December 31, 2018 and 2017, the fair value of this investment was $369 million and $274 million, respectively.

Assets Measured at Fair Value on a Non-Recurring Basis for Which We Use Level 3 Inputs to Determine Fair Value

Certain assets measured at fair value using Level 3 inputs on a nonrecurring basis have been impaired. During the years ended December 31, 2018, 2017 and 2016, we recorded impairment charges of $5 million, $10 million and $9 million, respectively, relating to property, plant and equipment. We determined the fair value of property, plant and equipment by

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applying probability weighted, expected present value techniques to the estimated future cash flows using assumptions a market participant would utilize. In addition, during the year ended December 31, 2017, we recorded a loss of $8 million from marking inventory down to net realizable value at our Automotive segment. Additionally, in connection with our reclassification of certain Railcar segment assets from held and used to assets held for sale, we recorded aggregate impairment charges of $68 million for the year ended December 31, 2017, which represents the difference between the carrying value and fair value less cost to sell of such assets.
Refer to Note 8, "Goodwill and Intangible Assets, Net," for discussion of our goodwill and intangible asset impairments.
Refer to Note 12, "Segment and Geographic Reporting," for total impairment recorded by each of our segments.

6. Financial Instruments.
Overview

In the normal course of business, the Investment Funds may trade various financial instruments and enter into certain investment activities, which may give rise to off-balance-sheet risks, with the objective of capital appreciation or as economic hedges against other securities or the market as a whole. The Investment Funds' investments may include futures, options, swaps and securities sold, not yet purchased. These financial instruments represent future commitments to purchase or sell other financial instruments or to exchange an amount of cash based on the change in an underlying instrument at specific terms at specified future dates. Risks arise with these financial instruments from potential counterparty non-performance and from changes in the market values of underlying instruments.
Credit concentrations may arise from investment activities and may be impacted by changes in economic, industry or political factors. The Investment Funds routinely execute transactions with counterparties in the financial services industry, resulting in credit concentration with respect to the financial services industry. In the ordinary course of business, the Investment Funds may also be subject to a concentration of credit risk to a particular counterparty. The Investment Funds seek to mitigate these risks by actively monitoring exposures, collateral requirements and the creditworthiness of its counterparties.
The Investment Funds have entered into various types of swap contracts with other counterparties. These agreements provide that they are entitled to receive or are obligated to pay in cash an amount equal to the increase or decrease, respectively, in the value of the underlying shares, debt and other instruments that are the subject of the contracts, during the period from inception of the applicable agreement to its expiration. In addition, pursuant to the terms of such agreements, they are entitled to receive or obligated to pay other amounts, including interest, dividends and other distributions made in respect of the underlying shares, debt and other instruments during the specified time frame. They are also required to pay to the counterparty a floating interest rate equal to the product of the notional amount multiplied by an agreed-upon rate, and they receive interest on any cash collateral that they post to the counterparty at the federal funds or LIBOR rate in effect for such period.
The Investment Funds may trade futures contracts. A futures contract is a firm commitment to buy or sell a specified quantity of a standardized amount of a deliverable grade commodity, security, currency or cash at a specified price and specified future date unless the contract is closed before the delivery date. Payments (or variation margin) are made or received by the Investment Funds each day, depending on the daily fluctuations in the value of the contract, and the whole value change is recorded as an unrealized gain or loss by the Investment Funds. When the contract is closed, the Investment Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.
The Investment Funds may utilize forward contracts to seek to protect their assets denominated in foreign currencies and precious metals holdings from losses due to fluctuations in foreign exchange rates and spot rates. The Investment Funds' exposure to credit risk associated with non-performance of such forward contracts is limited to the unrealized

gains or losses inherent in such contracts, which are recognized in other assets and accrued expenses and other liabilities in our consolidated balance sheets.

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

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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.

Certain terms of the Investment Funds' contracts with derivative counterparties, which are standard and customary to such contracts, contain certain triggering events that would give the counterparties the right to terminate the derivative instruments. In such events, the counterparties to the derivative instruments could request immediate payment on derivative instruments in net liability positions. The aggregate fair value of all of the Investment Funds' derivative instruments with credit-risk-related contingent features that are in a liability position at December 31, 2018 and 2017 was zero and $17 million, respectively.

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

	December 31, 2018		December 31, 2017	
	Long Notional Exposure	Short Notional Exposure	Long Notional Exposure	Short Notional Exposure
Primary underlying risk:	(in millions)			
Equity contracts	$118	$ 8,368	$243	$ 6,660
Credit contracts[1]	—	479	—	391
Commodity contracts	—	114	—	634

(1) The short notional amount on our credit default swap positions was approximately $1.8 billion as of December 31, 2018. However, because credit spreads cannot compress below zero, our downside short notional exposure is $479 million as of December 31, 2018. The short notional amount on our credit default swap positions was approximately $2.5 billion as of December 31, 2017. However, because credit spreads cannot compress below zero, our downside short notional exposure to loss is $391 million as of December 31, 2017.

Energy

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

CVR Refining's commodity derivatives include commodity swaps and forward purchase and sale commitments. CVR Refining did not have open commodity swap instruments at December 31, 2018. At December 31, 2017, CVR Refining had open commodity swap instruments consisting of 15 million barrels of crack spreads, primarily to fix the margin on a portion of its future gasoline and distillate production. Additionally, as of December 31, 2018 and December 31, 2017, CVR Refining had open forward purchase and sale commitments for 2 million barrels and 6 million barrels, respectively, of Canadian crude oil priced at fixed differentials that are not considered probable of physical settlement and are accounted for as derivatives.

Consolidated Derivative Information

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

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

	Asset Derivatives[1]		Liability Derivatives	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(in millions)			
Equity contracts	$568	$ —	$170	$ 1,159
Credit contracts	76	—	—	17
Commodity contracts	15	7	1	106
Sub-total	659	7	171	1,282
Netting across contract types[2]	(135)	(7)	(135)	(7)
Total[2]	$524	$ —	$36	$ 1,275

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

(2) Excludes netting of cash collateral received and posted. The total collateral posted at December 31, 2018 and 2017 was $0 million and $542 million, respectively, across all counterparties, which are included in cash held at consolidated affiliated partnerships and restricted cash in our consolidated balance sheets.

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

	Gain (Loss) Recognized in Income[1]		
	Year Ended December 31,		
	2018	2017	2016
	(in millions)		
Equity contracts	$603	$(1,815)	$(1,609)
Foreign exchange contracts	—	—	35
Credit contracts	129	(42)	44
Interest rate contracts	—	—	(28)
Commodity contracts	212	(182)	(101)
	$944	$(2,039)	$(1,659)

(1) Gains (losses) recognized on derivatives are classified in net gain from investment activities in our consolidated statements of operations for our Investment segment and are included in cost of goods sold for our Energy segment. Gains (losses) recognized on derivatives for our Investment segment were $798 million, $(1,969) million and $(1,640) million for the years ended December 31, 2018, 2017 and 2016, respectively. Gains (losses) recognized on derivatives for our Energy segment were $146 million, $(70) million and $(19) million for the years ended December 31, 2018, 2017 and 2016, respectively.

Non-Derivative Instruments Designated as Hedging Instruments

As of December 31, 2017, Federal-Mogul had foreign currency denominated debt, of which $884 million was designated as a net investment hedge in certain foreign subsidiaries and affiliates of Federal-Mogul. We sold Federal-Mogul on October 1, 2018. Changes to its carrying value are included in other comprehensive loss as translation adjustments and other prior to our sale of Federal-Mogul. The amounts recognized in other comprehensive loss for the years ended December 31, 2018 and 2017 was a loss of $29 million and $85 million, respectively.

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7. Inventories, Net.

Inventories, net consists of the following:

	December 31,	
	2018	2017
	(in millions)	
Raw materials	$217	$199
Work in process	70	107
Finished goods	1,492	1,424
	$1,779	$1,730

Inventories in the table above is presented net of reserves of $39 million and $73 million as of December 31, 2018 and 2017, respectively.

8. Goodwill and Intangible Assets, Net.

Goodwill consists of the following:

	December 31, 2018			December 31, 2017		
	Automotive	Food Packaging	Consolidated	Automotive	Food Packaging	Consolidated
	(in millions)					
Gross carrying amount, Jan 1	$320	$ 7	$ 327	$320	$ 4	$ 324
Acquisitions	8	—	8	—	3	3
Foreign exchange	—	(1)	(1)	—	—	—
Gross carrying amount, Dec 31	328					