ICAHN ENTERPRISES L.P.
Form 10-Q
November 04, 2014

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2014

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Icahn Enterprises L.P. Yes x No o Icahn Enterprises Holdings L.P. Yes x No o

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Icahn Enterprises L.P. Yes o No x Icahn Enterprises Holdings L.P. Yes o No x

As of November 3, 2014, there were 121,477,451 of Icahn Enterprises' depositary units outstanding.

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

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except unit amounts)

	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Cash and cash equivalents	$3,080	$3,262
Cash held at consolidated affiliated partnerships and restricted cash	1,301	396
Investments	14,463	12,261
Accounts receivable, net	1,904	1,750
Inventories, net	2,087	1,902
Property, plant and equipment, net	8,807	8,077
Goodwill	2,106	2,074
Intangible assets, net	1,113	1,113
Other assets	1,337	910
Total Assets	$36,198	$31,745
LIABILITIES AND EQUITY		
Accounts payable	$1,596	$1,353
Accrued expenses and other liabilities	1,788	2,196
Deferred tax liability	1,462	1,394
Securities sold, not yet purchased, at fair value	1,111	884
Due to brokers	3,800	2,203
Post-employment benefit liability	1,050	1,111
Debt	11,519	9,295
Total liabilities	22,326	18,436
Commitments and contingencies (Note 17)		
Equity:		
Limited partners: Depositary units: 121,477,451 and 115,900,309 units issued and outstanding at September 30, 2014 and December 31, 2013, respectively	6,374	6,308
General partner	(215)	(216)
Equity attributable to Icahn Enterprises	6,159	6,092
Equity attributable to non-controlling interests	7,713	7,217
Total equity	13,872	13,309
Total Liabilities and Equity	$36,198	$31,745

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues:	(Unaudited)			
Net sales	$4,557	$4,181	$14,090	$13,252
Other revenues from operations	350	259	934	746
Net (loss) gain from investment activities	(592)	1,201	509	1,551
Interest and dividend income	62	46	165	126
Other income, net	45	84	93	135
	4,422	5,771	15,791	15,810
Expenses:				
Cost of goods sold	4,218	3,825	12,687	11,605
Other expenses from operations	166	134	458	382
Selling, general and administrative	431	371	1,247	1,059
Restructuring	23	5	61	22
Impairment	4	2	6	7
Interest expense	226	141	593	422
	5,068	4,478	15,052	13,497
(Loss) income before income tax benefit (expense)	(646)	1,293	739	2,313
Income tax benefit (expense)	19	(57)	(166)	(274)
Net (loss) income	(627)	1,236	573	2,039
Less: net loss (income) attributable to non-controlling interests	272	(764)	(468)	(1,236)
Net (loss) income attributable to Icahn Enterprises	$(355)	$472	$105	$803
Net (loss) income attributable to Icahn Enterprises allocable to:				
Limited partners	$(348)	$463	$103	$787
General partner	(7)	9	2	16
	$(355)	$472	$105	$803
Basic (loss) income per LP unit	$(2.90)	$4.13	$0.87	$7.22
Basic weighted average LP units outstanding	120	112	118	109
Diluted (loss) income per LP unit	$(2.90)	$4.10	$0.87	$7.17
Diluted weighted average LP units outstanding	120	113	118	110
Cash distributions declared per LP unit	$1.50	$1.25	$4.50	$3.25

See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(Unaudited)			
Net (loss) income	$(627)	$1,236	$573	$2,039
Other comprehensive income (loss), net of tax:				
Post-employment benefits	8	(3)	13	3
Hedge instruments	1	6	3	9
Translation adjustments and other	(132)	49	(134)	(32)
Other comprehensive (loss) income, net of tax	(123)	52	(118)	(20)
Comprehensive (loss) income	(750)	1,288	455	2,019
Less: Comprehensive loss (income) attributable to non-controlling interests	299	(775)	(441)	(1,229)
Comprehensive (loss) income attributable to Icahn Enterprises	$(451)	$513	$14	$790
Comprehensive income attributable to Icahn Enterprises allocable to:				
Limited partners	$(442)	$503	$14	$774
General partner	(9)	10	—	16
	$(451)	$513	$14	$790

Accumulated other comprehensive loss was $923 million and $805 million at September 30, 2014 and December 31, 2013, respectively.

See notes to consolidated financial statements.

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

	Equity Attributable to Icahn Enterprises				
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2013	$(216)	$6,308	$6,092	$7,217	$13,309
Net income	2	103	105	468	573
Other comprehensive income	(2)	(89)	(91)	(27)	(118)
Partnership distributions	(2)	(94)	(96)	—	(96)
Investment segment contributions	—	—	—	500	500
Distributions to non-controlling interests in subsidiaries	—	—	—	(595)	(595)
Subsidiary equity offering	—	10	10	150	160
Changes in subsidiary equity and other	3	136	139	—	139
Balance, September 30, 2014	$(215)	$6,374	$6,159	$7,713	$13,872

	Equity Attributable to Icahn Enterprises				
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2012	$(244)	$4,913	$4,669	$5,147	$9,816
Net income	16	787	803	1,236	2,039
Other comprehensive loss	—	(13)	(13)	(7)	(20)
Partnership distributions	(3)	(169)	(172)	—	(172)
Investment segment contributions	—	—	—	45	45
Proceeds from equity offerings	6	311	317	—	317
Distributions to non-controlling interests in subsidiaries	—	—	—	(342)	(342)
Subsidiary equity offerings	2	88	90	964	1,054
Changes in subsidiary equity and other	—	26	26	(25)	1
Balance, September 30, 2013	$(223)	$5,943	$5,720	$7,018	$12,738

See notes to consolidated financial statements.

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

	Nine Months Ended September 30, 2014	2013
	(Unaudited)	
Cash flows from operating activities:		
Net income	$573	$2,039
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Net gain from securities transactions	(1,005)	(2,495)
Purchases of securities	(6,121)	(5,532)
Proceeds from sales of securities	5,065	1,574
Purchases to cover securities sold, not yet purchased	(137)	(45)
Proceeds from securities sold, not yet purchased	328	124
Changes in receivables and payables relating to securities transactions	1,485	3,739
Loss (gain) on extinguishment of debt	162	(5)
(Gain) loss on disposal of assets	(4)	55
Depreciation and amortization	601	549
Deferred taxes	18	123
Other, net	31	7
Changes in cash held at consolidated affiliated partnerships and restricted cash	(912)	4
Changes in other operating assets and liabilities	(703)	269
Net cash (used in) provided by operating activities	(619)	406
Cash flows from investing activities:		
Capital expenditures	(986)	(790)
Acquisitions of business, net of cash acquired	(558)	—
Net proceeds associated with business dispositions	—	26
Proceeds from sale of investments	—	38
Purchases of investments	(78)	(65)
Other, net	37	5
Net cash used in investing activities	(1,585)	(786)
Cash flows from financing activities:		
Investment segment contributions	500	45
Investment segment distributions	—	(185)
Proceeds from equity offerings	—	317
Partnership distributions	(96)	(32)
Proceeds from offering of subsidiary equity	188	1,308
Distributions to non-controlling interests in subsidiaries	(595)	(342)
Proceeds from issuance of senior unsecured notes	4,991	493
Proceeds from other borrowings	4,689	122
Repayment of senior unsecured notes	(3,625)	—
Repayments of other borrowings	(3,997)	(1,074)
Other, net	(42)	(14)
Net cash provided by financing activities	2,013	638
Effect of exchange rate changes on cash and cash equivalents	9	(12)
Net (decrease) increase in cash and cash equivalents	(182)	246
Cash and cash equivalents, beginning of period	3,262	3,108
Cash and cash equivalents, end of period	$3,080	$3,354

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Supplemental information:		
Cash payments for interest, net of amounts capitalized	$518	$468
Net cash payments for income taxes	$81	$117
Non-cash investment segment contribution	$—	$185
Distribution payable to Icahn Enterprises unitholders	$—	$140
Construction in progress additions included in accounts payable	$25	$34
Changes in accounts payable related to construction in progress additions	$(13)	$(24)

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions)

	September 30, 2014	December 31, 2013
ASSETS	(Unaudited)	
Cash and cash equivalents	$3,080	$3,262
Cash held at consolidated affiliated partnerships and restricted cash	1,301	396
Investments	14,463	12,261
Accounts receivable, net	1,904	1,750
Inventories, net	2,087	1,902
Property, plant and equipment, net	8,807	8,077
Goodwill	2,106	2,074
Intangible assets, net	1,113	1,113
Other assets	1,360	926
Total Assets	$36,221	$31,761
LIABILITIES AND EQUITY		
Accounts payable	$1,596	$1,353
Accrued expenses and other liabilities	1,788	2,196
Deferred tax liability	1,462	1,394
Securities sold, not yet purchased, at fair value	1,111	884
Due to brokers	3,800	2,203
Post-employment benefit liability	1,050	1,111
Debt	11,519	9,289
Total liabilities	22,326	18,430
Commitments and contingencies (Note 17)		
Equity:		
Limited partner	6,461	6,393
General partner	(279)	(279)
Equity attributable to Icahn Enterprises Holdings	6,182	6,114
Equity attributable to non-controlling interests	7,713	7,217
Total equity	13,895	13,331
Total Liabilities and Equity	$36,221	$31,761

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues:	(Unaudited)			
Net sales	$4,557	$4,181	$14,090	$13,252
Other revenues from operations	350	259	934	746
Net (loss) gain from investment activities	(592)	1,201	509	1,551
Interest and dividend income	62	46	165	126
Other income, net	45	84	93	135
	4,422	5,771	15,791	15,810
Expenses:				
Cost of goods sold	4,218	3,825	12,687	11,605
Other expenses from operations	166	134	458	382
Selling, general and administrative	431	371	1,247	1,059
Restructuring	23	5	61	22
Impairment	4	2	6	7
Interest expense	226	141	592	422
	5,068	4,478	15,051	13,497
(Loss) income before income tax benefit (expense)	(646)	1,293	740	2,313
Income tax benefit (expense)	19	(57)	(166)	(274)
Net (loss) income	(627)	1,236	574	2,039
Less: net loss (income) attributable to non-controlling interests	272	(764)	(468)	(1,236)
Net (loss) income attributable to Icahn Enterprises Holdings	$(355)	$472	$106	$803
Net (loss) income attributable to Icahn Enterprises Holdings allocable to:				
Limited partner	$(351)	$467	$105	$795
General partner	(4)	5	1	8
	$(355)	$472	$106	$803

See notes to consolidated financial statements.

ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(Unaudited)			
Net (loss) income	$(627)	$1,236	$574	$2,039
Other comprehensive income (loss), net of tax:				
Post-employment benefits	8	(3)	13	3
Hedge instruments	1	6	3	9
Translation adjustments and other	(132)	49	(134)	(32)
Other comprehensive (loss) income, net of tax	(123)	52	(118)	(20)
Comprehensive (loss) income	(750)	1,288	456	2,019
Less: Comprehensive loss (income) attributable to non-controlling interests	299	(775)	(441)	(1,229)
Comprehensive (loss) income attributable to Icahn Enterprises Holdings	$(451)	$513	$15	$790
Comprehensive (loss) income attributable to Icahn Enterprises Holdings allocable to:				
Limited partner	$(446)	$507	$15	$782
General partner	(5)	6	—	8
	$(451)	$513	$15	$790

Accumulated other comprehensive loss was $923 million and $805 million at September 30, 2014 and December 31, 2013, respectively.

See notes to consolidated financial statements.

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

	Equity Attributable to Icahn Enterprises Holdings				
	General Partner's Equity (Deficit)	Limited Partner's Equity	Total Partners' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2013	$(279)	$6,393	$6,114	$7,217	$13,331
Net income	1	105	106	468	574
Other comprehensive income	(1)	(90)	(91)	(27)	(118)
Partnership distributions	(1)	(95)	(96)	—	(96)
Investment segment contributions	—	—	—	500	500
Distributions to non-controlling interests in subsidiaries	—	—	—	(595)	(595)
Subsidiary equity offering	—	10	10	150	160
Changes in subsidiary equity and other	1	138	139	—	139
Balance, September 30, 2014	$(279)	$6,461	$6,182	$7,713	$13,895

	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, 2012	$(293)	$4,984	$4,691	$5,147	$9,838
Net income	8	795	803	1,236	2,039
Other comprehensive loss	—	(13)	(13)	(7)	(20)
Partnership distributions	(2)	(170)	(172)	—	(172)
Investment segment contributions	—	—	—	45	45
Proceeds from equity offerings	6	311	317	—	317
Distributions to non-controlling interests in subsidiaries	—	—	—	(342)	(342)
Subsidiary equity offerings	1	89	90	964	1,054
Changes in subsidiary equity and other	—	26	26	(25)	1
Balance, September 30, 2013	$(280)	$6,022	$5,742	$7,018	$12,760

See notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2014	2013
	(Unaudited)	
Cash flows from operating activities:		
Net income	$574	$2,039
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Net gain from securities transactions	(1,005)	(2,495)
Purchases of securities	(6,121)	(5,532)
Proceeds from sales of securities	5,065	1,574
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See notes to consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2014 (Unaudited)

1. Description of Business and Basis of Presentation.

General

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

Icahn Enterprises owns a 99% limited partner interest in Icahn Enterprises Holdings. Icahn Enterprises G.P. Inc. (“Icahn Enterprises GP”), which is owned and controlled by Mr. Carl C. Icahn, owns a 1% general partner interest in each of Icahn Enterprises and Icahn Enterprises Holdings as of September 30, 2014. Icahn Enterprises Holdings and its subsidiaries own substantially all of our assets and liabilities and conduct substantially all of our operations. Therefore, the financial results of Icahn Enterprises and Icahn Enterprises Holdings are substantially the same, with differences relating primarily to debt, as discussed further in Note 10, "Debt," and to the allocation of the general partner interest, which is reflected as an aggregate 1.99% general partner interest in the financial statements of Icahn Enterprises. In addition to the above, Mr. Icahn and his affiliates owned 107,212,654, or approximately 88.3%, of Icahn Enterprises' outstanding depositary units as of September 30, 2014.

We are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment, Automotive, Energy, Metals, Railcar, Gaming, Food Packaging, Real Estate and Home Fashion. We also report the results of our Holding Company, which includes the results of certain subsidiaries of Icahn Enterprises and Icahn Enterprises Holdings (unless otherwise noted), and investment activity and expenses associated with the Holding Company. Further information regarding our continuing reportable segments is contained in Note 2, “Operating Units,” and Note 13, “Segment Reporting.”

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

The accompanying consolidated financial statements and related notes should be read in conjunction with our consolidated financial statements and related notes contained in our Annual Report on Form 10-K for the year ended December 31, 2013. The consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) related to interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations. The financial information contained herein is unaudited; however, management believes all adjustments have been made that are necessary to present fairly the results for the interim periods. All such adjustments are of a normal and recurring nature.

Reclassifications

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

Principles of Consolidation

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 those entities in which we have a controlling interest as a general partner interest. In evaluating whether we have a controlling financial interest in entities that we consolidate, we consider the following: (1) for voting interest entities, we consolidate these entities in which we own a majority of the voting interests; and (2) for limited partnership entities, we consolidate these entities if we are the general partner of such entities and for which no substantive kick-out rights (the rights underlying the limited partners' ability to dissolve the limited partnership or otherwise remove the general partners are collectively referred to as “kick-out” rights) or participating rights exist. All material intercompany accounts and transactions have been eliminated in consolidation.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2014 (Unaudited)

Fair Value of Financial Instruments

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

The fair value of our long-term debt is based on the quoted market prices for the same or similar issues or on the current rates offered to us for debt of the same remaining maturities. The carrying value and estimated fair value of our long-term debt as of September 30, 2014 was each approximately $11.5 billion. The carrying value and estimated fair value of our long-term debt as of December 31, 2013 was approximately $9.3 billion and $9.4 billion, respectively.

Restricted Cash

Our restricted cash balance was approximately $1.2 billion and $330 million as of September 30, 2014 and December 31, 2013, respectively.

Adoption of New Accounting Standards

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-04, which amends FASB ASC Topic 405, Liabilities. This ASU requires the measurement of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date as the sum of (1) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (2) any additional amount the reporting entity expects to pay on behalf of its co-obligors. This guidance also requires the disclosure of the nature and amount of the obligation as well as other information about those obligations. The guidance is effective for interim and annual periods beginning after December 15, 2013. The adoption of this guidance during the first quarter of 2014 did not have a material impact on our consolidated financial position, results of operations or cash flows.

In March 2013, the FASB issued ASU No. 2013-05, which amends FASB ASC Topic 830, Foreign Currency Matters. This ASU resolves the accounting for certain foreign currency matters with respect to the release of cumulative translation adjustment into net income within a foreign entity under certain circumstances. This ASU is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. This ASU should be applied prospectively to derecognition events occurring after the effective date. The adoption of this guidance during the first quarter of 2014 did not have a material impact on our consolidated financial position, results of operations or cash flows.

In July 2013, the FASB issued ASU No. 2013-11, which amends FASB ASC Topic 740, Income Taxes. This ASU requires that unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operation loss carryforward, a similar tax loss, or a tax credit carryforward, except in certain cases. This ASU is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The adoption of this guidance during the first quarter of 2014 did not have a material impact on our consolidated financial position, results of operations or cash flows.

Recently Issued Accounting Standards

In April 2014, the FASB issued ASU No. 2014-08, which amends FASB ASC Topic 205, Presentation of Financial Statements and FASB ASC Topic 360, Property, Plant, and Equipment. This ASU is effective on a prospective basis applicable to activities that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years, and changes the requirements for reporting discontinued operations. Early adoption is permitted, but only for disposals that have not been reported in financial statements previously issued or available for issuance. We believe that ASU No. 2014-08 will reduce the number of dispositions that would qualify for discontinued operations at our parent company level, thereby reducing the complexity associated with the reporting and disclosure requirements of discontinued operations that would have been otherwise required previously.

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 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016, using one of two retrospective application methods. We are currently evaluating the impact that the adoption of this guidance will have on our consolidated financial position, results of operations, cash flows and disclosures.

In June 2014, the FASB issued ASU No. 2014-12, which amends FASB ASU Topic 718, Compensation-Stock Compensation. This ASU requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in FASB ASC Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. This ASU is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2015. We are currently evaluating the impact that the adoption of this guidance will have on our financial position, results of operations, comprehensive income, cash flows and/or disclosures.

Filing Status of Subsidiaries

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

2. Operating Units.

Investment

Our Investment segment is comprised of various private investment funds, including Icahn Partners L.P. ("Icahn Partners"), Icahn Partners Master Fund LP, Icahn Partners Master Fund II LP and Icahn Partners Master Fund III LP (collectively, the "Master Funds," and together with Icahn Partners, the "Investment Funds"), through which we invest our proprietary capital. We and certain of Mr. Icahn's wholly owned affiliates are the sole investors in the Investment Funds. Icahn Onshore LP and Icahn Offshore LP (together, the "General Partners") act as the general partner of Icahn Partners and the Master Funds, respectively. The General Partners provide investment advisory and certain administrative and back office services to the Investment Funds but do not provide such services to any other entities, individuals or accounts. Interests in the Investment Funds are not offered to outside investors.

Effective January 1, 2014, Icahn Partners Master Fund II LP and Icahn Partners Master Fund III LP were merged with and into Icahn Partners. As a result, the Investment Funds now consist solely of Icahn Partners and Icahn Partners Master Fund LP. Other than this merger, no other organizational or policy changes were made within our Investment segment.

We had interests in the Investment Funds with a fair value of approximately $4.8 billion and $3.7 billion as of September 30, 2014 and December 31, 2013, respectively. Mr. Icahn and his affiliates (excluding Icahn Enterprises and Icahn Enterprises Holdings) had direct investments in the Investment Funds of approximately $5.4 billion and $4.7 billion as of September 30, 2014 and December 31, 2013, respectively.

Automotive

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

Federal-Mogul operates with two end-customer focused business segments. The Powertrain business unit focuses on original equipment products for automotive, heavy duty and industrial applications. The Motorparts business unit sells and distributes a broad portfolio of products in the global aftermarket, while also serving original equipment manufacturers with products including braking, chassis, wipers and other vehicle components. This dual organizational model allows for a strong product line focus benefitting both original equipment and aftermarket customers and enables the global Federal-Mogul teams to be responsive to customers’ needs for superior products and to promote greater identification with Federal-Mogul premium brands. Additionally, this organizational model enhances management's focus to capitalize on opportunities for organic or acquisition growth, profit improvement, resource utilization and business model optimization in line with the unique requirements of the two different customer bases.

On September 3, 2014, Federal-Mogul announced its plan to separate its Powertrain and Motorparts businesses into two independent, publicly-traded companies serving the global original equipment and aftermarket industries. The planned separation will be implemented through a tax-free distribution of Federal-Mogul’s Motorparts business to shareholders of Federal-Mogul Holdings Corporation. No assurances can be given regarding the ultimate timing of the separation or that it will be consummated; however, Federal-Mogul currently anticipates completing the spin-off of its Motorparts business in the first half of 2015.

As of September 30, 2014, we owned approximately 80.7% of the total outstanding common stock of Federal-Mogul.

Reorganization

On April 15, 2014, Federal-Mogul Corporation completed a holding company reorganization (the “Federal-Mogul Reorganization”). As a result of the Federal-Mogul Reorganization, the outstanding shares of Federal-Mogul Corporation common stock were automatically converted on a one-for-one basis into shares of Federal-Mogul Holdings Corporation common stock, and all of the stockholders of Federal-Mogul Corporation immediately prior to the Federal-Mogul Reorganization automatically became stockholders of Federal-Mogul Holdings Corporation. The rights of stockholders of Federal-Mogul Holdings Corporation are generally governed by Delaware law and Federal-Mogul Holdings Corporation’s certificate of incorporation and bylaws, which are the same in all material respects as those of Federal-Mogul Corporation immediately prior to the Federal-Mogul Reorganization. References herein to Federal-Mogul refer to Federal-Mogul Corporation for the period prior to the effective time of the Federal-Mogul Reorganization on April 15, 2014 and to Federal-Mogul Holdings Corporation for the period after the effective time of the Federal-Mogul Reorganization.

Acquisitions

On May 1, 2014, Federal-Mogul completed the Affinia Group Inc. ("Affinia") chassis business acquisition (the "Affinia Acquisition"). The acquisition of this business, which serves leading U.S. aftermarket customers with private label chassis product lines allows Federal-Mogul to broaden its product offering, provide operational synergies and better service customers globally. The purchase price was $149 million, subject to certain customary post-closing adjustments, net of acquired cash. Federal-Mogul paid $140 million of the purchase price in the second quarter of 2014 and $9 million in the third quarter of 2014.

With respect to the Affinia Acquisition, in accordance with FASB ASC Topic 805, Business Combinations, Federal-Mogul allocated $71 million to tangible net assets, $26 million to goodwill and $52 million to other intangible assets based on the fair values of the net assets acquired as of the acquisition date. The valuation of net assets was performed utilizing cost, income and market approaches.

On July 11, 2014, Federal-Mogul completed the purchase of certain business assets of Honeywell International Inc.'s ("Honeywell") automotive and industrial brake friction business (the "Honeywell Acquisition"), including two recently established manufacturing facilities in China and Romania, substantially strengthening the manufacturing and engineering capabilities of Federal-Mogul's current global braking portfolio. The business was acquired through a combination of asset and stock purchases for a base purchase price of $169 million and a provisional estimate of $15 million, primarily for working capital adjustments and earn-out targets, subject to certain customary post-closing adjustments, contingent consideration and other liabilities. A valuation of the assets from the Honeywell Acquisition resulted in $184 million allocated to tangible net assets. The valuation of net assets was performed utilizing cost, income and market approaches.

During the nine months ended September 30, 2014, Federal-Mogul recorded an aggregate $7 million in transaction related expenses associated with the Affinia and Honeywell Acquisitions which are reflected in selling, general and administrative expenses within the consolidated statements of operations.

On September 10, 2014, an indirectly controlled subsidiary of Federal-Mogul entered into a definitive purchase agreement to acquire certain assets of the engine components business of TRW Automotive Inc. ("TRW"), for a base purchase price of approximately $385 million subject to certain customary closing and post-closing adjustments. The transaction is subject to regulatory and other customary approvals, and is expected to close in the first quarter of 2015.

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Accounts Receivable, net

Federal-Mogul's subsidiaries in Brazil, France, Germany, Italy and the United States are party to accounts receivable factoring and securitization facilities. Gross accounts receivable transferred under these facilities were $337 million and $271 million as of September 30, 2014 and December 31, 2013, respectively. Of those gross amounts, $324 million and $258 million, respectively, qualify as sales as defined in FASB ASC Topic 860, Transfers and Servicing. The remaining transferred receivables were pledged as collateral and accounted for as secured borrowings and recorded in the consolidated balance sheets within accounts receivable, net and debt. Under the terms of these facilities, Federal-Mogul is not obligated to draw cash immediately upon the transfer of accounts receivable. As of September 30, 2014, Federal-Mogul had $2 million of undrawn cash related to such transferred receivables. As of December 31, 2013, Federal-Mogul had withdrawn all cash related to such transferred receivables. Proceeds from the transfers of accounts receivable qualifying as sales were $456 million and $379 million for the three months ended September 30, 2014 and 2013, respectively, and approximately $1.3 billion and $1.1 billion for the nine months ended September 30, 2014 and 2013, respectively.

For each of three months ended September 30, 2014 and 2013, expenses associated with transfers of receivables were $2 million, and $5 million for each of the nine months ended September 30, 2014 and 2013. Such expenses were recorded in the consolidated statements of operations within other income, net. Where Federal-Mogul receives a fee to service and monitor these transferred receivables, such fees are sufficient to offset the costs and as such, a servicing asset or liability is not incurred as a result of such activities.

Certain of the facilities contain terms that require Federal-Mogul to share in the credit risk of the sold receivables. The maximum exposure to Federal-Mogul associated with certain of these facilities' terms was $21 million as of both September 30, 2014 and December 31, 2013. Based on Federal-Mogul's analysis of the creditworthiness of its customers to whom such receivables were sold and outstanding as of both September 30, 2014 and December 31, 2013, Federal-Mogul estimated the loss to be immaterial.

Restructuring

In February 2013, Federal-Mogul's Board of Directors approved the evaluation of restructuring opportunities in order to improve operating performance. As such, Federal-Mogul has initiated several programs (collectively, the "Restructuring Programs") and will continue to evaluate alternatives to align its business with executive management's strategy. The Restructuring Programs are intended to take place between 2013 and 2015 with an expected total cost of $130 million, of which $123 million and $7 million pertains to employee costs and facility costs, respectively. Federal-Mogul expects to incur an additional $28 million with respect to the Restructuring Programs. In connection with the Restructuring Programs, Federal-Mogul recorded $25 million and $4 million in restructuring charges for the three months ended September 30, 2014 and 2013, respectively, and $63 million and $20 million for the nine months ended September 30, 2014 and 2013, respectively, substantially all of which pertain to employee costs.

Federal-Mogul continues to evaluate restructuring opportunities throughout its operations and will continue to record restructuring charges based on information available at the time such charges are recorded pursuant to FASB ASC Topics 712 and 420.

Energy

We conduct our Energy segment through our majority ownership in CVR. CVR is a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries through its holdings in CVR Refining, 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 nitrogen fertilizers in the form of urea ammonium nitrate ("UAN") and ammonia. As of September 30, 2014, CVR owned 100% of the general partners of CVR Refining and CVR Partners and approximately 66% of the common units of CVR Refining and approximately 53% of the common units of CVR Partners.

As of September 30, 2014, we owned approximately 82% of the total outstanding common stock of CVR. In addition, as of September 30, 2014, we owned approximately 4% of the total outstanding common units of CVR Refining directly.

Equity Offerings

On January 23, 2013, CVR Refining completed its initial public offering (the "CVR Refining IPO") of its common units representing limited partner interests, resulting in gross proceeds of $600 million, before giving effect to underwriting discounts and other offering expenses. Included in these proceeds is $100 million paid by Icahn Enterprises and Icahn Enterprises Holdings for the purchase of common units of CVR Refining in connection with the CVR Refining IPO. On January 30, 2013, additional common units of CVR Refining were issued pursuant to the underwriters' exercise of their overallotment option, resulting in gross proceeds of $90 million, before giving effect to underwriting discounts and other offering costs.

On May 20, 2013, CVR Refining completed an underwritten offering of its common units representing limited partner interests, and on June 10, 2013 issued additional common units pursuant to the underwriters' exercise of their overallotment option, resulting in gross proceeds of $406 million before giving effect to underwriting discounts and offering expenses. In addition, Icahn Enterprises and Icahn Enterprises Holdings purchased approximately $62 million of common units of CVR Refining in a privately negotiated transaction with CVR. CVR Refining did not receive any of the proceeds from the sale of common units of CVR Refining to us.

On May 28, 2013, Coffeyville Resources, LLC (“CRLLC”), a wholly owned subsidiary of CVR, completed a secondary offering of common units of CVR Partners. The underwriters were granted an option to purchase additional units at the public offering price, which expired unexercised at the end of the option period. The gross proceeds to CRLLC from this secondary offering were $302 million before giving effect to underwriting discounts and offering expenses. CVR Partners did not receive any of the proceeds from the sale of common units by CRLLC.

As a result of various equity offerings during the nine months ended September 30, 2013, our consolidated equity increased by an aggregate of $990 million, of which $902 million was attributable to non-affiliated non-controlling interests and $88 million was attributable to both Icahn Enterprises and Icahn Enterprises Holdings. These offerings are reflected in the caption entitled "Subsidiary equity offerings," within the consolidated statement of equity changes.

On June 30, 2014, CVR Refining completed an underwritten offering (the “Follow-on Offering”), resulting in gross proceeds of $170 million before giving effect to underwriting discounts and other offering expenses. On July 24, 2014, the underwriters exercised their option to purchase additional common units of CVR Refining, resulting in gross proceeds of $15 million. CVR Refining used this $15 million in gross proceeds to redeem an equal amount of common units from CVR Refining Holdings. Additionally, on July 24, 2014, CVR Refining Holdings sold common units to the public in connection with the underwriters' exercise of their remaining option to purchase additional common units, resulting in gross proceeds of $10 million.

As a result of the Follow-on Offering during the nine months ended September 30, 2014, our consolidated equity increased by an aggregate of $160 million, of which $150 million was attributable to non-affiliated non-controlling interests and $10 million was attributable to both Icahn Enterprises and Icahn Enterprises Holdings. These offerings are reflected in the caption entitled "Subsidiary equity offering," within the consolidated statement of equity changes.

Petroleum Business

CVR Refining's petroleum business includes a 115,000 barrels per calendar day ("bpcd") rated capacity complex full coking medium-sour crude oil refinery in Coffeyville, Kansas and a 70,000 bpcd rated capacity medium complexity crude oil unit refinery in Wynnewood, Oklahoma. The combined production capacity of these refineries represents approximately 22% of the region's refining capacity. The Coffeyville refinery is situated on approximately 440 acres in southeast Kansas, approximately 100 miles from Cushing, Oklahoma, a major crude oil trading and storage hub. The Wynnewood refinery is situated on approximately 400 acres located approximately 65 miles south of Oklahoma City, Oklahoma and approximately 130 miles from Cushing, Oklahoma.

In addition to the refineries, CVR's petroleum business owns and operates the following: (1) a crude oil gathering system with a gathering capacity of approximately 60,000 bpd serving Kansas, Oklahoma, Missouri, Nebraska and Texas, (2) a rack marketing division supplying product through tanker trucks directly to customers located in close geographic proximity to Coffeyville, Kansas and Wynnewood, Oklahoma and at throughput terminals on Magellan and NuStar Energy, LP's ("NuStar") refined products distribution systems, (3) a 145,000 bpd pipeline system (supported by approximately 336 miles of CVR's owned and leased pipeline) that transports crude oil to its

Coffeyville refinery from its Broome Station tank farm and associated crude oil storage tanks with a capacity of 1.2 million barrels, (4) crude oil storage tanks with a capacity of 0.5 million barrels in Wynnewood, Oklahoma, (5) an additional 3.3 million barrels of leased storage capacity located in Cushing, Oklahoma and other locations, (6) 1.0 million barrels of company owned crude oil storage in Cushing, Oklahoma and (7) approximately 4.5 million barrels of combined refinery related storage capacity.

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Nitrogen Fertilizer Business

CVR Partners' nitrogen fertilizer business consists of a nitrogen fertilizer manufacturing facility that utilizes a petroleum coke, or pet coke, gasification process to produce nitrogen fertilizer. The facility includes a 1,225 ton-per-day ammonia unit, a 3,000 ton-per-day UAN unit and a gasifier complex having a capacity of 84 million standard cubic feet per day of hydrogen. The gasifier is a dual-train facility, with each gasifier able to function independently of the other, thereby providing redundancy and improving reliability.

Metals

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

Railcar

We conduct our Railcar segment through our majority ownership interests in ARI and American Railcar Leasing, LLC ("ARL"). Pursuant to a contribution agreement dated September 20, 2013 (the "ARL Contribution Agreement"), we acquired a 75% economic interest in ARL in October 2013. Pursuant to the ARL Contribution Agreement, on January 1, 2014, we contributed AEP Leasing, LLC, a wholly owned indirect subsidiary of ours, to ARL.

ARI manufactures railcars that are offered for sale or lease, custom designed railcar parts and other industrial products, primarily aluminum and special alloy steel castings. These products are sold to various types of companies including leasing companies, industrial companies, shippers and Class I railroads. ARI leases railcars that it manufactures to certain markets. ARI provides railcar repair services provided through its various repair facilities, including mini-shops and mobile units, offering a range of services from full to light repair.

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

Transactions between ARI and ARL have been eliminated in consolidation.

As of September 30, 2014, we owned approximately 55.6% of the total outstanding common stock of ARI.

Gaming

We conduct our Gaming segment through our majority ownership in Tropicana. Tropicana currently owns and operates a diversified, multi-jurisdictional collection of casino gaming properties. The eight casino facilities it operates feature approximately 389,000 square feet of gaming space with 7,800 slot machines, 270 table games and 5,500 hotel rooms with two casino facilities located in Nevada and one in each of Missouri, Mississippi, Indiana, Louisiana, New Jersey and Aruba.

On July 1, 2014, Tropicana sold its River Palms Hotel and Casino ("River Palms") to Nevada Restaurant Services, Inc. and its affiliate, Laughlin Hotel, LLC. Pursuant to the terms of the asset purchase agreement, substantially all of the assets associated with the operation of River Palms were sold for $7 million in cash. Concurrently with the sale, Tropicana leased back River Palms for a period of up to 90 days, subject to an additional 30-day extension, and further subject to earlier termination rights. Tropicana terminated the lease and discontinued its operation of River Palms in September 2014.

As of September 30, 2014, we owned approximately 67.9% of the total outstanding common stock of Tropicana.

Acquisition

On April 1, 2014, a wholly owned subsidiary of Tropicana acquired the Lumière Place Casino, HoteLumière, the Four Seasons Hotel St. Louis and related excess land parcels in St. Louis, Missouri (collectively, "Lumière") for a preliminary cash purchase price of $261 million, which is subject to change for the finalization of certain net working capital adjustments as of the acquisition date.

A preliminary valuation of the assets of Lumière resulted in $252 million allocated to tangible net assets and $9 million allocated to other intangible assets based on estimated fair values as of the acquisition date. The preliminary allocation of the fair value of the assets acquired is subject to additional adjustment to provide Tropicana with adequate time to complete the valuation of its Lumière acquisition. The valuation of net assets was performed utilizing cost, income and market approaches.

Food Packaging

We conduct our Food Packaging segment through our majority ownership in Viskase Companies, Inc. ("Viskase"). Viskase is a worldwide leader in the production and sale of cellulosic, fibrous and plastic casings for the processed meat and poultry industry. Viskase currently operates nine manufacturing facilities and an aggregate of nine distribution and service centers throughout North America, Europe, South America and Asia and derives approximately 72% of its total net sales from customers located outside the United States.

As of September 30, 2014, we owned approximately 73.5% of the total outstanding common stock of Viskase.

Real Estate

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

As of September 30, 2014, we owned 29 commercial rental real estate properties. Our property development operations are run primarily through Bayswater Development LLC, a real estate investment, management and development subsidiary that focuses primarily on the construction and sale of single-family and multi-family homes, lots in subdivisions and planned communities and raw land for residential development. Our New Seabury development property in Cape Cod, Massachusetts and our Grand Harbor and Oak Harbor development property in Vero Beach, Florida include land for future residential development of approximately 271 and 1,328 units of residential housing, respectively. Both developments include golf and resort operations in addition to residences. In addition, our Real Estate segment owns an unfinished development property which is located on approximately 23 acres in Las Vegas, Nevada.

As of September 30, 2014 and December 31, 2013, $32 million and $56 million, respectively, of the net investment in financing leases and net real estate leased to others which is included in property, plant and equipment, net, were pledged to collateralize the payment of nonrecourse mortgages payable.

Home Fashion

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

3. Related Party Transactions.

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

Investment

Mr. Icahn, along with his affiliates (excluding Icahn Enterprises and Icahn Enterprises Holdings), makes investments in the Investment Funds. During the first nine months of 2014, an affiliate of Mr. Icahn invested $500 million in the Investment Funds. As of September 30, 2014 and December 31, 2013, the total fair market value of investments in the Investment Funds made by Mr. Icahn and his affiliates (excluding Icahn Enterprises and Icahn Enterprises Holdings) was approximately $5.4

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billion and $4.7 billion, respectively, representing approximately 53% and 56%, respectively, of the Investment Funds' assets under management.

Icahn Capital LP ("Icahn Capital") is a wholly owned indirect subsidiary of ours that owns the general partners of the Investment Funds. Effective April 1, 2011, based on an expense-sharing arrangement, certain expenses borne by Icahn Capital are reimbursed by the Investment Funds, generally at the time such expenses are paid. Such expenses relate to the operation, administration and investment activities of Icahn Capital for the benefit of the Investment Funds (including salaries, benefits and rent) and are allocated pro rata in accordance with each investor's capital accounts in the Investment Funds. For the three months ended September 30, 2014 and 2013, $36 million and $40 million, respectively, and $138 million and $79 million, for the nine months ended September 30, 2014 and 2013, respectively, was allocated to the Investment Funds based on this expense-sharing arrangement.

Automotive

On December 6, 2013, Federal-Mogul entered into a backstop commitment letter ("Backstop Commitment") with High River Limited Partnership ("High River"), an affiliate of Mr. Icahn, in favor of Federal-Mogul with respect to its existing Tranche B term loan. The Backstop Commitment provided that if Federal-Mogul was unable to refinance its Tranche B term loan on or prior to September 27, 2014, High River, or an affiliate thereof with at least the same net worth, would provide loan financing of up to $1.6 billion to Federal-Mogul and its subsidiaries on arms-length terms to provide the funding necessary to repay the Tranche B term loan. As described in Note 10, "Debt - Automotive," the Backstop Commitment was terminated in connection with an amendment to Federal-Mogul's credit agreement on April 15, 2014.

Railcar

Agreements with ACF Industries LLC

In January 2013, ARI entered into a purchasing and engineering services agreement and license with ACF Industries LLC ("ACF"), an affiliate of Mr. Icahn. The agreement was unanimously approved by the independent directors of ARI’s and Icahn Enterprises' audit committees on the basis that the terms of the agreement were not materially less favorable to ARI than those that could have been obtained in a comparable transaction with an unrelated person. Under this agreement, ARI provides purchasing support and engineering services to ACF in connection with ACF’s manufacture and sale of certain tank railcars at its facility in Milton, Pennsylvania. Additionally, ARI has granted ACF a nonexclusive, non-assignable license to certain of ARI’s intellectual property, including certain designs, specifications, processes and manufacturing know-how required to manufacture and sell such tank railcars during the term of the agreement. In August 2014, ARI and ACF amended this agreement to, among other things, extend the termination date from December 31, 2014 to December 31, 2015, subject to certain early termination events.

In consideration for the services and license provided by ARI to ACF in conjunction with the agreement, ACF pays ARI a royalty and, if any, a share of the net profits ("ACF Profits") earned on each railcar manufactured and sold by ACF under the agreement, in an aggregate amount equal to 30 percent of such ACF Profits, as calculated under the agreement. ACF Profits are net of certain of ACF’s start-up and shutdown expenses and certain maintenance capital expenditures. If no ACF Profits are realized on a railcar manufactured and sold by ACF pursuant to the agreement, ARI will still be entitled to the royalty for such railcar and will not share in any losses incurred by ACF in connection therewith. In addition, any railcar components supplied by ARI to ACF for the manufacture of these railcars shall be provided at fair market value.

Under the agreement, ACF had the exclusive right to manufacture and sell subject tank railcars for any new orders scheduled for delivery to customers on or before January 31, 2014. ARI has the exclusive right to any sales opportunities for such tank railcars for any new orders scheduled for delivery after that date and through December 31, 2015. ARI also has the right to assign any sales opportunity to ACF, and ACF has the right, but not the obligation, to accept such sales opportunity. Any sales opportunity accepted by ACF will not be reflected in ARI’s orders or backlog.

ARI's revenues under this agreement were $4 million and $3 million for the three months ended September 30, 2014 and 2013, respectively, and $16 million and $7 million for the nine months ended September 30, 2014 and 2013, respectively, and were recorded for sales of railcar components to ACF and for royalties and profits on railcars sold by ACF.

In April 2013, AEP Leasing entered into an agreement (the "ACF Agreement") with ACF whereby AEP Leasing will purchase a total of 1,050 railcars from ACF in 2013 and 2014 for an aggregate purchase price of approximately $150 million. Additionally, AEP Leasing has an option that can be exercised any time prior to September 1, 2014 to purchase an additional

500 railcars for an aggregate purchase price of approximately $70 million. During the second quarter of 2014, AEP Leasing exercised its option to purchase an additional 296 railcars for aggregate purchase price of $43 million.
The ACF Agreement was assumed by ARL in connection with our purchase of a 75% economic interest in ARL. The ACF Agreement was unanimously approved by Icahn Enterprises' audit committee consisting of independent directors, who were advised by independent counsel and an independent financial advisor on the basis that the terms were not less favorable than those terms that could have been obtained in a comparable transaction with an unaffiliated third party. Under this agreement, purchases of railcars from ACF were $36 million and $20 million for the three months ended September 30, 2014 and 2013, respectively, and $99 million and $25 million for the nine months ended September 30, 2014 and 2013, respectively.

Insight Portfolio Group LLC (formerly known as Icahn Sourcing, LLC)

Icahn Sourcing, LLC ("Icahn Sourcing") 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 was a member of the buying group in 2012. Prior to December 31, 2012 Icahn Enterprises did not pay Icahn Sourcing any fees or other amounts with respect to the buying group arrangement.
In December 2012, Icahn Sourcing advised Icahn Enterprises that effective January 1, 2013 it would restructure its ownership and change its name to Insight Portfolio Group LLC (“Insight Portfolio Group”). In connection with the restructuring, Icahn Enterprises Holdings acquired a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. In addition to the minority equity interest held by Icahn Enterprises Holdings, certain subsidiaries of Icahn Enterprises Holdings, including Federal-Mogul, CVR, Tropicana, ARI, ARL, Viskase, PSC Metals and WPH also acquired minority equity interests in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses. In addition, a number of other entities with which Mr. Icahn has a relationship, other than our subsidiaries listed above, also acquired equity interests in Insight Portfolio Group and agreed to pay certain of Insight Portfolio Group's operating expenses, which amounts are immaterial for each of the three and nine months ended September 30, 2014 and 2013.

4. Investments and Related Matters.

Investment

Investments, and securities sold, not yet purchased consist of equities, bonds, bank debt and other corporate obligations, and derivatives, all of which are reported at fair value in our consolidated balance sheets. See Note 5, "Fair Value Measurements - Investment," for details of the investments for our Investment segment.
Our Investment segment assesses the applicability of equity method accounting with respect to their investments based on a combination of qualitative and quantitative factors, including overall stock ownership of the Investment Funds combined with those of our affiliates along with board of directors representation.
Our Investment segment applied the fair value option to certain of its investments that would have otherwise been subject to the equity method of accounting. As of both September 30, 2014 and December 31, 2013, the fair value of these investments was less than $1 million. During the three months ended September 30, 2014 and 2013, our Investment segment recorded losses of less than $1 million and gains of $78 million, respectively, associated with these investments. During the nine months ended September 30, 2014 and 2013, our Investment segment recorded losses of less than $1 million and gains of $140 million, respectively, associated with these investments. Such amounts are included in net (loss) gain from investment activities in our consolidated statements of operations.
We believe that these investments to which we applied the fair value option are not material, individually or in the aggregate, to our consolidated financial statements.
The portion of trading (losses) gains that relates to trading securities still held by our Investment segment for the three months ended September 30, 2014 and 2013 was $(869) million and approximately $1.4 billion, respectively, and for

the nine months ended September 30, 2014 and 2013 was $(259) million and approximately $2.4 billion, respectively.

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Other Segments
The carrying value of investments held by our Automotive, Energy, Railcar, Gaming and Home Fashion segments and our Holding Company consist of the following:

	September 30, 2014	December 31, 2013
	(in millions)	
Equity method investments	$296	$284
Other investments	257	151
	$553	$435

Our Holding Company applies the fair value option to its investments that would otherwise be subject to the equity method of accounting. We record unrealized gains and losses for the change in fair value of such investments as a component of net (loss) gain from investment activities in the consolidated statements of operations.

5. Fair Value Measurements.
U.S. GAAP requires enhanced disclosures about investments and non-recurring non-financial assets and non-financial liabilities that are measured and reported at fair value and has established a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments or non-financial assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.
Investments and non-financial assets and/or liabilities measured and reported at fair value are classified and disclosed in one of the following categories:
Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include listed equities and listed derivatives. We do not adjust the quoted price for these investments, even in situations where we hold a large position.
Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. The inputs and assumptions of our Level 2 investments are derived from market observable sources including reported trades, broker/dealer quotes and other pertinent data.
Level 3 - Pricing inputs are unobservable for the investment and non-financial asset and/or liability and include situations where there is little, if any, market activity for the investment or non-financial asset and/or liability. The inputs into the determination of fair value require significant management judgment or estimation. Fair value is determined using comparable market transactions and other valuation methodologies, adjusted as appropriate for liquidity, credit, market and/or other risk factors.
In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the investment. Significant transfers, if any, between the levels within the fair value hierarchy are recognized at the beginning of the reporting period when changes in circumstances require such transfers.

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The following table summarizes the valuation of the Investment Funds' investments and derivative contracts by the above fair value hierarchy levels as of September 30, 2014 and December 31, 2013:

	September 30, 2014				December 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Investments:								
Equity securities:								
Communications	$2,940	$—	$—	$2,940	$820	$—	$—	$820
Consumer, non-cyclical	2,077	—	—	2,077	3,344	178	—	3,522
Consumer, cyclical	385	—	—	385	414	—	—	414
Diversified	24	—	—	24	29	—	—	29
Energy	2,409	—	—	2,409	3,050	—	—	3,050
Financial	435	—	—	435	300	—	—	300
Funds	—	8	—	8	—	6	—	6
Industrial	53	17	—	70	—	—	—	—
Technology	5,267	—	—	5,267	3,173	—	—	3,173
	13,590	25	—	13,615	11,130	184	—	11,314
Corporate debt:								
Consumer, cyclical	—	—	75	75	—	—	287	287
Financial	—	10	—	10	—	11	—	11
Sovereign debt	—	—	—	—	—	5	—	5
Utilities	—	34	—	34	—	29	—	29
	—	44	75	119	—	45	287	332
Mortgage-backed securities:								
Financial	—	176	—	176	—	180	—	180
	13,590	245	75	13,910	11,130	409	287	11,826
Derivative contracts, at fair value[(1)]	—	183	—	183	—	—	—	—
	$13,590	$428	$75	$14,093	$11,130	$409	$287	$11,826
Liabilities								
Securities sold, not yet purchased, at fair value:								
Equity securities:								
Communications	$9	$—	$—	$9	$—	$—	$—	$—
Consumer, non-cyclical	—	—	—	—	44	—	—	44
Consumer, cyclical	1,064	—	—	1,064	787	—	—	787
Financial	—	—	—	—	45	—	—	45
Funds[(2)]	—	38	—	38	—	8	—	8
	1,073	38	—	1,111	876	8	—	884
	—	103	—	103	—	639	—	639

Derivative contracts, at fair value[3]	$1,073	$141	$—	$1,214	$876	$647	$—	$1,523

[1] Included in other assets in our consolidated balance sheets.
[2] Includes $1 million of debt related securities as of September 30, 2014.
[3] Included in accrued expenses and other liabilities in our consolidated balance sheets.

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

	Nine Months Ended September 30,	
	2014	2013
	(in millions)	
Balance at January 1	$287	$288
Gross realized and unrealized losses	(100)	4
Gross proceeds	(2)	(4)
Distribution-in-kind	(110)	—
Balance at September 30	$75	$288

Unrealized losses of $100 million are included in earnings related to Level 3 investments still held at September 30, 2014 by our Investment segment. Total realized and unrealized gains and losses recorded for Level 3 investments are reported in net (loss) gain from investment activities in our consolidated statements of operations.

The Investment Funds held one Level 3 corporate debt investment at September 30, 2014. In prior periods, in determining the fair value of this investment, we performed a yield analysis of comparable loans to which we applied a risk premium. As a result of the underlying company's performance in the second quarter of 2014, however, we determined that it was more appropriate to measure the fair value of our debt investment through an enterprise value analysis. This resulted in a lower valuation at the end of the second and third quarter of 2014. In addition, on June 30, 2014, the Investment Funds made a distribution-in-kind of this corporate debt investment in the amount of $110 million to the Holding Company.

Other Segments and Holding Company

The following table summarizes the valuation of our Automotive and Energy segments and our Holding Company investments, derivative contracts and other liabilities by the above fair value hierarchy levels as of September 30, 2014 and December 31, 2013:

	September 30, 2014				December 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	(in millions)							
Marketable equity and debt securities	$91	$4	$75	$170	$1	$—	$—	$1
Trading securities	—	—	55	55	—	—	116	116
Derivative contracts, at fair value(1)	—	64	—	64	—	1	—	1
	$91	$68	$130	$289	$1	$1	$116	$118
Liabilities								
Other liabilities	$—	$10	$—	$10	$—	$16	$—	$16
Derivative contracts, at fair value(2)	—	2	—	2	—	35	—	35
	$—	$12	$—	$12	$—	$51	$—	$51

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

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The changes in marketable equity and debt securities and trading securities measured at fair value for which our Holding Company have used Level 3 inputs to determine fair value are as follows:

	Nine Months Ended September 30,	
	2014	2013
	(in millions)	
Balance at January 1	$116	$81
Distribution-in-kind	110	46
Gross unrealized losses	(96)	(13)
Balance at September 30	$130	$114

Unrealized losses of $96 million are included in earnings related to Level 3 investments still held at September 30, 2014 by our Holding Company. Total realized and unrealized gains and losses recorded for Level 3 investments, if any, are reported in net (loss) gain from investment activities in our consolidated statements of operations.

As discussed above, on June 30, 2014, the Investment Funds made a distribution-in-kind of a certain Level 3 corporate debt investment in the amount of $110 million to the Holding Company. The fair value of this investment was determined through an enterprise value analysis. In addition, as of September 30, 2014, the Holding Company held a certain security which lacked observable market data due to limited market activity for that security, and accordingly, was valued based on trading EBITDA multiples and enterprise value to resource ratios of market comparables.

Assets measured at fair value on a nonrecurring basis during the nine months ended September 30, 2014 and 2013 are set forth in the table below:

Category	September 30, 2014		2013	
	Fair Value of Level 3 Asset	Recognized Impairment	Fair Value of Level 3 Asset	Recognized Impairment
	(in millions)			
Property, plant and equipment, net	$11	$6	$25	$7

We determined the fair value of property, plant and equipment by applying probability weighted, expected present value techniques to the estimated future cash flows using assumptions a market participant would utilize.

6. Financial Instruments.

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

Investment Segment and Holding Company

The Investment Funds currently maintain cash deposits and cash equivalents with financial institutions. Certain account balances may not be covered by the Federal Deposit Insurance Corporation, while other accounts may exceed federally insured limits. The Investment Funds have prime broker arrangements in place with multiple prime brokers as well as a custodian bank. The Investment Funds also have relationships with several financial institutions with which they trade derivative and other financial instruments.

In the normal course of business, the Investment Funds and the Holding Company may trade various financial instruments and enter into certain investment activities, which may give rise to off-balance-sheet risks, with the objective of capital appreciation or as economic hedges against other securities or the market as a whole. The

Investment Funds' and the Holding Company's investments may include futures, options, swaps and securities sold, not yet purchased. These financial instruments represent future commitments to purchase or sell other financial instruments or to exchange an amount of cash based on the change in an underlying instrument at specific terms at specified future dates. Risks arise with these financial instruments from potential counterparty non-performance and from changes in the market values of underlying instruments.

Securities sold, not yet purchased, at fair value represent obligations to deliver the specified security, thereby creating a liability to repurchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance-sheet risk, as the satisfaction of the obligations may exceed the amount recognized in our consolidated balance sheets. Our investments in securities and amounts due from brokers are partially restricted until we satisfy the obligation to deliver the securities sold, not yet purchased.

The Investment Funds and the Holding Company may enter into derivative contracts, including swap contracts, futures contracts and option contracts. The Investment Funds may also enter into foreign currency derivative contracts with the objective of capital appreciation or to economically hedge against foreign currency exchange rate risks on all or a portion of their non-U.S. dollar denominated investments.

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

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

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

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

The Investment Funds were parties to swap agreements (“Swaps”) with respect to shares of SPDR S&P 500 ETF Trust ("SPDR"). In August 2013, certain of the Investment Funds assigned their rights and obligations under certain of the Swaps to IEH Investments I LLC (“IEH Investments”), a wholly owned subsidiary of ours, and Koala Holding LP ("Koala"), an affiliate of Mr. Icahn's. Certain of the Investment Funds assigned swaps referencing an aggregate of 9.7

million SPDR shares to IEH Investments and swaps referencing an aggregate of 7.7 million SPDR shares to Koala. In addition, the Investment Funds distributed an aggregate of $234 million to IEH Investments and an aggregate of $185 million to Koala, amounts equal to the underlying obligations under the assigned Swaps. During the third quarter of 2014, the Swaps were terminated; IEH Investments held no Swaps as of September 30, 2014. As of December 31, 2013, there were unrealized losses of $14 million with respect to these Swaps.

The Investment Funds may also purchase and write option contracts. As a writer of option contracts, the Investment Funds receive a premium at the outset and then bear the market risk of unfavorable changes in the price of the underlying financial instrument. As a result of writing option contracts, the Investment Funds are obligated to purchase or sell, at the holder's option, the underlying financial instrument. Accordingly, these transactions result in off-balance-sheet risk, as the Investment Funds' satisfaction of the obligations may exceed the amount recognized in our consolidated balance sheets. At September 30, 2014, the maximum payout amounts relating to certain put options written by the Investment Funds were $13.7 billion, of which approximately $13.6 billion related to covered put options on existing short positions on certain stock and credit indices. At December 31, 2013, the maximum payout amounts relating to certain put options written by the Investment Funds were $8.0 billion, all of which related to covered put options on existing short positions on a certain stock index. As of September 30, 2014 and December 31, 2013, there were unrealized gains of $36 million and $131 million, respectively, with respect to these put options.

Certain terms of the Investment Funds' contracts with derivative counterparties, which are standard and customary to such contracts, contain certain triggering events that would give the counterparties the right to terminate the derivative instruments. In such events, the counterparties to the derivative instruments could request immediate payment on derivative instruments in net liability positions. The aggregate fair value of all of the Investment Funds' derivative instruments with credit-risk-related contingent features that are in a liability position at September 30, 2014 and December 31, 2013 was $103 million and $639 million, respectively.

At September 30, 2014 and December 31, 2013, the Investment Funds had approximately $1.1 billion and $255 million, respectively, posted as collateral for derivative positions, including those derivative instruments with credit-risk-related contingent features; these amounts are included in cash held at consolidated affiliated partnerships and restricted cash in our consolidated balance sheets.

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

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

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

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

Automotive

Commodity Price Risk

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

Federal-Mogul had commodity price hedge contracts outstanding with combined notional values of $39 million and $51 million at September 30, 2014 and December 31, 2013, respectively, substantially all of which mature within one year in each of the respective periods and all of which were designated as hedging instruments for accounting purposes. Unrealized net gains of $1 million and net losses of $1 million were recorded in accumulated other comprehensive loss as of September 30, 2014 and December 31, 2013, respectively.

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Foreign Currency Risk

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

Federal-Mogul generally tries to use natural hedges within its foreign currency activities, including the matching of revenues and costs, to minimize foreign currency risk. Where natural hedges are not in place, Federal-Mogul considers managing certain aspects of its foreign currency activities and larger transactions through the use of foreign currency options or forward contracts. Principal currencies hedged have historically included the euro, British pound and Polish zloty. Foreign currency forwards are also used in conjunction with Federal-Mogul's commodity hedging program. As part of its hedging program, Federal-Mogul attempts to limit hedge ineffectiveness by matching terms of the commodity purchases with the hedging instrument. Federal-Mogul had notional values of $2 million and $12 million of foreign currency hedge contracts outstanding at September 30, 2014 and December 31, 2013, respectively, all of which were designated as hedging instruments for accounting purposes. Unrealized net losses of zero and $1 million were recorded in accumulated other comprehensive loss as of September 30, 2014 and December 31, 2013, respectively, for these foreign currency contracts.

During 2013, foreign currency contracts were entered into by Federal-Mogul in order to offset fluctuations in earnings caused by changes in currency rates used to translate earnings at its foreign subsidiaries into U.S. dollars. These contracts were not designated as hedging instruments for accounting purposes and were marked to market through the statements of operations.

Concentrations of Credit Risk

Financial instruments, which potentially subject Federal-Mogul to concentrations of credit risk, consist primarily of accounts receivable and cash investments. Federal-Mogul's customer base includes virtually every significant global light and commercial vehicle manufacturer and a large number of distributors, installers and retailers of automotive aftermarket parts. Federal-Mogul's credit evaluation process and the geographical dispersion of sales transactions help to mitigate credit risk concentration. No individual customer accounted for more than 6% of Federal-Mogul's direct sales during the nine months ended September 30, 2014. Federal-Mogul had two Motorparts customers that accounted for 15% of its net accounts receivable balance as of September 30, 2014. Federal-Mogul requires placement of cash in financial institutions evaluated as highly creditworthy.

Energy

CVR is subject to price fluctuations caused by supply conditions, weather, economic conditions, interest rate fluctuations and other factors. To manage price risk on crude oil and other inventories and to fix margins on certain future production, CVR from time to time enters into various commodity derivative transactions.

CVR has adopted accounting standards that impose extensive record-keeping requirements in order to designate a derivative financial instrument as a hedge. CVR holds derivative instruments, such as exchange-traded crude oil futures and certain over-the-counter forward swap agreements, which it believes provide an economic hedge on future transactions, but such instruments are not designated as hedges for GAAP purposes. Gains or losses related to the change in fair value and periodic settlements of these derivative instruments are included in other income (loss), net in the consolidated statements of operations.

CVR maintains a margin account to facilitate other commodity derivative activities. A portion of this account may include funds available for withdrawal. These funds are included in cash and cash equivalents within the consolidated balance sheets. The maintenance margin balance is included within other assets within consolidated balance sheets. Depending upon the position of the open commodity derivatives as of the reporting date, the amounts are classified either as an asset or liability within the consolidated balance sheets. From time to time, CVR may be required to deposit additional funds into this margin account. There were no open commodity positions at September 30, 2014. The fair value of the open commodity positions as of December 31, 2013 was a net gain of less than $1 million which is included in other assets in the consolidated balance sheets. For each of the three months ended September 30, 2014 and 2013, CVR recognized net realized and unrealized gains of less than $1 million, which are included in other income (loss), net in the consolidated statements of operations. For the nine months ended September 30, 2014 and 2013, CVR recognized net realized and unrealized losses of less than $1 million and $2 million, respectively.

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Commodity Swaps

CVR Refining enters into commodity swap contracts in order to fix the margin on a portion of future production. The physical volumes are not exchanged and these contracts are net settled with cash. The contract fair value of the commodity swaps is reflected on the consolidated balance sheets with changes in fair value currently recognized in the consolidated statement of operations. Quoted prices for similar assets or liabilities in active markets (Level 2) are considered to determine the fair values for the purpose of marking to market the hedging instruments at each period end. As of September 30, 2014 and December 31, 2013, CVR had open commodity hedging instruments consisting of 9.8 million and 23.3 million barrels of crack spreads, respectively, primarily to fix the margin on a portion of its future gasoline and distillate production. The fair value of the outstanding contracts at September 30, 2014 and December 31, 2013 was a net asset of $62 million and net liability of $16 million, respectively. For the three months ended September 30, 2014 and 2013, CVR recognized net realized and unrealized gains of $26 million and $72 million, respectively, which are included in other income (loss), net in the consolidated statements of operations. For the nine months ended September 30, 2014 and 2013, CVR recognized net realized and unrealized gains of $171 million and $175 million, respectively.

Interest Rate Swaps

Coffeyville Resources Nitrogen Fertilizers, LLC ("CRNF") is subject to two floating-to-fixed interest rate swap agreements for the purpose of hedging the interest rate risk associated with a portion of its $125 million floating rate term debt, which matures in April 2016. The aggregate notional amount covered under these agreements totals $63 million (split evenly between the two agreement dates) and commenced on August 12, 2011 and expires on February 12, 2016. Under the terms of the interest rate swap agreement entered into on June 30, 2011, CRNF will receive a floating rate based on three-month LIBOR and pay a fixed rate of 1.94%. Under the terms of the interest rate swap agreement entered into on July 1, 2011, CRNF will receive a floating rate based on three-month LIBOR and pay a fixed rate of 1.975%. Both swap agreements are settled every 90 days. The effect of these swap agreements is to lock in a fixed rate of interest of approximately 1.96% plus the applicable margin paid to lenders over three-month LIBOR as governed by the CRNF credit facility. As of both September 30, 2014 and December 31, 2013, the effective rate was approximately 4.6%. The agreements were designated as cash flow hedges at inception and accordingly, the effective portion of the gain or loss on the swap is reported as a component of accumulated other comprehensive income (loss) and will be reclassified into interest expense when the interest rate swap transaction affects earnings. The ineffective portion of the gain or loss will be recognized immediately in interest expense in the consolidated statements of operations. The realized losses on the interest rate swaps reclassified from accumulated other comprehensive loss into interest expense were less than $1 million for each of the three and nine months ended September 30, 2014 and 2013.

Counterparty Credit Risk

CVR Refining’s exchange-traded crude oil futures and certain over-the-counter forward swap agreements are potentially exposed to concentrations of credit risk as a result of economic conditions and periods of uncertainty and illiquidity in the credit and capital markets. CVR Refining manages credit risk on its exchange-traded crude oil futures by completing trades with an exchange clearinghouse, which subjects the trades to mandatory margin requirements until the contract settles. CVR Refining also monitors the creditworthiness of its commodity swap counterparties and assesses the risk of nonperformance on a quarterly basis. Counterparty credit risk identified as a result of this assessment is recognized as a valuation adjustment to the fair value of the commodity swaps recorded in the consolidated balance sheets. As of September 30, 2014, the counterparty credit risk adjustment was not material to the consolidated financial statements. Additionally, CVR Refining does not require any collateral to support commodity swaps into which it enters; however, it does have master netting arrangements that allow for the setoff of amounts receivable from and payable to the same party, which mitigates the risk associated with nonperformance.

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Consolidated Derivative Information

At September 30, 2014, the volume of our derivative activities based on their notional exposure, categorized by primary underlying risk, are as follows:

Primary underlying risk:	Long Notional Exposure (in millions)	Short Notional Exposure
Credit swaps [1]	$390	$1,277
Equity swaps	1	12,352
Foreign currency forwards	2	1,635
Interest rate swap contracts	—	63
Commodity contracts	39	279

(1) The short notional amount on our credit swap positions is $8,540 million. Because credit spreads cannot compress below zero, however, our downside short notional exposure is $1,277 million.

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

Derivatives Not Designated as Hedging Instruments	Asset Derivatives[1] September 30, 2014	December 31, 2013	Liability Derivatives[2] September 30, 2014	December 31, 2013
	(in millions)			
Equity contracts	$81	$—	$104	$654
Foreign exchange contracts	11	1	—	—
Credit contracts	94	—	2	—
Commodity contracts	62	17	—	33
Sub-total	248	18	106	687
Netting across contract types[3]	(3)	(17)	(3)	(17)
Total[3]	$245	$1	$103	$670

(1) Net asset derivatives are located within other assets in our consolidated balance sheets.
(2) Net liability derivatives are located within accrued expenses and other liabilities in our consolidated balance sheets.
(3) Excludes netting of cash collateral received and posted. The total collateral posted at September 30, 2014 and December 31, 2013 was approximately $1.1 billion and $255 million, respectively, across all counterparties.

The following table presents the effects of our derivative instruments not designated as hedging instruments on the statements of operations for each of the three and nine months ended September 30, 2014 and 2013:

Derivatives Not Designated as Hedging Instruments	Gain (Loss) Recognized in Income[1] Three Months Ended September 30, 2014	2013	Nine Months Ended September 30, 2014	2013
	(in millions)			
Equity contracts	$(50)	$(254)	$(772)	$(1,077)
Foreign exchange contracts	141	(82)	144	(52)
Credit contracts	163	—	133	—
Commodity contracts	26	68	171	169
	$280	$(268)	$(324)	$(960)

(1) Gains (losses) recognized on derivatives are classified in net (loss) gain from investment activities in our consolidated statements of operations for our Investment segment and are included in other income (loss), net for

all other segments.

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The following table presents the consolidated fair values of our derivative instruments that are designated as cash flow hedging instruments:

Derivatives Designated as Cash Flow Hedging Instruments	Asset Derivatives[1]		Liability Derivatives[2]	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
	(in millions)			
Interest rate swap contracts	$—	$—	$1	$2
Foreign exchange contracts	—	—	—	1
Commodity contracts	2	1	1	2
Sub-total	2	1	2	5
Netting across contract types	—	(1)	—	(1)
Total	$2	$—	$2	$4

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

The following tables present the effect of our derivative instruments that are designated as cash flow hedging instruments on our consolidated financial statements for each of the three and nine months ended September 30, 2014 and 2013:

Three Months Ended September 30, 2014

Derivatives Designated as Hedging Instruments	Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
	(in millions)	(in millions)	
Interest rate swap contracts	$—	$(1)	Interest expense
Commodity contracts	—	1	Cost of goods sold
Foreign currency contracts	—	—	Cost of goods sold
	$—	$—	

Three Months Ended September 30, 2013

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

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Nine Months Ended September 30, 2014

Derivatives Designated as Hedging Instruments	Amount of (Loss) Gain Recognized in OCI on Derivatives (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)
	(in millions)	(in millions)	
Interest rate swap contracts	$—	$(1)	Interest expense
Commodity contracts	1	(1)	Cost of goods sold
Foreign currency contracts	—	(1)	Cost of goods sold
	$1	$(3)	

Nine Months Ended September 30, 2013

Derivatives Designated as Hedging Instruments	Amount of (Loss) Gain Recognized in OCI on Derivatives (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)
	(in millions)	(in millions)	
Interest rate swap contracts	$1	$(9)	Interest expense
Commodity contracts	(5)	(3)	Cost of goods sold
	$(4)	$(12)	

7. Inventories, Net.
Inventories, net consists of the following:

	September 30, 2014	December 31, 2013
	(in millions)	
Raw materials	$529	$499
Work in process	268	252
Finished goods	1,290	1,151
	$2,087	$1,902

8. Goodwill and Intangible Assets, Net.
Goodwill consists of the following:

	September 30, 2014			December 31, 2013		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
	(in millions)					
Automotive	$1,392	$(226)	$1,166	$1,360	$(226)	$1,134
Energy	930	—	930	930	—	930
Railcar	7	—	7	7	—	7
Food Packaging	3	—	3	3	—	3
	$2,332	$(226)	$2,106	$2,300	$(226)	$2,074

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Intangible assets, net consists of the following:

	September 30, 2014			December 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
	(in millions)					
Definite-lived intangible assets:						
Customer relationships	$962	$(332)	$630	$914	$(291)	$623
Developed technology	120	(75)	45	120	(67)	53
In-place leases	121	(60)	61	121	(53)	68
Gasification technology license	60	(6)	54	60	(4)	56
Other	47	(20)	27	47	(18)	29
	$1,310	$(493)	$817	$1,262	$(433)	$829
Indefinite-lived intangible assets:						
Trademarks and brand names			$258			$255
Gaming licenses			38			29
			296			284
Intangible assets, net			$1,113			$1,113

Amortization expense associated with definite-lived intangible assets for the three months ended September 30, 2014 and 2013 was $22 million and $21 million, respectively, and $62 million and $62 million for the nine months ended September 30, 2014 and 2013, respectively. We utilize the straight-line method of amortization, recognized over the estimated useful lives of the assets.

Automotive

During the first quarter of 2014, our Automotive segment acquired Dimitrovgradskiy Zavod Vkladishey, a Russian bearings manufacturer, for $17 million in cash and allocated $8 million to goodwill, $2 million to customer relationships and $2 million to trademarks and brand names.

As further discussed in Note 2, "Operating Units - Automotive," during the second quarter of 2014, our Automotive segment consummated its Affinia Acquisition, recording $26 million in goodwill, $1 million of brand names and $51 million of customer relationships based on fair values as of the acquisition date. Fair values were determined using a combination of cost, income and market approaches. The preliminary allocation of the fair value of the assets acquired is subject to additional adjustment to provide Federal-Mogul with adequate time to complete the valuation of its Affinia Acquisition. The Affinia and Lumière (as discussed below) acquisitions are not material to our consolidated financial statements, either individually or in the aggregate.

We are currently performing the annual goodwill impairment test as of October 1, 2014 for our Automotive segment which will be finalized during the fourth quarter of 2014.

Energy

We perform our annual goodwill impairment analysis as of April 30th of each year for our Energy segment, or more frequently if impairment indicators exist, in accordance with the provisions of FASB ASC Topic 350-20-35, Goodwill - Subsequent Measurement and FASB ASC Topic 820, Fair Value Measurement. The first step of the impairment analysis involves comparing the fair values of these assets to the respective carrying values to determine the potential for goodwill impairment. The second step of the impairment test, if necessary, involves quantifying the level of goodwill impairment. These fair values are based upon consideration of various valuation methodologies, including projected future cash flows discounted at rates of return commensurate with the risks involved and pricing multiples

of current and future earnings observed for comparable public companies.
All of our Energy reporting units with goodwill passed "Step 1" of the April 30, 2014 goodwill impairment analysis. Petroleum and Fertilizer, representing our Energy segment reporting units, had fair values that were substantially in excess of their carrying values. Based on the results of our "Step 1" goodwill impairment analysis for our Energy segment, we concluded

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that no impairment existed and therefore "Step 2" of the goodwill impairment analysis was not necessary. As of September 30, 2014, our Petroleum and Fertilizer reporting units had goodwill of $574 million and $356 million, respectively.

Railcar

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

Gaming

As discussed in Note 2, "Operating Units - Gaming," on April 1, 2014, Tropicana consummated its previously announced acquisition of Lumière. A preliminary valuation of the assets of Lumière resulted in $252 million allocated to tangible net assets and $9 million allocated to other intangible assets based on the fair values of net assets acquired as of the acquisition date. The preliminary allocation of the fair value of the net assets acquired is subject to additional adjustment to provide Tropicana with adequate time to complete the valuation of its Lumière acquisition. The Affinia (as discussed above) and Lumière acquisitions are not material to our consolidated financial statements, either individually or in the aggregate.

The gaming license is valued based on the Greenfield method, which takes into account the cost to build a new casino operation, build-out period, projected cash flows attributed to the business once operational and a discount rate. The projected cash flows assumed a revenue growth rate of 2.0% and an effective tax rate of 38.1%. The discount rate assumed was 12.0%, based on the weighted average cost of capital plus a premium to reflect the risk of construction costs and timing.

9. Property, Plant and Equipment, Net.

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

	Useful Life	Sept