

ICAHN ENTERPRISES L.P.  
 Form 10-Q  
 November 03, 2016

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, 2016

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. 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  Accelerated Filer  Large Accelerated Filer  Accelerated Filer   
 Non-accelerated Filer  Smaller Reporting Company  Non-accelerated Filer  Smaller Reporting Company

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

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

As of November 2, 2016, there were 141,693,617 of Icahn Enterprises' depositary units outstanding.

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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

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except unit amounts)

|  | September<br>30, 2016 | December 31,<br>2015 |
|--|-----------------------|----------------------|
|  | (Unaudited)           |                      |
| <b>ASSETS</b>  |                       |                      |
| Cash and cash equivalents  | \$ 2,002              | \$ 2,078             |
| Cash held at consolidated affiliated partnerships and restricted cash  | 692                   | 1,282                |
| Investments  | 9,987                 | 15,351               |
| Accounts receivable, net   | 1,725                 | 1,685                |
| Inventories, net   | 2,957                 | 2,259                |
| Property, plant and equipment, net   | 11,446                | 9,678                |
| Goodwill   | 1,141                 | 1,504                |
| Intangible assets, net   | 1,107                 | 1,108                |
| Other assets   | 2,028                 | 1,458                |
| Total Assets   | \$ 33,085             | \$ 36,403            |
| <b>LIABILITIES AND EQUITY</b>  |                       |                      |
| Accounts payable   | \$ 1,717              | \$ 1,416             |
| Accrued expenses and other liabilities   | 2,475                 | 1,828                |
| Deferred tax liability   | 1,680                 | 1,197                |
| Securities sold, not yet purchased, at fair value  | 1,210                 | 794                  |
| Due to brokers   | 3,030                 | 7,317                |
| Post-employment benefit liability  | 1,204                 | 1,224                |
| Debt   | 12,971                | 12,594               |
| Total liabilities  | 24,287                | 26,370               |
| Commitments and contingencies (Note 17)  |                       |                      |
| Equity:  |                       |                      |
| Limited partners: Depository units: 141,693,617 units issued and outstanding at September 30, 2016 and 131,481,059 units issued and outstanding at December 31, 2015 | 2,775                 | 4,244                |
| General partner  | (287                  | ) (257               |
| Equity attributable to Icahn Enterprises   | 2,488                 | 3,987                |
| Equity attributable to non-controlling interests   | 6,310                 | 6,046                |
| Total equity   | 8,798                 | 10,033               |
| Total Liabilities and Equity   | \$ 33,085             | \$ 36,403            |

See notes to condensed consolidated financial statements.

## ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per unit amounts)

|   | Three Months<br>Ended<br>September 30,<br>2016 |           | Nine Months<br>Ended<br>September 30,<br>2015 |           |
|---|--|-----------|---|-----------|
|   | 2016   | 2015      | 2016  | 2015      |
| Revenues:   | (Unaudited)                                    |           |   |           |
| Net sales   | \$3,904  | \$3,720   | \$11,546                                      | \$11,264  |
| Other revenues from operations                                    | 537  | 366       | 1,506   | 1,042     |
| Net gain (loss) from investment activities                        | 418  | (947 )    | (826 )  | 236       |
| Interest and dividend income                                      | 27   | 36        | 97  | 136       |
| Other income, net   | 13   | 37        | 53  | 29        |
|   | 4,899  | 3,212     | 12,376  | 12,707    |
| Expenses:   |  |           |   |           |
| Cost of goods sold  | 3,378  | 3,224     | 9,949   | 9,673     |
| Other expenses from operations                                    | 342  | 168       | 902   | 484       |
| Selling, general and administrative                               | 603  | 418       | 1,736   | 1,423     |
| Restructuring   | 8  | 18        | 29  | 57        |
| Impairment  | 93   | 6         | 670   | 10        |
| Interest expense  | 222  | 296       | 665   | 853       |
|   | 4,646  | 4,130     | 13,951  | 12,500    |
| Income (loss) before income tax expense                           | 253  | (918 )    | (1,575 )                                      | 207       |
| Income tax expense  | (15 )  | (22 )     | (81 )   | (184 )    |
| Net income (loss)   | 238  | (940 )    | (1,656 )                                      | 23        |
| Less: net (income) loss attributable to non-controlling interests | (254 )   | 500       | 734   | (90 )     |
| Net loss attributable to Icahn Enterprises                        | \$(16 )  | \$(440 )  | \$(922 )                                      | \$(67 )   |
| Net loss attributable to Icahn Enterprises allocable to:          |  |           |   |           |
| Limited partners  | \$(16 )  | \$(432 )  | \$(904 )                                      | \$(66 )   |
| General partner   | —  | (8 )      | (18 )   | (1 )      |
|   | \$(16 )  | \$(440 )  | \$(922 )                                      | \$(67 )   |
| Basic and diluted loss per LP unit                                | \$(0.12 )                                      | \$(3.40 ) | \$(6.70 )                                     | \$(0.53 ) |
| Basic and diluted weighted average LP units outstanding           | 139  | 127       | 135   | 125       |
| Cash distributions declared per LP unit                           | \$1.50   | \$1.50    | \$4.50  | \$4.50    |

See notes to condensed consolidated financial statements.

## ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

|   | Three Months<br>Ended<br>September 30,<br>2016 |         | Nine Months<br>Ended<br>September 30,<br>2015 |         |
|---|--|---------|---|---------|
|   | 2016   | 2015    | 2016  | 2015    |
|   | (Unaudited)                                    |         |   |         |
| Net income (loss)   | \$238  | \$(940) | \$(1,656)                                     | \$23    |
| Other comprehensive income (loss), net of tax:                              |  |         |   |         |
| Post-employment benefits  | 7  | 10      | 17  | 34      |
| Hedge instruments   | 1  | —       | 2   | (1 )    |
| Translation adjustments and other   | 3  | (97 )   | (10 )   | (200 )  |
| Other comprehensive income (loss), net of tax                               | 11   | (87 )   | 9   | (167 )  |
| Comprehensive income (loss)   | 249  | (1,027) | (1,647 )                                      | (144 )  |
| Less: Comprehensive (income) loss attributable to non-controlling interests | (257 )   | 519     | 727   | (53 )   |
| Comprehensive loss attributable to Icahn Enterprises                        | \$(8 )   | \$(508) | \$(920 )                                      | \$(197) |
| Comprehensive loss attributable to Icahn Enterprises allocable to:          |  |         |   |         |
| Limited partners  | \$(8 )   | \$(498) | \$(902 )                                      | \$(193) |
| General partner   | —  | (10 )   | (18 )   | (4 )    |
|   | \$(8 )   | \$(508) | \$(920 )                                      | \$(197) |

Accumulated other comprehensive loss was \$1,448 million and \$1,457 million at September 30, 2016 and December 31, 2015, respectively.

See notes to condensed consolidated financial statements.





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

|  | Equity Attributable to<br>Icahn Enterprises |                                |                              |                              |                 |
|--|---|--------------------------------|------------------------------|------------------------------|-----------------|
|  | General<br>Partner's<br>(Deficit)<br>Equity | Limited<br>Partners'<br>Equity | Total<br>Partners'<br>Equity | Non-controlling<br>Interests | Total<br>Equity |
| Balance, December 31, 2015   | \$(257)                                     | \$4,244                        | \$3,987                      | \$6,046                      | \$10,033        |
| Net loss   | (18)  | (904)                          | (922)                        | (734)                        | (1,656)         |
| Other comprehensive income   | —   | 2                              | 2                            | 7                            | 9               |
| Partnership distributions  | (2)   | (79)                           | (81)                         | —                            | (81)            |
| Partnership contribution   | 1   | —                              | 1                            | —                            | 1               |
| Investment segment contributions   | —   | —                              | —                            | 498                          | 498             |
| Dividends and distributions to non-controlling interests in subsidiaries | —   | —                              | —                            | (74)                         | (74)            |
| Acquisitions   | (11)  | (518)                          | (529)                        | 589                          | 60              |
| LP unit issuance   | —   | 35                             | 35                           | —                            | 35              |
| Changes in subsidiary equity and other                                   | —   | (5)                            | (5)                          | (22)                         | (27)            |
| Balance, September 30, 2016  | \$(287)                                     | \$2,775                        | \$2,488                      | \$6,310                      | \$8,798         |

|  | Equity Attributable to<br>Icahn Enterprises |                                |                              |                              |                 |
|--|---|--------------------------------|------------------------------|------------------------------|-----------------|
|  | General<br>Partner's<br>(Deficit)<br>Equity | Limited<br>Partners'<br>Equity | Total<br>Partners'<br>Equity | Non-controlling<br>Interests | Total<br>Equity |
| Balance, December 31, 2014   | \$(229)                                     | \$5,672                        | \$5,443                      | \$6,947                      | \$12,390        |
| Net (loss) income  | (1)   | (66)                           | (67)                         | 90                           | 23              |
| Other comprehensive loss   | (3)   | (127)                          | (130)                        | (37)                         | (167)           |
| Partnership distributions  | (2)   | (85)                           | (87)                         | —                            | (87)            |
| Investment segment contributions   | —   | —                              | —                            | 246                          | 246             |
| Dividends and distributions to non-controlling interests in subsidiaries | —   | —                              | —                            | (190)                        | (190)           |
| Proceeds from subsidiary equity offering                                 | —   | —                              | —                            | 31                           | 31              |
| Acquisitions   | —   | —                              | —                            | 90                           | 90              |
| Changes in subsidiary equity and other                                   | —   | (19)                           | (19)                         | (31)                         | (50)            |
| Balance, September 30, 2015  | \$(235)                                     | \$5,375                        | \$5,140                      | \$7,146                      | \$12,286        |

See notes to condensed consolidated financial statements.

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

(In millions)

|  | Nine Months Ended<br>September 30,<br>2016<br>(Unaudited) |          | 2015     |    |
|--|---|----------|----------|----|
| Cash flows from operating activities:  |   |          |          |    |
| Net (loss) income  | \$  | (1,656 ) | \$       | 23 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |   |          |          |    |
| Net loss (gain) from securities transactions   | (257 )  | )        | 1,249    |    |
| Purchases of securities  | (1,440 )  | )        | (3,753 ) | )  |
| Proceeds from sales of securities  | 6,863   |          | 3,404    |    |
| Purchases to cover securities sold, not yet purchased                                    | (227 )  | )        | (438 )   | )  |
| Proceeds from securities sold, not yet purchased   | 589   |          | 1,261    |    |
| Changes in receivables and payables relating to securities transactions                  | (5,087 )  | )        | (598 )   | )  |
| Depreciation and amortization  | 748   |          | 641      |    |
| Impairment   | 670   |          | 10       |    |
| Equity earnings from non-consolidated affiliates   | (48 )   | )        | (43 )    | )  |
| Deferred taxes   | —   |          | 58       |    |
| Other, net   | 64  |          | (28 )    | )  |
| Changes in cash held at consolidated affiliated partnerships and restricted cash         | 583   |          | 3        |    |
| Changes in other operating assets and liabilities  | 520   |          | (1,279 ) | )  |
| Net cash provided by operating activities  | 1,322   |          | 510      |    |
| Cash flows from investing activities:  |   |          |          |    |
| Capital expenditures   | (615 )  | )        | (1,067 ) | )  |
| Acquisition of businesses, net of cash acquired  | (1,047 )  | )        | (855 )   | )  |
| Purchases of investments   | (97 )   | )        | (107 )   | )  |
|  | 66  |          | 68       |    |

|  |          |   |          |   |
|--|----------|---|----------|---|
| Proceeds from sale of investments  |          |   |          |   |
| Other, net   | 26       |   | 102      |   |
| Net cash used in investing activities                                    | (1,667   | ) | (1,859   | ) |
| Cash flows from financing activities:                                    |          |   |          |   |
| Capital contributions by non-controlling interests                       | 505      |   | 246      |   |
| Capital distributions to non-controlling interests                       | (7       | ) | (1       | ) |
| Partnership contributions  | 1        |   | —        |   |
| Partnership distributions  | (81      | ) | (87      | ) |
| Proceeds from offering of subsidiary equity                              | —        |   | 31       |   |
| Dividends and distributions to non-controlling interests in subsidiaries | (74      | ) | (190     | ) |
| Proceeds from other borrowings   | 1,905    |   | 1,284    |   |
| Repayments of other borrowings   | (1,959   | ) | (737     | ) |
| Other, net   | (11      | ) | (68      | ) |
| Net cash provided by financing activities                                | 279      |   | 478      |   |
| Effect of exchange rate changes on cash and cash equivalents             | (22      | ) | —        |   |
| Net change in cash of assets held for sale                               | 12       |   | —        |   |
| Net decrease in cash and cash equivalents                                | (76      | ) | (871     | ) |
| Cash and cash equivalents, beginning of period                           | 2,078    |   | 2,912    |   |
| Cash and cash equivalents, end of period                                 | \$ 2,002 |   | \$ 2,041 |   |

Supplemental information:

|   |       |       |
|---|-------|-------|
| Cash payments for interest, net of amounts capitalized                    | \$538 | \$536 |
| Net cash payments (refunds) for income taxes                              | \$66  | \$13  |
| Investment in Pep Boys prior to acquiring a controlling interest          | \$160 | \$—   |
| Investment in Trump prior to acquiring a controlling interest             | \$126 | \$—   |
| LP unit issuance for remaining 25% interest in ARL                        | \$35  | \$—   |
| Subsidiary common unit issuance for acquisition of CVR Nitrogen           | \$336 | \$—   |
| Investment in Ferrous Resources prior to acquiring a controlling interest | \$—   | \$36  |

See notes to condensed consolidated financial statements.

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ICAHN ENTERPRISES HOLDINGS L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

|   | September<br>30, 2016 | December 31,<br>2015 |
|---|-----------------------|----------------------|
| ASSETS  | (Unaudited)           |                      |
| Cash and cash equivalents   | \$ 2,002              | \$ 2,078             |
| Cash held at consolidated affiliated partnerships and restricted cash | 692                   | 1,282                |
| Investments   | 9,987                 |                      |