UNIVERSAL ELECTRONICS INC
Form 10-Q
May 10, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2016
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 0-21044

UNIVERSAL ELECTRONICS INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	33-0204817
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
201 E. Sandpointe Avenue, 8th Floor Santa Ana, California	92707
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (714) 918-9500

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, and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, any Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer ý
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No ý
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 14,432,424 shares of Common Stock, par value $0.01 per share, of the registrant were outstanding on May 5, 2016.

UNIVERSAL ELECTRONICS INC.

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PART I. FINANCIAL INFORMATION
ITEM 1. Consolidated Financial Statements (Unaudited)
UNIVERSAL ELECTRONICS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share-related data)
(Unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$56,077	$ 52,966
Restricted cash	4,623	4,623
Accounts receivable, net	110,992	121,801
Inventories, net	117,692	122,366
Prepaid expenses and other current assets	7,902	6,217
Income tax receivable	38	55
Deferred income taxes	7,210	7,296
Total current assets	304,534	315,324
Property, plant, and equipment, net	93,535	90,015
Goodwill	43,184	43,116
Intangible assets, net	31,935	32,926
Deferred income taxes	10,513	8,474
Other assets	5,335	5,365
Total assets	$489,036	$ 495,220
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$79,800	$ 93,843
Line of credit	57,987	50,000
Accrued compensation	32,804	37,452
Accrued sales discounts, rebates and royalties	6,558	7,618
Accrued income taxes	2,401	4,745
Other accrued expenses	20,497	21,466
Total current liabilities	200,047	215,124
Long-term liabilities:		
Long-term contingent consideration	10,504	11,751
Deferred income taxes	9,415	7,891
Income tax payable	629	629
Other long-term liabilities	1,891	1,917
Total liabilities	222,486	237,312
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock, $0.01 par value, 50,000,000 shares authorized; 23,286,653 and 23,176,277 shares issued on March 31, 2016 and December 31, 2015, respectively	233	232
Paid-in capital	234,523	228,269
Treasury stock, at cost, 8,857,702 and 8,824,768 shares on March 31, 2016 and December 31, 2015, respectively	(212,057)	(210,333)
Accumulated other comprehensive income (loss)	(14,431)	(15,799)
Retained earnings	257,961	255,240

Universal Electronics Inc. stockholders' equity	266,229	257,609
Noncontrolling interest	321	299
Total stockholders' equity	266,550	257,908
Total liabilities and stockholders' equity	$489,036	$ 495,220

See Notes 4 and 9 for further information concerning our purchases from related party vendors.
The accompanying notes are an integral part of these consolidated financial statements.

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UNIVERSAL ELECTRONICS INC.
CONSOLIDATED INCOME STATEMENTS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net sales	$150,658	$132,705
Cost of sales	113,011	95,296
Gross profit	37,647	37,409
Research and development expenses	5,186	4,434
Selling, general and administrative expenses	29,420	26,872
Operating income	3,041	6,103
Interest income (expense), net	(267)	110
Other income (expense), net	720	230
Income before provision for income taxes	3,494	6,443
Provision for income taxes	751	1,254
Net income	2,743	5,189
Net income (loss) attributable to noncontrolling interest	22	—
Net income attributable to Universal Electronics Inc.	$2,721	$5,189
Earnings per share attributable to Universal Electronics Inc.:		
Basic	$0.19	$0.33
Diluted	$0.19	$0.32
Shares used in computing earnings per share:		
Basic	14,373	15,907
Diluted	14,637	16,243

See Notes 4 and 9 for further information concerning our purchases from related party vendors.
The accompanying notes are an integral part of these consolidated financial statements.

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UNIVERSAL ELECTRONICS INC.
CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net income	$2,743	$5,189
Other comprehensive income (loss):		
Change in foreign currency translation adjustment	1,368	(4,258)
Total comprehensive income (loss)	4,111	931
Comprehensive income (loss) attributable to noncontrolling interest	22	—
Comprehensive income (loss) attributable to Universal Electronics Inc.	$4,089	$931

See Notes 4 and 9 for further information concerning our purchases from related party vendors.
The accompanying notes are an integral part of these consolidated financial statements.

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UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Cash provided by (used for) operating activities:		
Net income	$2,743	$5,189
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	5,929	4,667
Provision for doubtful accounts	(40)	2
Provision for inventory write-downs	756	906
Deferred income taxes	(407)	(806)
Tax benefit from exercise of stock options and vested restricted stock	616	567
Excess tax benefit from stock-based compensation	(668)	(587)
Shares issued for employee benefit plan	345	391
Employee and director stock-based compensation	2,493	1,959
Performance-based warrant stock-based compensation	866	—
Changes in operating assets and liabilities:		
Accounts receivable	12,255	342
Inventories	5,095	(5,993)
Prepaid expenses and other assets	(1,604)	755
Accounts payable and accrued expenses	(22,900)	(12,209)
Accrued income taxes	(2,338)	(832)
Net cash provided by (used for) operating activities	3,141	(5,649)
Cash used for investing activities:		
Acquisition of property, plant, and equipment	(7,480)	(7,210)
Acquisition of intangible assets	(564)	(681)
Net cash used for investing activities	(8,044)	(7,891)
Cash provided by (used for) financing activities:		
Borrowings under line of credit	42,987	—
Repayments on line of credit	(35,000)	—
Proceeds from stock options exercised	1,935	989
Treasury stock purchased	(1,724)	(4,021)
Excess tax benefit from stock-based compensation	668	587
Net cash provided by (used for) financing activities	8,866	(2,445)
Effect of exchange rate changes on cash	(852)	566
Net increase (decrease) in cash and cash equivalents	3,111	(15,419)
Cash and cash equivalents at beginning of year	52,966	112,521
Cash and cash equivalents at end of period	$56,077	$97,102
Supplemental cash flow information:		
Income taxes paid	$2,933	$2,000
Interest paid	$302	$—

See Notes 4 and 9 for further information concerning our purchases from related party vendors.
The accompanying notes are an integral part of these consolidated financial statements.

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UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016
(Unaudited)

Note 1 — Basis of Presentation and Significant Accounting Policies

In the opinion of management, the accompanying consolidated financial statements of Universal Electronics Inc. and its subsidiaries contain all the adjustments necessary for a fair presentation of financial position, results of operations and cash flows for the periods presented. All such adjustments are of a normal recurring nature. Information and footnote disclosures normally included in financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. As used herein, the terms "Company," "we," "us," and "our" refer to Universal Electronics Inc. and its subsidiaries, unless the context indicates to the contrary.

Our results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk," and the "Financial Statements and Supplementary Data" included in Items 1A, 7, 7A, and 8, respectively, of our Annual Report on Form 10-K for the year ended December 31, 2015.

Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and assumptions, including those related to revenue recognition, allowances for sales returns and doubtful accounts, inventory valuation, our review for impairment of long-lived assets, intangible assets and goodwill, business combinations, income taxes and stock-based compensation expense. Actual results may differ from these estimates and assumptions, and they may be adjusted as more information becomes available. Any adjustment may be material.

See Note 2 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015 for a summary of our significant accounting policies.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers", which will supersede most existing U.S. GAAP revenue recognition guidance. This new standard requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. In addition, ASU 2014-09 contains expanded disclosure requirements relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for fiscal periods beginning after December 15, 2016 and permits the use of either the full retrospective or cumulative effect transition method. On July 9, 2015, the FASB postponed the effective date of the new revenue standard by one year; however, early adoption is permitted as of the original effective date. We have not yet selected a transition method and are evaluating the impact that this new standard will have on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement," which amends Accounting Standards Codification ("ASC") 350, "Intangibles - Goodwill and Other". The amendments provide guidance as to whether a cloud computing arrangement includes a software license, and based on that determination, how to account for such arrangements. ASU 2015-05 is effective for fiscal periods beginning after December 15, 2015 and permits the use of either the prospective or retrospective transition method. The adoption of ASU 2015-05 did not have a material impact on our consolidated financial position or results of operations.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory", which states that inventory should be measured at the lower of cost and net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. ASU 2015-11 is effective for fiscal periods beginning after December 15, 2016 and must be applied prospectively. Early adoption is permitted. We are currently evaluating the impact that ASU 2015-11 will have on our consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, "Simplifying the Accounting for Measurement-period Adjustments." This new guidance requires an acquirer in a business combination to recognize adjustments to the provisional amounts that are identified during the measurement period to be reported in the period in which the adjustment amounts are determined. In addition, the effect on earnings of changes in depreciation, amortization and other items as a result of the change to the provisional amounts, calculated as if the accounting had been complete as of the acquisition date, must be recorded in the reporting period in which the adjustment amounts are determined. ASU 2015-16 is effective for fiscal periods beginning after December 15, 2015 and must be applied prospectively. The adoption of ASU 2015-16 did not have a material impact on our consolidated financial position or results of operations.

In November 2015, the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes." This new guidance requires all deferred tax assets and liabilities, along with any related valuation allowance, be classified as non-current on the balance sheet. ASU 2015-17 is effective for fiscal periods beginning after December 15, 2016 and may be adopted either prospectively or retrospectively. Early adoption is permitted. We have not yet selected a transition method and are currently evaluating the impact that ASU 2015-17 will have on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases", which changes the accounting for leases and requires expanded disclosures about leasing activities. This new guidance will require lessees to recognize a right of use asset and a lease liability at the commencement date for all leases with terms greater than twelve months. Accounting by lessors is largely unchanged. ASU 2016-02 is effective for fiscal periods beginning after December 15, 2018 and must be adopted using a modified retrospective approach. Early adoption is permitted. We are currently evaluating the impact that ASU 2016-02 will have on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09,"Improvements to Employee Share-Based Payment Accounting", which amends ASC 718, "Compensation - Stock Compensation". ASU 2016-09 is intended to simplify several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal periods beginning after December 15, 2016. Early adoption is permitted. We are currently evaluating the impact that ASU 2016-09 will have on our consolidated financial statements.

Note 2 — Cash and Cash Equivalents and Restricted Cash

Cash and Cash Equivalents

Cash and cash equivalents were held in the following geographic regions:

(In thousands)	March 31, 2016	December 31, 2015
United States	$ 10,229	$ 8,458
People's Republic of China ("PRC")	29,596	28,681
Asia (excluding the PRC)	5,313	5,346
Europe	8,251	8,093
South America	2,688	2,388
Total cash and cash equivalents	$ 56,077	$ 52,966

Restricted Cash

In connection with the court order issued on September 4, 2015, we placed $4.6 million of cash into a collateralized surety bond. This bond has certain restrictions for liquidation and has therefore been classified as restricted cash. Refer to Note 10 for further information about this ongoing litigation.

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UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016
(Unaudited)

Note 3 — Accounts Receivable, Net and Revenue Concentrations

Accounts receivable, net were as follows:

(In thousands)	March 31, 2016	December 31, 2015
Trade receivables, gross	$108,831	$ 119,090
Allowance for doubtful accounts	(799)	(822)
Allowance for sales returns	(424)	(507)
Net trade receivables	107,608	117,761
Other	3,384	4,040
Accounts receivable, net	$110,992	$ 121,801

Allowance for Doubtful Accounts

Changes in the allowance for doubtful accounts were as follows:

(In thousands)	Three Months Ended March 31, 2016	2015
Balance at beginning of period	$822	$616
Additions (reductions) to costs and expenses	(40)	2
(Write-offs)/Foreign exchange effects	17	(18)
Balance at end of period	$799	$600

Sales Returns

The allowance for sales returns at March 31, 2016 and December 31, 2015 included reserves for items returned prior to period-end that were not completely processed, and therefore had not yet been removed from the allowance for sales returns balance. If these returns had been fully processed, the allowance for sales returns balance would have been approximately $0.3 million and $0.3 million on March 31, 2016 and December 31, 2015, respectively. The value of these returned goods was included in our inventory balance at March 31, 2016 and December 31, 2015.

Significant Customers

Net sales to the following customers totaled more than 10% of our net sales:

	Three Months Ended March 31, 2016		2015	
	$ (thousands)	% of Net Sales	$ (thousands)	% of Net Sales
Comcast Corporation	$39,609	26.3 %	$15,577	11.7 %
DIRECTV	16,819	11.2	17,365	13.1

Trade receivables associated with these significant customers that totaled more than 10% of our accounts receivable, net were as follows:

	March 31, 2016		December 31, 2015	
	$ (thousands)	% of Net Sales	$ (thousands)	% of Net Sales
Comcast Corporation	27,126	24.4 %	29,404	24.1 %
DIRECTV	12,769	11.5 %	— [(1)]	— % [(1)]

[(1)] Trade receivables associated with this customer did not total more than 10% of our accounts receivable, net at December 31, 2015.

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UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016
(Unaudited)

Note 4 — Inventories, Net and Significant Supplier
Inventories, net were as follows:

(In thousands)	March 31, 2016	December 31, 2015
Raw materials	$28,051	$ 29,290
Components	13,694	12,228
Work in process	6,350	5,671
Finished goods	72,889	78,222
Reserve for excess and obsolete inventory	(3,292)	(3,045)
Inventories, net	$117,692	$ 122,366

Reserve for Excess and Obsolete Inventory
Changes in the reserve for excess and obsolete inventory were as follows:

(In thousands)	Three Months Ended March 31, 2016	2015
Balance at beginning of period	$3,045	$2,539
Additions charged to costs and expenses [1]	693	811
Sell through [2]	(211)	(406)
Write-offs/Foreign exchange effects	(235)	(407)
Balance at end of period	$3,292	$2,537

(1) The additions charged to costs and expenses do not include inventory directly written-off that was scrapped during production totaling $63 thousand and $95 thousand for the three months ended March 31, 2016 and 2015, respectively. These amounts are production waste and are not included in management's reserve for excess and obsolete inventory.
(2) These amounts represent the reduction in reserves associated with inventory items that were sold during the period.

Significant Supplier
We purchase integrated circuits, components and finished goods from multiple sources. Texas Instruments provided $8.5 million or 10.8%, of total inventory purchases during the three months ended March 31, 2016. Victory Chemical Co., Ltd. provided $8.2 million or 11.2%, of total inventory purchases during the three months ended March 31, 2015.

Related Party Supplier
We purchase certain printed circuit board assemblies from a related party supplier. The supplier is considered a related party for financial reporting purposes because our Senior Vice President of Strategic Operations owns 40% of this vendor. Inventory purchases from this supplier were as follows:

	Three Months Ended March 31, 2016 $ (thousands)	2016 % of Total Inventory Purchases	2015 $ (thousands)	2015 % of Total Inventory Purchases
Related party supplier	$1,612	2.0 %	$2,094	2.9 %

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Total accounts payable to this supplier were as follows:

	March 31, 2016		December 31, 2015	
	$ (thousands)	% of Accounts Payable	$ (thousands)	% of Accounts Payable
Related party supplier	$1,638	2.1 %	$2,361	2.5 %

Our payable terms and pricing with this supplier are consistent with the terms offered by other suppliers in the ordinary course of business. The accounting policies that we apply to our transactions with our related party supplier are consistent with those applied in transactions with independent third parties. Corporate management routinely monitors purchases from our related party supplier to ensure these purchases remain consistent with our business objectives.

Note 5 — Goodwill and Intangible Assets, Net

Goodwill

Changes in the carrying amount of goodwill were as follows:

(In thousands)	
Balance at December 31, 2015	$43,116
Foreign exchange effects	68
Balance at March 31, 2016	$43,184

Intangible Assets, Net

The components of intangible assets, net were as follows:

	March 31, 2016			December 31, 2015		
(In thousands)	Gross [(1)]	Accumulated Amortization [(1)]	Net	Gross [(1)]	Accumulated Amortization [(1)]	Net
Distribution rights	$327	$ (107)	$220	$312	$ (96)	$216
Patents	11,468	(4,580)	6,888	11,425	(4,737)	6,688
Trademarks and trade names	2,400	(1,117)	1,283	2,401	(1,053)	1,348
Developed and core technology	12,585	(2,611)	9,974	12,587	(2,144)	10,443
Capitalized software development costs	235	(118)	117	167	(97)	70
Customer relationships	27,697	(14,244)	13,453	27,715	(13,554)	14,161
Total intangible assets, net	$54,712	$ (22,777)	$31,935	$54,607	$ (21,681)	$32,926

(1) This table excludes the gross value of fully amortized intangible assets totaling $9.4 million and $9.0 million at March 31, 2016 and December 31, 2015, respectively.

Amortization expense is recorded in selling, general and administrative expenses, except amortization expense related to capitalized software development costs which is recorded in cost of sales. Amortization expense by income statement caption was as follows:

	Three Months Ended March 31,	
(In thousands)	2016	2015

Cost of sales	$21	$35
Selling, general and administrative expenses	1,533	1,004
Total amortization expense	$1,554	$1,039

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Estimated future annual amortization expense related to our intangible assets at March 31, 2016, is as follows:

(In thousands)	
2016 (remaining 9 months)	$4,778
2017	6,303
2018	6,250
2019	6,235
2020	5,495
Thereafter	2,874
Total	$31,935

Note 6 — Line of Credit

On October 9, 2014, we extended the term of our Amended and Restated Credit Agreement ("Amended Credit Agreement") with U.S. Bank National Association ("U.S. Bank") to November 1, 2017. The Amended Credit Agreement provided for a $55.0 million line of credit ("Credit Line") that may be used for working capital and other general corporate purposes including acquisitions, share repurchases and capital expenditures. On September 3, 2015, we entered into the Second Amendment to the Amended Credit Agreement in which the Credit Line was increased to $65.0 million. On November 10, 2015, we entered into the Third Amendment to the Amended Credit Agreement in which the Credit Line was increased to $85.0 million. Amounts available for borrowing under the Credit Line are reduced by the balance of any outstanding letters of credit, of which there were $13 thousand at March 31, 2016.

All obligations under the Credit Line are secured by substantially all of our U.S. personal property and tangible and intangible assets as well as 65% of our ownership interest in Enson Assets Limited, our wholly-owned subsidiary which controls our manufacturing factories in the PRC.

Under the Amended Credit Agreement, we may elect to pay interest on the Credit Line based on LIBOR plus an applicable margin (varying from 1.25% to 1.75%) or base rate (based on the prime rate of U.S. Bank or as otherwise specified in the Amended Credit Agreement) plus an applicable margin (varying from 0.00% to 0.50%). The applicable margins are calculated quarterly and vary based on our cash flow leverage ratio as set forth in the Amended Credit Agreement. The interest rate in effect at March 31, 2016 was 1.69%. There are no commitment fees or unused line fees under the Amended Credit Agreement.

The Amended Credit Agreement includes financial covenants requiring a minimum fixed charge coverage ratio and a maximum cash flow leverage ratio. In addition, the Amended Credit Agreement also contains other customary affirmative and negative covenants and events of default. As of March 31, 2016, we were in compliance with the covenants and conditions of the Amended Credit Agreement.

At March 31, 2016, we had $58.0 million outstanding under the Credit Line. Our total interest expense on borrowings was $0.3 million during the three months ended March 31, 2016. We had no interest expense or borrowings during the three months ended March 31, 2015.

Note 7 — Income Taxes

We utilize our estimated annual effective tax rate to determine our provision for income taxes for interim periods. The income tax provision is computed by taking the estimated annual effective tax rate and multiplying it by the year-to-date pre-tax book income.

We recorded income tax expense of $0.8 million and $1.3 million for the three months ended March 31, 2016 and 2015, respectively. Our effective tax rate was 21.5% and 19.5% during the three months ended March 31, 2016 and 2015, respectively. Our effective tax rate was lower in the prior year primarily due to the recording of a $0.3 million tax refund in China during the three months ended March 31, 2015 related to certain deductible research and development expenses incurred in 2013.

At March 31, 2016, we had gross unrecognized tax benefits of $3.7 million, including interest and penalties, of which $3.3 million would affect the annual effective tax rate if these tax benefits are realized. Further, we are unaware of any positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly change within the next twelve months. However, based on federal, state and foreign statute expirations in various jurisdictions, we anticipate a decrease in unrecognized tax benefits of approximately $0.1 million within the next twelve months. We have classified uncertain tax positions as non-current income tax liabilities unless expected to be paid within one year.

We have elected to classify interest and penalties as a component of tax expense. Accrued interest and penalties of $0.2 million and $0.2 million at March 31, 2016 and December 31, 2015, respectively, are included in our unrecognized tax benefits.

We file income tax returns in the U.S. federal jurisdiction, and in various state and foreign jurisdictions. On March 31, 2016, the open statutes of limitations in our significant tax jurisdictions were as follows: federal 2012 through 2014, state 2011 through 2014, and foreign 2009 through 2014.

Note 8 — Accrued Compensation

The components of accrued compensation were as follows:

(In thousands)	March 31, 2016	December 31, 2015
Accrued social insurance (1)	$ 18,893	$ 18,923
Accrued salary/wages	7,143	7,549
Accrued vacation/holiday	2,839	2,227
Accrued bonus (2)	1,454	5,914
Accrued commission	335	1,084
Accrued medical insurance claims	258	218
Other accrued compensation	1,882	1,537
Total accrued compensation	$ 32,804	$ 37,452

(1) Effective January 1, 2008, the Chinese Labor Contract Law was enacted in the PRC. This law mandated that PRC employers remit the applicable social insurance payments to their local government. Social insurance is comprised of various components such as pension, medical insurance, job injury insurance, unemployment insurance, and a housing assistance fund, and is administered in a manner similar to social security in the United States. This amount represents our estimate of the amounts due to the PRC government for social insurance on March 31, 2016 and December 31, 2015.

(2) Accrued bonus includes an accrual for an extra month of salary ("13th month salary") to be paid to employees in certain geographies where it is the customary business practice. This 13th month salary is paid to these employees if they remain employed with us through December 31st. The total accrued for the 13th month salary was $0.3 million and $0.7 million at March 31, 2016 and December 31, 2015, respectively.

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UNIVERSAL ELECTRONICS INC.
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MARCH 31, 2016
(Unaudited)

Note 9 — Other Accrued Expenses
The components of other accrued expenses were as follows:

(In thousands)	March 31, 2016	December 31, 2015
Advertising and marketing	$ 285	$ 191
Deferred revenue	1,416	1,434
Duties	771	1,318
Freight and handling fees	1,652	1,942
Product development	442	630
Product warranty claim costs	35	35
Professional fees	1,343	1,714
Property, plant, and equipment	665	551
Sales taxes and VAT	1,915	3,170
Short-term contingent consideration (Note 19)	1,214	—
Third-party commissions	890	585
Tooling [1]	1,495	1,173
Unrealized loss on foreign currency exchange futures contracts	546	1,164
URC court order (Notes 2 and 10)	4,633	4,629
Utilities	242	278
Other	2,953	2,652
Total other accrued expenses	$ 20,497	$ 21,466

[1] The tooling accrual balance relates to unearned revenue for tooling that will be sold to customers.

Related Party Vendor
We have obtained certain engineering support services for our India subsidiary from JAP Techno Solutions ("JAP"). The owner of JAP is the spouse of the managing director of our India operations. Total fees paid to JAP for the three months ended March 31, 2016 and 2015 were $0 thousand and $26 thousand, respectively.

Note 10 — Commitments and Contingencies
Product Warranties
Changes in the liability for product warranty claim costs were as follows:

(In thousands)	Three Months Ended March 31, 2016	2015
Balance at beginning of period	$35	$353
Accruals for warranties issued during the period	—	—
Settlements (in cash or in kind) during the period	—	(180)
Balance at end of period	$35	$173

Restructuring Activities

During the three months ended March 31, 2016, we implemented a plan to reduce our manufacturing costs by transitioning some of our manufacturing activities from our southern-most China factory, located in the city of Guangzhou in the Guangdong province, to our other China factories where labor rates are lower. As a result, we incurred severance costs of $1.4 million during the three months ended March 31, 2016, which are included within selling, general and administrative expenses. We expect to incur additional severance costs of approximately $8 million as we continue to execute this transition over the next 12-18 months. Because severance costs relate to involuntary terminations, we record the related liability at the communication date. At March 31, 2016, we had $0.2 million of unpaid severance costs included within accrued compensation.

Litigation

On March 2, 2012, we filed a lawsuit against Universal Remote Control, Inc. ("URC") in the United States District Court, Central District of California (Universal Electronics Inc. v. Universal Remote Control, Inc., SACV12-0039 AG (JPRx)) alleging that URC was infringing, directly and indirectly, four of our patents related to remote control technology. Following a jury verdict in favor of URC, on September 4, 2015 the District Court awarded URC $4.6 million in attorneys' fees and costs, approximately 50% of the attorneys' fees and costs URC claims it incurred. Both parties filed Notices of Appeal. URC is appealing various portions of the judgment and the District Court's decision to award less than the full amount of attorneys' fees. We have elected not to appeal the award of attorneys' fees. URC has filed its opening appellate brief and we filed our response on February 26, 2016. We expect oral arguments in the summer of 2016, with a decision approximately six months later. We fully accrued the amount awarded in 2015, and the liability is included within other accrued expenses. Thus, there was no additional amount accrued for the three months ended March 31, 2016. Additionally, as described in Note 2, we placed $4.6 million into a surety bond as collateral for this court order.

On June 28, 2013, we filed a second lawsuit against URC, also in the United States District Court, Central District of California (Universal Electronics Inc. v. Universal Remote Control, Inc., SACV13-00987 JAK (SHx)) claiming that URC has violated ten patents not implicated in our first lawsuit against it. Of the ten patents, four of them have expired. In mid-November 2013, we filed a motion to add affiliated URC suppliers, Ohsung Electronics Co, Ltd., a South Korean entity, and Ohsung Electronics USA, Inc., a California entity, (collectively "Ohsung"), to the lawsuit. In late June and early July of 2014, URC and Ohsung requested inter partes review ("IPR") with the US Patent and Trademark Office Appeal Board ("PTAB") for each of the ten patents pending in the second URC lawsuit. On July 9, 2014, the Court entered stipulated stay, pending the IPR outcome. In January 2016, the PTAB issued its decisions in all of the IPR proceedings, sustaining most of the claims of the six unexpired patents and invalidating the majority of the claims of the four expired patents. URC filed a notice of appeal with respect to the PTAB's ruling against it. We have elected to not appeal the PTAB's rulings. At a status conference held on March 21, 2016, the Court requested briefing on whether the stay should be continued. The briefing has been completed and we are awaiting the Court's ruling.

On or about June 10, 2015, FM Marketing GmbH ("FMH") and Ruwido Austria GmbH ("Ruwido"), filed a Summons in Summary Proceedings in Belgium court against one of our subsidiaries, Universal Electronics BV ("UEBV") and one of its customers, Telenet N.V. ("Telenet"), claiming that one of the products UEBV supplies Telenet violates two design patents and one utility patent owned by FMH and/or Ruwido. By this summons, FMH and Ruwido sought to enjoin Telenet and UEBV from continued distribution and use of the products at issue. After the September 29, 2015 hearing, the Court issued its ruling in our and Telenet's favor, rejecting FMH and Ruwido's request entirely. On

October 22, 2015, Ruwido filed its notice of appeal in this ruling. The parties have fully briefed the appeal and on February 15, 2016, the appellate court heard oral arguments. We expect the appellate court’s ruling on the motion in the next three to six months. In addition, in September 2015, UEBV filed an Opposition with the European Patent Office seeking to invalidate the one utility patent asserted against UEBV and Telenet by Ruwido. Finally, on or about February 9, 2016, Ruwido filed a writ of summons for proceeding on the merits with respect to asserted patents. UEBV and Telenet intend to vigorously defend against Ruwido's claims.

There are no other material pending legal proceedings to which we or any of our subsidiaries is a party or of which our respective property is the subject. However, as is typical in our industry and to the nature and kind of business in which we are engaged, from time to time, various claims, charges and litigation are asserted or commenced by third parties against us or by us against third parties arising from or related to product liability, infringement of patent or other intellectual property rights, breach of warranty, contractual relations, or employee relations. The amounts claimed may be substantial but may not bear any reasonable relationship to the merits of the claims or the extent of any real risk of court awards assessed against us or in our favor. However, no assurances can be made as to the outcome of any of these matters, nor can we estimate the range of potential losses to us. In our opinion, final judgments, if any, which might be rendered against us in potential or pending litigation would not have a material adverse effect on our financial condition, results of operations, or cash flows. Moreover, we believe that our products do not infringe any third parties' patents or other intellectual property rights.

We maintain directors' and officers' liability insurance which insures our individual directors and officers against certain claims, as well as attorney's fees and related expenses incurred in connection with the defense of such claims.

Note 11 — Treasury Stock

From time to time, our Board of Directors authorizes management to repurchase shares of our issued and outstanding common stock on the open market. Repurchases may be made to manage dilution created by shares issued under our stock incentive plans or whenever we deem a repurchase is a good use of our cash and the price to be paid is at or below a threshold approved by our Board. As of March 31, 2016, we had 375,000 shares available for repurchase on the open market under the Board's authorizations.

Repurchased shares of our common stock were as follows:

	Three Months Ended March 31,	
(In thousands, except share data)	2016	2015
Shares repurchased	32,934	69,460
Cost of shares repurchased	$1,724	$4,021

Repurchased shares are recorded as shares held in treasury at cost. We hold these shares for future use as management and the Board of Directors deem appropriate, which has included compensating our outside directors.

Note 12 — Business Segment and Foreign Operations

Reportable Segment

An operating segment, in part, is a component of an enterprise whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Operating segments may be aggregated only to a limited extent. Our chief operating decision maker, the Chief Executive Officer, reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenues for purposes of making operating decisions and assessing financial performance. Accordingly, we only have a single operating and reportable segment.

Foreign Operations

Our net sales to external customers by geographic area were as follows:

	Three Months Ended March 31,	
(In thousands)	2016	2015
United States	$83,938	$54,759
Asia (excluding PRC)	21,573	31,020
People's Republic of China	16,926	15,836
Europe	15,783	15,022
Latin America	7,555	10,522
Other	4,883	5,546
Total net sales	$150,658	$132,705

Specific identification of the customer billing location was the basis used for attributing revenues from external customers to geographic areas.

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Long-lived tangible assets by geographic area were as follows:

(In thousands)	March 31, 2016	December 31, 2015
United States	$ 7,524	$ 7,015
People's Republic of China	86,419	83,794
All other countries	4,927	4,571
Total long-lived tangible assets	$ 98,870	$ 95,380

Note 13 — Stock-Based Compensation

Stock-based compensation expense for each employee and director is presented in the same income statement caption as their cash compensation. Stock-based compensation expense by income statement caption and the related income tax benefit were as follows:

	Three Months Ended March 31,	
(In thousands)	2016	2015
Cost of sales	$ 14	$ 9
Research and development expenses	136	105
Selling, general and administrative expenses:		
Employees	1,845	1,471
Outside directors	498	374
Total stock-based compensation expense	$ 2,493	$ 1,959
Income tax benefit	$ 733	$ 560

Stock Options

Stock option activity was as follows:

	Number of Options (in 000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000's)
Outstanding at December 31, 2015	648	$ 30.50		
Granted	244	49.67		
Exercised	(77)	25.25		$ 2,415
Forfeited/canceled/expired	—	—		
Outstanding at March 31, 2016 [1]	815	$ 36.72	5.36	$ 20,847
Vested and expected to vest at March 31, 2016 [1]	814	$ 36.72	5.36	$ 20,840
Exercisable at March 31, 2016 [1]	469	$ 27.15	4.57	$ 16,422

(1) The aggregate intrinsic value represents the total pre-tax value (the difference between our closing stock price on the last trading day of the first quarter of 2016 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had they all exercised their options on March 31, 2016. This amount will change based on the fair market value of our stock.

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The assumptions we utilized in the Black-Scholes option pricing model and the resulting weighted average fair value of stock option grants were the following:

	Three Months Ended March 31,	
	2016	2015
Weighted average fair value of grants	$17.96	$24.77
Risk-free interest rate	1.36 %	1.38 %
Expected volatility	41.38 %	43.50 %
Expected life in years	4.55	4.56

As of March 31, 2016, we expect to recognize $5.9 million of total unrecognized pre-tax stock-based compensation expense related to non-vested stock options over a remaining weighted-average life of 2.5 years.

Restricted Stock

Non-vested restricted stock award activity was as follows:

	Shares (in 000's)	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2015	225	$ 51.31
Granted	37	51.39
Vested	(28)	45.92
Forfeited	(2)	55.85
Non-vested at March 31, 2016	232	$ 51.95

As of March 31, 2016, we expect to recognize $10.6 million of total unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards over a weighted-average life of 2.1 years.

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Note 14 — Performance-Based Common Stock Warrants

On March 9, 2016, we issued common stock purchase warrants to Comcast Corporation ("Comcast") to purchase up to 725,000 shares of our common stock at a price of $54.55 per share. The right to exercise the warrants under this agreement is subject to vesting over three successive two-year periods (with the first two-year period commencing on January 1, 2016) based on the level of purchases of goods and services from us by Comcast and its affiliates, as defined in the warrant agreement. The table below presents the purchase levels and number of warrants that will vest in each period based upon achieving these purchase levels.

	Incremental Warrants That Will Vest		
Aggregate Level of Purchases by Comcast and Affiliates	January 1, 2016 - December 31, 2017	January 1, 2018 - December 31, 2019	January 1, 2020 - December 31, 2021
$260 million	100,000	100,000	75,000
$300 million	75,000	75,000	75,000
$340 million	75,000	75,000	75,000
Maximum Potential Warrants Earned by Comcast	250,000	250,000	225,000

If total aggregate purchases by Comcast and its affiliates are below $260 million in any of the two-year periods above, no warrants will vest related to that two-year period. If total aggregate purchases of goods and services by Comcast and its affiliates exceed $340 million during either the first or second two-year period, the amount of any such excess will count toward aggregate purchases in the following two-year period. To fully vest in the rights to purchase all of the underlying shares, Comcast and its affiliates must purchase an aggregate of $1.02 billion in goods and services from us during the six-year vesting period.

Any and all warrants that vest will expire on January 1, 2023. The warrants provide for certain adjustments that may be made to the exercise price and the number of shares issuable upon exercise due to customary anti-dilution provisions. Additionally, in connection with the common stock purchase warrants, we have also entered into a registration rights agreement with Comcast under which Comcast may from time to time request that we register the shares of common stock underlying vested warrants with the SEC.

Because the warrants contain performance criteria under which Comcast must achieve specified aggregate purchase levels for the warrants to vest, as detailed above, the measurement date for the warrants is the date on which the warrants vest. The estimated fair value of warrants is being recorded as a reduction to net sales ratably as the warrants vest based on the projected number of warrants that will vest, the proportion of purchases by Comcast and its affiliates within the period relative to the aggregate purchase levels required for the warrants to vest and the then-current fair value of the related unvested warrants. To the extent that our projections change in the future as to the number of warrants that will vest, a cumulative catch-up adjustment will be recorded in the period in which our estimates change. At March 31, 2016, none of the warrants had vested.

The fair value of the warrants is determined using the Black-Scholes option pricing model. The assumptions we utilized and the resulting fair value of the warrants were the following:

	Three Months Ended March 31, 2016
Fair value	$29.86
Risk-free interest rate	1.50%
Expected volatility	41.49%

Expected life in years	6.75

For the three months ended March 31, 2016, we recorded \$0.9 million as a reduction to net sales in connection with the common stock warrants, and the aggregate unrecognized estimated fair value of unvested warrants at March 31, 2016 was \$20.8 million.

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Note 15 — Other Income (Expense), Net

Other income (expense), net consisted of the following:

	Three Months Ended March 31,	
(In thousands)	2016	2015
Net gain (loss) on foreign currency exchange contracts [1]	$(199)	$1,034
Net gain (loss) on foreign currency exchange transactions	911	(854)
Other income (expense)	8	50
Other income (expense), net	$720	$230

[1] This represents the gains (losses) incurred on foreign currency hedging derivatives (see Note 18 for further details).

Note 16 — Earnings Per Share

Earnings per share was calculated as follows:

	Three Months Ended March 31,	
(In thousands, except per-share amounts)	2016	2015
BASIC		
Net income attributable to Universal Electronics Inc.	$2,721	$5,189
Weighted-average common shares outstanding	14,373	15,907
Basic earnings per share attributable to Universal Electronics Inc.	$0.19	$0.33
DILUTED		
Net income attributable to Universal Electronics Inc.	$2,721	$5,189
Weighted-average common shares outstanding for basic	14,373	15,907
Dilutive effect of stock options and restricted stock	264	336
Weighted-average common shares outstanding on a diluted basis	14,637	16,243
Diluted earnings per share attributable to Universal Electronics Inc.	$0.19	$0.32

The number of stock options and shares of restricted stock excluded from the computation of diluted earnings per common share were as follows:

	Three Months Ended March 31,	
(In thousands)	2016	2015
Stock options	256	40
Restricted stock awards	20	16

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Note 17 — Stockholders' Equity and Noncontrolling Interest

A reconciliation of common stock outstanding, treasury stock and the total carrying amount of Universal Electronics Inc. stockholders' equity, stockholders' equity attributable to noncontrolling interest and total stockholders' equity for the three months ended March 31, 2016 is as follows:

(In thousands)	Shares		Stockholders' Equity		
	Common Stock	Treasury Stock	Universal Electronics Inc. Stockholders' Equity	Noncontrolling Interest	Total
Balance at December 31, 2015	23,176	(8,825)	$257,609	$ 299	$257,908
Net income			2,721	22	2,743
Currency translation adjustment			1,368		1,368
Shares issued for employee benefit plan and compensation	26		345		345
Purchase of treasury shares		(33)	(1,724)		(1,724)
Stock options exercised	77		1,935		1,935
Shares issued to Directors	8		—		—
Employee and director stock-based compensation			2,493		2,493
Tax benefit from exercise of non-qualified stock options and vested restricted stock			616		616
Performance-based warrant stock-based compensation			866		866
Balance at March 31, 2016	23,287	(8,858)	$266,229	$ 321	$266,550

Note 18 — Derivatives

We periodically enter into foreign currency exchange contracts with terms normally lasting less than nine months to protect against the adverse effects that exchange-rate fluctuations may have on our foreign currency-denominated receivables, payables, cash flows and reported income. We are exposed to market risks from foreign currency exchange rates, which may adversely affect our operating results and financial position. Our foreign currency exposures are primarily concentrated in the Argentinian Peso, Brazilian Real, British Pound, Chinese Yuan Renminbi, Euro, Hong Kong Dollar, Indian Rupee, Japanese Yen and Mexican Peso. Derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes. We do not use leveraged derivative financial instruments and these derivatives have not qualified for hedge accounting.

Gains and losses on the derivatives are recorded in other income (expense), net. Derivatives are recorded on the balance sheet at fair value. The estimated fair values of our derivative financial instruments represent the amount required to enter into offsetting contracts with similar remaining maturities based on quoted market prices. We have determined that the fair value of our derivatives are derived from level 2 inputs in the fair value hierarchy. The following table sets forth the total net fair value of derivatives:

(In thousands)	March 31, 2016				December 31, 2015			
	Fair Value Measurement Using			Total	Fair Value Measurement Using			Total
	(Level 1)	(Level 2)	(Level 3)	Balance	(Level 1)	(Level 2)	(Level 3)	Balance
Foreign currency exchange futures contracts	$ —	$ 202	$ —	$ 202	$ —	$ (1,146)	$ —	$ (1,146)

We held foreign currency exchange contracts which resulted in a net pre-tax loss of $0.2 million for the three months ended March 31, 2016 and a net pre-tax gain of $1.0 million for the three months ended March 31, 2015, respectively (see Note 15).

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Details of futures contracts held were as follows:

Date Held	Type	Position Held	Notional Value (in millions)	Forward Rate	Unrealized Gain/(Loss) Recorded at Balance Sheet Date (in thousands)[1]	Settlement Date
March 31, 2016	USD/Euro	USD	$ 14.0	1.1201	$ (240)	April 22, 2016
March 31, 2016	USD/Chinese Yuan Renminbi	Chinese Yuan Renminbi	$ 20.0	6.7391	$ 748	July 15, 2016
March 31, 2016	USD/Brazilian Real	USD	$ 2.0	4.1570	$ (306)	April 15, 2016
December 31, 2015	USD/Euro	USD	$ 7.0	1.0864	$ (7)	January 22, 2016
December 31, 2015	USD/Chinese Yuan Renminbi	Chinese Yuan Renminbi	$ 22.5	6.2565	$ (1,100)	January 15, 2016
December 31, 2015	USD/Brazilian Real	Brazilian Real	$ 1.0	3.7461	$ (57)	January 15, 2016
December 31, 2015	USD/Brazilian Real	USD	$ 3.0	3.9503	$ 18	January 15, 2016

(1) Gains on futures contracts are recorded in prepaid expenses and other current assets. Losses on futures contracts are recorded in other accrued expenses.

Note 19 — Business Combination

On August 4, 2015, we entered into an Asset Purchase Agreement (the "APA") to acquire substantially all of the net assets of Ecolink Intelligent Technology, Inc. ("Ecolink"), a leading developer of smart home technology that designs, develops and manufactures a wide range of intelligent wireless security and home automation products. This transaction closed on August 31, 2015. The purchase price of $24.1 million was comprised of $12.9 million in cash, and $11.2 million of contingent consideration. Additionally, we incurred $0.2 million in acquisition costs, consisting primarily of legal and accounting expenses, which were recorded within selling, general and administrative expenses for the year ended December 31, 2015. The acquisition of these assets will allow us to extend our product offerings to include home security and automation products previously marketed by Ecolink and to sell these products to our existing customers.

Included in the net assets acquired from Ecolink was a 50% ownership interest in Encore Controls LLC ("Encore"), a developer of smart home technology that designs and sells intelligent wireless fire safety products for use in home security systems.

Management has determined that we are the primary beneficiary of Encore due to our ability to direct the activities that most significantly impact the economic performance of Encore, and thus we have consolidated the financial statements of Encore commencing on the acquisition date. The aggregate fair value of Encore’s net assets on the acquisition date was $0.7 million, of which $0.4 million was attributable to the noncontrolling interest. The fair value attributable to the noncontrolling interest was based on the noncontrolling interest's ownership percentage in the fair values of the assets and liabilities of Encore. The carrying amount of Encore's assets and liabilities consolidated at March 31, 2016 did not materially change from the opening balances at the acquisition date. The operations of Encore are financed through cash flows from operations, and we do not intend to provide support to Encore beyond our respective ownership obligation. Furthermore, the creditors of Encore do not have any recourse to our general credit. Our consolidated income statement for the three months ended March 31, 2016 includes net sales of $1.0 million and a net loss of $0.5 million attributable to Ecolink.

Contingent Consideration

We are required to make additional earnout payments upon the achievement of certain operating income levels attributable to Ecolink over each of the next 5 years. The amount of contingent consideration has no upper limit and is calculated at the end of each calendar year based upon certain percentages of operating income target levels as defined in the APA. Ecolink's operating income will be calculated using certain revenues, costs and expenses directly attributable to Ecolink as specified in the APA. At the acquisition date, the value of earnout contingent consideration was estimated using a valuation methodology based on projections of future operating income calculated in accordance with the APA. Such projections were then discounted using an average discount rate of 15.5% to reflect the risk in achieving the projected operating income levels as well as the time value of money. The fair value measurement of the earnout contingent consideration was based primarily on significant inputs not observable in an active market and thus represents a Level 3 measurement as defined under U.S. GAAP. At December 31, 2015 the fair value of the earnout contingent consideration was $11.8 million. During the three months ended March 31, 2016, the fair value of the earnout contingent consideration decreased to $11.7 million, primarily to reflect adjustments to the timing of earnout payments and the related accretion driven by the time value of money. This adjustment was recorded within selling, general and administrative expenses for the three months ended March 31, 2016.

The current portion of the contingent consideration liability is included within other accrued expenses, and the long-term portion of the contingent consideration liability is presented as long-term contingent consideration.

Purchase Price Allocation

Using the acquisition method of accounting, the acquisition date fair value of the consideration transferred was allocated to the net tangible and intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition date. The excess of the purchase price over the fair value of net assets acquired is recorded as goodwill. The goodwill is expected to be deductible for income tax purposes. Management's purchase price allocation was the following:

(in thousands)	Estimated Lives	Fair Value
Cash and cash equivalents		$685
Accounts receivable		374
Inventories		1,412
Prepaid expenses and other current assets		253
Property, plant and equipment	1-4 years	16
Non-interest bearing liabilities		(1,557)
Net tangible assets acquired		1,183
Trade name	7 years	400
Developed technology	4-14 years	9,080
Customer relationships	5 years	1,300
Goodwill		12,564
Total purchase price		24,527
Noncontrolling interest		(378)
Net purchase price		24,149
Less: Contingent consideration		(11,200)
Cash paid		$12,949

Management's determination of the fair value of intangible assets acquired was based primarily on significant inputs not observable in an active market and thus represent Level 3 fair value measurements as defined under U.S. GAAP.

The fair value assigned to Ecolink’s trade name intangible asset was determined utilizing a relief from royalty method. Under the relief from royalty method, the fair value of the intangible asset is estimated to be the present value of the royalties saved because the company owns the intangible asset. Revenue projections and estimated useful life were significant inputs into estimating the value of Ecolink’s trade name.

The fair value assigned to Ecolink's developed technology was determined utilizing a multi-period excess earnings approach. Under the multi-period excess earnings approach, the fair value of the intangible asset is estimated to be the present value of future earnings attributable to the asset and utilizes revenue and cost projections, including an assumed contributory asset charge.

The fair value assigned to Ecolink's customer relationships intangible asset was determined utilizing the with and without method. Under the with and without method, the fair value of the intangible asset is estimated based on the difference in projected earnings utilizing the existing Ecolink customer base versus projected earnings based on starting with no customers and reacquiring the customer base. Revenue and earnings projections were significant inputs into estimating the value of Ecolink’s customer relationships.

The trade name, developed technology and customer relationships intangible assets are expected to be deductible for income tax purposes.

Pro Forma Results (Unaudited)

The following unaudited pro forma financial information presents the combined results of our operations and the operations of Ecolink as if this transaction had occurred on January 1, 2014. This unaudited pro forma financial information is not intended to represent or be indicative of the consolidated results of operations that would have been achieved had the acquisition actually been completed as of January 1, 2014, and should not be taken as a projection of the future consolidated results of our operations.

	Three Months Ended March 31,	
(In thousands, except per-share amounts)	2016	2015
Net sales	$150,658	$134,211
Net income	$2,789	$5,032
Net income attributable to Universal Electronics Inc.	$2,758	$5,007
Basic earnings per share attributable to Universal Electronics Inc.	$0.19	$0.31
Diluted earnings per share attributable to Universal Electronics Inc.	$0.19	$0.31

For purposes of determining pro forma net income attributable to Universal Electronics Inc., adjustments were made to each period presented in the table above. The pro forma net income and net income attributable to Universal Electronics Inc. assumes that amortization of acquired intangible assets and of fair value adjustments related to inventories began at January 1, 2014 rather than on September 1, 2015. The result is a net increase in amortization expense of $0.5 million for the three months ended March 31, 2015 and a net decrease in amortization expense of $0.1 million for the three months ended March 31, 2016. Additionally, acquisition costs totaling $0.2 million are excluded from pro forma net income and pro forma net income attributable to Universal Electronics Inc. All adjustments have been made net of their related tax effects.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes that appear elsewhere in this document.

Overview

We develop and manufacture a broad line of pre-programmed universal remote control products, AV accessories, software and intelligent wireless automation components dedicated to redefining the home entertainment and automation experience. Our customers operate primarily in the consumer electronics market and include subscription broadcasters, OEMs, international retailers, private label brands, pro-security installers and companies in the computing industry. We also sell integrated circuits, on which our software and device control database is embedded, and license our device control database to OEMs that manufacture televisions, digital audio and video players, streamer boxes, cable converters, satellite receivers, set-top boxes, room air conditioning equipment, game consoles, and wireless mobile phones and tablets.

Since our beginning in 1986, we have compiled an extensive device control code database that covers over 941,000 individual device functions and approximately 7,600 unique consumer electronic brands. QuickSet®, our proprietary software, can automatically detect, identify and enable the appropriate control commands for home entertainment, automation and appliances like air conditioners. Our library is regularly updated with new control functions captured directly from devices, remote controls and manufacturer specifications to ensure the accuracy and integrity of our database and control engine. Our universal remote control library contains device codes that are capable of controlling virtually all set-top boxes, televisions, audio components, DVD players, Blu-Ray players, and CD players, as well as most other remote controlled home entertainment devices and home automation control modules worldwide.

With the wider adoption of more advanced technologies, emerging radio frequency ("RF") technologies, such as RF4CE, Bluetooth, and Bluetooth Smart, have increasingly become a focus in our development efforts. Several new recently released platforms utilize RF to effectively implement popular features like voice search.

We have developed a comprehensive patent portfolio of 373 pending and issued patents related to remote controls and home automation.

We operate as one business segment. We have twenty-two international subsidiaries located in Argentina, Brazil, British Virgin Islands, Cayman Islands, France, Germany, Hong Kong (3), India, Italy, Japan, Mexico, the Netherlands, People's Republic of China (5), Singapore, Spain, and the United Kingdom.

To recap our results for the three months ended March 31, 2016:

- Net sales increased 13.5% to $150.7 million for the three months ended March 31, 2016 from $132.7 million for the three months ended March 31, 2015.
- Our gross margin percentage decreased from 28.2% for the three months ended March 31, 2015 to 25.0% for the three months ended March 31, 2016.
- Operating expenses, as a percent of net sales, decreased from 23.6% for the three months ended March 31, 2015 to 23.0% for the three months ended March 31, 2016.
- Our operating income decreased from $6.1 million for the three months ended March 31, 2015 to $3.0 million for the three months ended March 31, 2016, and our operating margin percentage decreased from 4.6% for the three months ended March 31, 2015 to 2.0% for the three months ended March 31, 2016.
- Our effective tax rate increased to 21.5% for the three months ended March 31, 2016, compared to 19.5% for the three months ended March 31, 2015.

Our strategic business objectives for 2016 include the following:

- continue to develop and market the advanced remote control products and technologies our customer base is adopting;
- continue to broaden our home control and automation product offerings;
- further penetrate the international subscription broadcasting markets;
- acquire new customers in historically strong regions;
- increase our share with existing customers; and
- continue to seek acquisitions or strategic partners that complement and strengthen our existing business.

We intend for the following discussion of our financial condition and results of operations to provide information that will assist in understanding our consolidated financial statements, the changes in certain key items in those financial statements from period

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to period, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our consolidated financial statements.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, allowances for sales returns and doubtful accounts, inventory valuation, our review for impairment of long-lived assets, intangible assets and goodwill, business combinations, income taxes and stock-based compensation expense. Actual results may differ from these judgments and estimates, and they may be adjusted as more information becomes available. Any adjustment may be significant and may have a material impact on our consolidated financial position or results of operations.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably may have been used, or if changes in the estimate that are reasonably likely to occur may materially impact the financial statements. The critical accounting policy below supplements the items that we disclosed as our critical accounting policies and estimates in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for our fiscal year ended December 31, 2015.

Performance-Based Common Stock Warrants

The measurement date for performance-based common stock warrants is the date on which the warrants vest. We recognize the fair value of performance-based common stock warrants as a reduction to net sales ratably as the warrants vest based on the projected number of warrants that will vest, the proportion of the performance criteria achieved by the customer within the period relative to the total performance required (aggregate purchase levels) for the warrants to vest and the then-current fair value of the related unvested warrants. To the extent that our projections change in the future as to the number of warrants that will vest, a cumulative catch-up adjustment will be recorded in the period in which our estimates change.

The fair value of performance-based common stock warrants is determined utilizing the Black-Scholes option pricing model. The assumptions utilized in the Black-Scholes model include the risk-free interest rate, expected volatility, and expected life in years. The risk-free interest rate over the expected life is equal to the prevailing U.S. Treasury note rate over the same period. Expected volatility is determined utilizing historical volatility over a period of time equal to the expected life of the warrant. Expected life is equal to the remaining contractual term of the warrant. The dividend yield is assumed to be zero since we have not historically declared dividends and do not have any plans to declare dividends in the future.

Recent Accounting Pronouncements

See Note 1 contained in the "Notes to Consolidated Financial Statements" for a discussion of recent accounting pronouncements.

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Results of Operations

The following table sets forth our results of operations expressed as a percentage of net sales for the periods indicated.

	Three Months Ended March 31,	
	2016	2015
Net sales	100.0 %	100.0 %
Cost of sales	75.0	71.8
Gross profit	25.0	28.2
Research and development expenses	3.5	3.4
Selling, general and administrative expenses	19.5	20.2
Operating income	2.0	4.6
Interest income (expense), net	(0.2)	0.1
Other income (expense), net	0.5	0.2
Income before provision for income taxes	2.3	4.9
Provision for income taxes	0.5	1.0
Net income	1.8	3.9
Net income (loss) attributable to noncontrolling interest	0.0	—
Net income attributable to Universal Electronics Inc.	1.8 %	3.9 %

Three Months Ended March 31, 2016 versus Three Months Ended March 31, 2015

Net sales. Net sales for the three months ended March 31, 2016 were $150.7 million, an increase of 13.5% compared to $132.7 million for the three months ended March 31, 2015. Net sales by our Business and Consumer lines were as follows:

	Three Months Ended March 31,			
	2016		2015	
	$ (millions)	% of total	$ (millions)	% of total
Business	$140.7	93.4 %	$121.5	91.6 %
Consumer	10.0	6.6	11.2	8.4
Total net sales	$150.7	100.0 %	$132.7	100.0 %

Net sales in our Business lines (subscription broadcasting, OEM, and computing companies) were 93.4% of net sales for the three months ended March 31, 2016 compared to 91.6% for the three months ended March 31, 2015. Net sales in our Business lines for the three months ended March 31, 2016 increased by 15.8% to $140.7 million from $121.5 million driven primarily by strong demand and increased market share with North American subscription broadcasters as more customers transition from lower end platforms to higher end platforms. Partially offsetting this increase was a decrease in net sales to consumer electronics companies in Asia.

Net sales in our Consumer lines (One For All® retail and private label) were 6.6% of net sales for the three months ended March 31, 2016 compared to 8.4% for the three months ended March 31, 2015. Net sales in our Consumer lines for the three months ended March 31, 2016 decreased by 10.7% to $10.0 million from $11.2 million in the three months ended March 31, 2015. This decrease was mainly due to decreased sales in the Latin American market.

Gross profit. Gross profit for the three months ended March 31, 2016 was $37.6 million compared to $37.4 million for the three months ended March 31, 2015. Gross profit as a percent of sales decreased to 25.0% for the three months ended March 31, 2016 compared to 28.2% for the three months ended March 31, 2015. The gross margin percentage was unfavorably impacted by a decrease in royalty revenue associated with the TV and mobile device markets and an increase in sales to certain large customers that yield a lower gross margin rate than our company average. The impact of these unfavorable items was partially offset by the weakening of the Chinese Yuan Renminbi relative to the U.S. Dollar.

Research and development ("R&D") expenses. R&D expenses increased 17.0% to $5.2 million for the three months ended March 31, 2016 from $4.4 million for the three months ended March 31, 2015 2015 as we continue to develop new product offerings in existing categories as well as new categories such as the home security channel.

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Selling, general and administrative ("SG&A") expenses. SG&A expenses increased 9.5% to $29.4 million for the three months ended March 31, 2016 from $26.9 million for the three months ended March 31, 2015. The increase was primarily attributable to severance costs incurred resulting from the transitioning of certain manufacturing activities from our higher cost factory located in southern China to our lower cost factories located in other regions within China. We expect this transition to continue over the next 12-18 months. In addition, payroll costs increased as a result of annual merit increases and additional headcount to support product development efforts. These increases were partially offset by the weakening of the Chinese Yuan Renminbi, Brazilian Real and Euro versus the U.S. dollar.
Interest income (expense), net. Net interest expense was $267 thousand for the three months ended March 31, 2016 compared to net interest income of $110 thousand for the three months ended March 31, 2015 as a result of borrowings on our line of credit over the last 12 months.
Other income (expense), net. Net other income was $0.7 million for the three months ended March 31, 2016 compared to net other income of $0.2 million for the three months ended March 31, 2015. This change was driven primarily by foreign currency gains associated with fluctuations in the Chinese Yuan Renminbi exchange rate versus the U.S. dollar, partially offset by foreign currency losses in the current year period associated with fluctuations in the foreign currency exchange rate related to the Euro versus the U.S. dollar.
Provision for income taxes. Income tax expense was $0.8 million for the three months ended March 31, 2016 compared to $1.3 million for the three months ended March 31, 2015. Our effective tax rate was 21.5% for the three months ended March 31, 2016 compared to 19.5% for the three months ended March 31, 2015. Our effective tax rate was lower in the prior year primarily due to the recording of a $0.3 million tax refund in China during the three months ended March 31, 2015 related to certain deductible research and development expenses incurred in 2013.
Liquidity and Capital Resources
Sources and Uses of Cash

(In thousands)	Three Months Ended March 31, 2016	Increase (Decrease)	Three Months Ended March 31, 2015
Cash provided by operating activities	$3,141	$ 8,790	$(5,649)
Cash used for investing activities	(8,044)	(153)	(7,891)
Cash provided by (used for) financing activities	8,866	11,311	(2,445)
Effect of exchange rate changes on cash	(852)	(1,418)	566

	March 31, 2016	Increase (Decrease)	December 31, 2015
Cash and cash equivalents	$56,077	$ 3,111	$ 52,966
Working capital	104,487	4,287	100,200

Net cash provided by operating activities was $3.1 million during the three months ended March 31, 2016 compared to $5.6 million of cash used by operating activities during the three months ended March 31, 2015, primarily due to the net impact of changes in working capital needs associated with accounts receivable, inventories and accounts payable. Cash inflows relating to accounts receivable increased in the quarter ended March 31, 2016 compared to the prior year period primarily due to a larger quarter-over-quarter decrease in net sales in the current year period as well as collection timing. For the three months ended March 31, 2016, we experienced cash inflows resulting from a decrease in inventory levels. We deliberately increased our inventory levels in the quarter ended December 31, 2015 because of the timing of Chinese New Year, which each year results in our factories being shut down for a temporary period of time. An additional reason for the increase in inventories in the fourth quarter of 2015 was to mitigate the impact of transitioning certain manufacturing activities from our higher cost factory in southern China to two of our lower cost Chinese factories. Increased cash outflows relating to accounts payable were largely attributable to changes in inventory levels.

Net cash used for investing activities during the three months ended March 31, 2016 was $8.0 million compared to $7.9 million during the three months ended March 31, 2015 with both periods consisting of investments in property, plant and equipment as well as internally developed patents. We have increased our investment in machinery and equipment over the past two years relating to manufacturing automation in an effort to mitigate the rising cost of labor in China. Based on our current projections, we anticipate that property, plant and equipment purchases in 2016 will total between $22 and $26 million as we continue to invest in manufacturing automation as well as implement a new ERP system in Asia and North America.

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Net cash provided by financing activities was $8.9 million during the three months ended March 31, 2016 compared to net cash used for financing activities of $2.4 million during the three months ended March 31, 2015. The increase in cash provided for financing activities was driven primarily by net borrowings on our line of credit of $8.0 million in the current year period, a decrease of $2.3 million in treasury stock purchases and an increase of $1.0 million in proceeds from stock options exercised during the current year period.

During the three months ended March 31, 2016, we repurchased 32,934 shares of our common stock at a cost of $1.7 million compared to our repurchase of 69,460 shares at a cost of $4.0 million during the three months ended March 31, 2015. We hold these shares as treasury stock and they are available for reissue. Presently, we have no plans to distribute these shares, although we may change these plans if necessary to fulfill our on-going business objectives.

From time to time, our Board of Directors authorizes management to repurchase shares of our issued and outstanding common stock on the open market. Repurchases may be made to manage dilution created by shares issued under our stock incentive plans or whenever we deem a repurchase is a good use of our cash and the price to be paid is at or below a threshold approved by our Board. As of March 31, 2016, we had 375,000 shares available for repurchase on the open market under the Board's authorizations.

Contractual Obligations

The following table summarizes our contractual obligations and the effect these obligations are expected to have on our liquidity and cash flow in future periods.

	Payments Due by Period				
(In thousands)	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Operating lease obligations	$14,296	$ 3,608	$6,073	$2,536	$2,079
Capital lease obligations	28	20	8	—	—
Purchase obligations[1]	4,652	4,652	—	—	—
Contingent consideration [2]	11,718	1,214	5,549	4,955	—
Total contractual obligations	$30,694	$ 9,494	$11,630	$7,491	$2,079

(1) Purchase obligations primarily consist of contractual payments to purchase property, plant and equipment.

(2) Contingent consideration consists of contingent payments related to our purchase of the net assets of Ecolink Intelligent Technology, Inc.

Liquidity

Historically, we have utilized cash provided from operations as our primary source of liquidity, as internally generated cash flows have been sufficient to support our business operations, capital expenditures and discretionary share repurchases. More recently we have utilized our revolving line of credit to fund an increased level of share repurchases and our acquisition of the net assets of Ecolink Intelligent Technology, Inc. We anticipate that we will continue to utilize both cash flows from operations and our revolving line of credit to support ongoing business operations, capital expenditures and future discretionary share repurchases. Our working capital needs have typically been greatest during the third and fourth quarters when accounts receivable and inventories increase in connection with the fourth quarter holiday selling season and when inventory levels increase in anticipation of factory closures in observance of Chinese New Year. We believe our current cash balances, anticipated cash flow to be generated from operations and available borrowing resources will be sufficient to cover expected cash outlays during the next twelve months; however, because our cash is located in various jurisdictions throughout the world, we may at times need to increase borrowing from our revolving line of credit or take on additional debt until we are able to transfer cash among our various entities.

Our liquidity is subject to various risks including the risks discussed under "Item 3. Quantitative and Qualitative Disclosures about Market Risk."

(In thousands)	March 31, 2016	December 31, 2015
Cash and cash equivalents	$ 56,077	$ 52,966

Available borrowing resources	$ 27,000	$ 34,987

Our cash balances are held in numerous locations throughout the world. The majority of our cash is held outside of the United States and may be repatriated to the United States but, under current law, would be subject to United States federal income taxes, less applicable foreign tax credits. Repatriation of some foreign balances is restricted by local laws. We have not provided for the United States federal tax liability on these amounts for financial statement purposes as this cash is considered indefinitely reinvested outside of the United States. Our intent is to meet our domestic liquidity needs through ongoing cash flows, external borrowings, or both. We utilize a variety of tax planning strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed.

On March 31, 2016, we had $10.2 million, $29.6 million, $5.3 million, $8.3 million and $2.7 million of cash and cash equivalents in the United States, the People's Republic of China ("PRC"), Asia (excluding the PRC), Europe, and South America, respectively. On December 31, 2015, we had $8.5 million, $28.7 million, $5.3 million, $8.1 million, and $2.4 million of cash and cash equivalents in the United States, the PRC, Asia (excluding the PRC), Europe and South America, respectively. We attempt to mitigate our exposure to liquidity, credit and other relevant risks by placing our cash and cash equivalents with financial institutions we believe are high quality.

On October 9, 2014, we extended the term of our Amended and Restated Credit Agreement ("Amended Credit Agreement") with U.S. Bank National Association ("U.S. Bank") to November 1, 2017. The Amended Credit Agreement provides for a $55.0 million line of credit ("Credit Line") that may be used for working capital and other general corporate purposes including acquisitions, share repurchases and capital expenditures. On September 3, 2015, we entered into the Second Amendment to the Amended Credit Agreement in which the Credit Line was increased to $65.0 million. On November 10, 2015, we entered into the Third Amendment to the Amended Credit Agreement in which the Credit Line was increased to $85.0 million. Amounts available for borrowing under the Credit Line are reduced by the balance of any outstanding letters of credit, of which there were $13 thousand at March 31, 2016.

All obligations under the Credit Line are secured by substantially all of our U.S. personal property and tangible and intangible assets as well as 65% of our ownership interest in Enson Assets Limited, our wholly-owned subsidiary which controls our manufacturing factories in the PRC.

Under the Amended Credit Agreement, we may elect to pay interest on the Credit Line based on LIBOR plus an applicable margin (varying from 1.25% to 1.75%) or base rate (based on the prime rate of U.S. Bank or as otherwise specified in the Amended Credit Agreement) plus an applicable margin (varying from 0.00% to 0.50%). The applicable margins are calculated quarterly and vary based on our cash flow leverage ratio as set forth in the Amended Credit Agreement. The interest rate in effect at March 31, 2016 was 1.69%. There are no commitment fees or unused line fees under the Amended Credit Agreement.

The Amended Credit Agreement includes financial covenants requiring a minimum fixed charge coverage ratio and a maximum cash flow leverage ratio. In addition, the Amended Credit Agreement also contains other customary affirmative and negative covenants and events of default. As of March 31, 2016, we were in compliance with the covenants and conditions of the Amended Credit Agreement.

At March 31, 2016, we had an outstanding balance of $58.0 million on our Credit Line.

Off Balance Sheet Arrangements

We do not participate in any material off balance sheet arrangements.

Factors That May Affect Financial Condition and Future Results

Forward-Looking Statements

We caution that the following important factors, among others (including but not limited to factors discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as those discussed in our 2015 Annual Report on Form 10-K, or in our other reports filed from time to time with the Securities and Exchange Commission), may affect our actual results and may contribute to or cause our actual consolidated results to differ materially from those expressed in any of our forward-looking statements. The factors included here are not exhaustive. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Therefore, forward-looking statements should not be relied upon as a prediction of actual future results.

While we believe that the forward-looking statements made in this report are based on reasonable assumptions, the actual outcome of such statements is subject to a number of risks and uncertainties, including the significant percentage of our revenue attributable to a limited number of customers; the failure of our markets to continue growing and expanding in the manner we anticipated; the failure of our customers to grow and expand as we anticipated; the effects of natural or other events beyond our control, including the effects political unrest, war or terrorist activities may have on us or the economy; the economic environment's effect on us or our customers; the growth of, acceptance of and the demand for our products and technologies in various markets and geographical regions, including cable, satellite, consumer electronics, retail, and digital media and interactive technology; our successful integration of the Ecolink assets and business lines; our inability to add profitable complementary products which are accepted by the marketplace; our inability to attract and retain a quality workforce at adequate levels in all regions of the world, and particularly Asia; our inability to continue to maintain our operating costs at acceptable levels through our cost containment efforts; an unfavorable ruling in any or all of the litigation matters to which we are party; our inability to continue selling our products or licensing our technologies at higher or profitable margins; our inability to obtain orders or maintain our order volume with new and existing customers; our inability to develop new and innovative technologies and products that are accepted by our customers; the possible dilutive effect our stock incentive programs may have on our earnings per share and stock price; the continued ability to identify and execute on opportunities that maximize stockholder value, including the effects repurchasing the company's shares have on the company's stock value; our inability to continue to obtain adequate quantities of component parts or secure adequate factory production capacity on a timely basis; and other factors listed from time to time in our press releases and filings with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including interest rate and foreign currency exchange rate fluctuations. We have established policies, procedures and internal processes governing our management of these risks and the use of financial instruments to mitigate our risk exposure.

Interest Rate Risk

We are exposed to interest rate risk related to our debt. From time to time we borrow amounts on our Credit Line for working capital and other liquidity needs. Under the Amended Credit Agreement that became effective on October 2, 2012, we may elect to pay interest on outstanding borrowings on our Credit Line based on LIBOR or a base rate (based on the prime rate of U.S. Bank) plus an applicable margin as defined in the Amended Credit Agreement. Accordingly, changes in interest rates would impact our results of operations in future periods. A 100 basis point increase in interest rates would have an approximately $0.4 million annual impact on net income based on our outstanding line of credit balance at March 31, 2016.

We cannot make any assurances that we will not need to borrow additional amounts in the future or that funds will be extended to us under comparable terms or at all. If funding is not available to us at a time when we need to borrow, we would have to use our cash reserves, including potentially repatriating cash from foreign jurisdictions, which may have a material adverse effect on our operating results, financial position and cash flows.

Foreign Currency Exchange Rate Risk

At March 31, 2016 we had wholly-owned subsidiaries in Argentina, Brazil, Cayman Islands, France, Germany, Hong Kong, India, Italy, Japan, Mexico, the Netherlands, the PRC, Singapore, Spain and the United Kingdom. We are exposed to foreign currency exchange rate risk inherent in our sales commitments, anticipated sales, anticipated purchases, operating expenses, assets and liabilities denominated in currencies other than the U.S. Dollar. The most significant foreign currencies to our operations are the Chinese Yuan Renminbi, Euro, British Pound, Argentinian Peso, Mexican Peso, Brazilian Real, Indian Rupee and Japanese Yen. Our most significant foreign currency exposure is to the Chinese Yuan Renminbi as this is the functional currency of our China-based factories where the majority of our products are manufactured. If the Chinese Yuan Renminbi were to strengthen against the U.S. Dollar, our manufacturing costs would increase. We are generally a net payor of the Euro, Mexican Peso, Indian Rupee and Japanese Yen and therefore benefit from a stronger U.S. Dollar and are adversely affected by a weaker U.S. Dollar relative to the foreign currency. For the British Pound, Argentinian Peso and Brazilian Real, we are generally a net receiver of the foreign currency and therefore benefit from a weaker U.S. Dollar and are adversely affected by a stronger U.S. Dollar relative to the foreign currency. Even where we are a net receiver, a weaker U.S. Dollar may adversely affect certain expense figures taken alone.

From time to time, we enter into foreign currency exchange agreements to manage the foreign currency exchange rate risks inherent in our forecasted income and cash flows denominated in foreign currencies. The terms of these foreign currency exchange agreements normally last less than nine months. We recognize the gains and losses on these foreign currency contracts in the same period as the remeasurement losses and gains of the related foreign currency-denominated exposures.

It is difficult to estimate the impact of fluctuations on reported income, as it depends on the opening and closing rates, the average net balance sheet positions held in a foreign currency and the amount of income generated in local currency. We routinely forecast what these balance sheet positions and income generated in local currency may be and we take steps to minimize exposure as we deem appropriate. Alternatively, we may choose not to hedge the foreign currency risk associated with our foreign currency exposures, primarily if such exposure acts as a natural foreign currency hedge for other offsetting amounts denominated in the same currency or the currency is difficult or too expensive to hedge. We do not enter into any derivative transactions for speculative purposes.

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The sensitivity of earnings and cash flows to the variability in exchange rates is assessed by applying an approximate range of potential rate fluctuations to our assets, obligations and projected results of operations denominated in foreign currency with all other variables held constant. The analysis covers all of our foreign currency contracts offset by the underlying exposures. Based on our overall foreign currency rate exposure at March 31, 2016, we believe that movements in foreign currency rates may have a material effect on our financial position and results of operations. We estimate that if the exchange rates for the Chinese Yuan Renminbi, Euro, British Pound, Argentinian Peso, Mexican Peso, Brazilian Real and Indian Rupee relative to the U.S. Dollar fluctuate 10% from March 31, 2016, net income in the second quarter of 2016 would fluctuate by approximately $9.9 million.

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ITEM 4. CONTROLS AND PROCEDURES

Exchange Act Rule 13a-15(d) defines "disclosure controls and procedures" to mean controls and procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The definition further states that disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

An evaluation was performed under the supervision and with the participation of our management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this report, to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management to allow timely decisions regarding required disclosures.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to lawsuits arising out of the conduct of our business. The discussion of our litigation matters contained in "Notes to Consolidated Financial Statements - Note 10" is incorporated herein by reference.

ITEM 1A. RISK FACTORS

The reader should carefully consider, in connection with the other information in this report, the factors discussed in "Part I, Item
1A: Risk Factors" of the Company's 2015 Annual Report on Form 10-K incorporated herein by reference. These factors may cause our actual results to differ materially from those stated in forward-looking statements contained in this document and elsewhere.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2016, we repurchased 32,934 shares of our issued and outstanding common stock for $1.7 million under the ongoing and systematic programs approved by our Board of Directors. We make stock repurchases to manage the dilution created by shares issued under our stock incentive plans or when we deem a repurchase is a good use of our cash and the price to be paid is at or below a threshold approved by our Board from time to time. On March 31, 2016, we had 375,000 shares available for repurchase on the open market under the Board's authorizations.

The following table sets forth, for the three months ended March 31, 2016, our total stock repurchases, average price paid per share and the maximum number of shares that may yet be purchased on the open market under our plans or programs:

Period	Total Number of Shares Purchased (1)	Weighted Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (3)
January 1, 2016 - January 31, 2016	146	$ 47.92	—	400,000
February 1, 2016 - February 29, 2016	32,184	52.18	25,000	375,000
March 1, 2016 - March 31, 2016	604	61.73	—	375,000

Total	32,934	$ 52.34	25,000	375,000

(1) Of the repurchases in January, February and March, 146, 7,184 and 604 shares, respectively, represent common shares of the Company that were owned and tendered by employees to satisfy tax withholding obligations in connection with the vesting of restricted shares.

(2) For shares tendered in connection with the vesting of restricted shares, the average price paid per share is an average calculated using the daily high and low of the Company's common stock at the time of vesting.

(3) The Company may purchase shares from time to time in open market purchases or privately negotiated transactions. The Company may make all or part of the purchases pursuant to accelerated share repurchases or Rule 10b5-1 plans.

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ITEM 6. EXHIBITS

31.1	Rule 13a-14(a) Certifications of Paul D. Arling, Chief Executive Officer (principal executive officer) of Universal Electronics Inc.
31.2	Rule 13a-14(a) Certifications of Bryan M. Hackworth, Chief Financial Officer (principal financial officer and principal accounting officer) of Universal Electronics Inc.
32	Section 1350 Certifications of Paul D. Arling, Chief Executive Officer (principal executive officer) of Universal Electronics Inc., and Bryan M. Hackworth, Chief Financial Officer (principal financial officer and principal accounting officer) of Universal Electronics Inc. pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURE

Pursuant to the requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated:	May 9, 2016	UNIVERSAL ELECTRONICS INC.
		By: /s/ Bryan M. Hackworth
		Bryan M. Hackworth
		Chief Financial Officer (principal financial officer and principal accounting officer)

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EXHIBIT INDEX

Exhibit No.	Description
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101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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lign: left" ROWSPAN=1> 103 8 11 14 8 11 14 Home
Fashion 431 382 438 (62) (59) (84) (42) (40) (55) Holding
Company 57 10 299 (170) (148) 132 (222) (148) 132 Eliminations(4) (22) (22) (8) Total $9,1

(1) Revenues include net sales, other revenues from operations, net gain (loss) from investment activities, interest, dividend income and other (loss) income, net.
(2) Automotive results for fiscal 2008 are for the period March 1, 2008 through December 31, 2008.
(3) Gaming results for fiscal 2010 are for the period November 15, 2010 through December 31, 2010.
(4) Eliminations relate to the unrealized gains recorded by our Investment Management segment for its investment in Tropicana for the period November 15, 2010 through December 31, 2010.

A summary of the significant developments for the fiscal year ended December 31, 2010, or fiscal 2010, is as follows:

Issued $2.5 billion in senior unsecured notes and increased our liquidity by an additional $1.1 billion in fiscal 2010, after taking into effect the redemption of the 2012 Notes and 2013 Notes and the payment of certain fees and expenses related to the debt offerings;
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Income from continuing operations attributable to Icahn Enterprises for our Investment Management segment of $348 million;
Additional investment of $250 million in the Investment Funds in the first quarter of fiscal 2010; the fair market value of our interest in the Investment Funds, including earned incentive allocations and special profits interest allocation from prior periods that were retained in the Investment Funds at December 31, 2010 was $2.6 billion;
Income from continuing operations attributable to Icahn Enterprises for our Automotive segment of $116 million for fiscal 2010;
Loss from continuing operations attributable to Icahn Enterprises for our Holding Company of $224 million for fiscal 2010 and was primarily due to interest expense on our senior notes; and
The addition of three new segments in fiscal 2010 from our majority interest acquisitions of ARI, Viskase and Tropicana, comprising our Railcar, Food Packaging and Gaming segments, respectively.
A summary of the significant developments for the fiscal year ended December 31, 2009, or fiscal 2009, is as follows:

Income from continuing operations attributable to Icahn Enterprises for our Investment Management segment of $469 million for fiscal 2009 due to positive performance in the Investment Funds compared to loss from continuing operations attributable to Icahn Enterprises of $335 million for the fiscal year ended December 31, 2008, or fiscal 2008;
Additional investment of $750 million in the Investment Funds in fiscal 2009; the fair market value of interest in the Investment Funds, including earned incentive allocations and special profits interest allocation from prior periods that were retained in the Investment Funds at December 31, 2009 was $2.0 billion;
Loss from continuing operations attributable to Icahn Enterprises for our Holding Company of $148 million for fiscal 2009 primarily due to interest expense on our senior unsecured notes;
Loss from continuing operations attributable to Icahn Enterprises for our Automotive segment of $29 million with restructuring expenses before non-controlling interests of $32 million for fiscal 2009;
Loss from continuing operations attributable to Icahn Enterprises for our Metals segment of $30 million for fiscal 2009, including pretax impairment charges of $13 million; and
Loss from continuing operations attributable to Icahn Enterprises for our Home Fashion segment of $40 million for fiscal 2009 with restructuring and impairment charges before non-controlling interests of $27 million for fiscal 2009.

Investment Management

Overview

Icahn Onshore LP, or the Onshore GP, and Icahn Offshore LP, or the Offshore GP (and, together with the Onshore GP, being referred to herein as the General Partners) act as general partner of Icahn Partners LP (formed in fiscal 2004), or the Onshore Fund, and the Offshore Master Funds (as defined below), respectively. Effective January 1, 2008, in addition to providing investment advisory services to the Private Funds, the General Partners provide or cause their affiliates to provide certain administrative and back office services to the Private Funds. The General Partners do not provide such services to any other entities, individuals or accounts. Interests in the Private Funds are offered only to certain sophisticated and qualified investors on the basis of exemptions from the registration requirements of the federal securities laws and are not publicly available. As referred to herein, the Offshore Master Funds consist of (i) Master Fund I (formed in fiscal 2004), (ii) Master Fund II (formed in fiscal 2007) and (iii) Master Fund III (formed in fiscal 2007). The Onshore Fund and the Offshore Master Funds are collectively referred to herein as the Investment Funds.

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The Offshore GP also acts as general partner of a fund formed as a Cayman Islands exempted limited partnership that invests in the Offshore Master Funds. This fund, together with other funds that also invest in the Offshore Master Funds, constitute the Feeder Funds and, together with the Investment Funds, are referred to herein as the Private Funds.

As more fully described in a letter to our investors in the Private Funds filed with the SEC on Form 8-K on March 7, 2011, we have determined to return all fee-paying capital to our investors. Payments will be funded through cash on hand and borrowings under existing credit lines, not through the sale of securities held by the Private Funds.

Revenues

The Investment Management segment derives revenues from three sources: (1) special profits interest allocations; (2) incentive allocations and (3) gains and losses from our interest in the Investment Funds.

Effective January 1, 2008, the limited partnership agreements of the Investment Funds provide that the applicable General Partner is eligible to receive a special profits interest allocation at the end of each calendar year from each capital account maintained in the Investment Funds that is attributable to: (i) in the case of the Onshore Fund, each fee-paying limited partner in the Onshore Fund and (ii) in the case of the Feeder Funds, each fee-paying investor in the Feeder Funds (that excludes certain investors that are affiliates of Mr. Icahn) (in each case, referred to herein as an investor). Prior to July 1, 2009, this allocation was generally equal to 0.625%, of the balance in each fee-paying capital account as of the beginning of each quarter (for each investor, the Target Special Profits Interest Amount) except that amounts are allocated to the General Partners in respect of special profits interest allocations only to the extent that net increases (i.e., net profits) are allocated to an investor for the fiscal year. Accordingly, any special profits interest allocations allocated to the General Partners in respect of an investor in any year cannot exceed the net profits allocated to such investor in such year. (See below for discussion of fee structure effective July 1, 2009).

In the event that sufficient net profits are not generated by an Investment Fund with respect to a capital account to meet the full Target Special Profits Interest Amount for an investor for a calendar year, a special profits interest allocation will be made to the extent of such net profits, if any, and the shortfall will be carried forward and added to the Target Special Profits Interest Amount determined for such investor for the next calendar year. Adjustments, to the extent appropriate, will be made to the calculation of the special profits interest allocations for new subscriptions and withdrawals by investors. In the event that an investor redeems in full from a Feeder Fund or the Onshore Fund before the full targeted Target Special Profits Interest Amount determined for such investor has been allocated to the General Partner in the form of a special profits interest allocation, the amount of the Target Special Profits Interest Amount that has not yet been allocated to the General Partner will be forfeited and the General Partner will not receive it.

Incentive allocations are determined based on the aggregate amount of net profits earned by each fee-paying investor in the Investment Funds (after the special profits interest allocation is made). Incentive allocations are based on the investment performance of the Investment Funds, which is a principal determinant of the long-term success of the Investment Management segment because it generally enables assets under management, or AUM, to increase through retention of fund profits and by making it more likely to attract new investment capital and minimize redemptions by Private Fund investors. Prior to July 1, 2009, incentive allocations were generally 25% of the net profits (both realized and unrealized) generated by fee-paying investors in the Investment Funds, and are subject to a high watermark (whereby the General Partners do not earn incentive allocations during a particular year even though the fund had a positive return in such year until losses for each investor in prior periods are recovered). The amount of these incentive allocations are calculated and allocated to the capital accounts of the General Partners annually except for incentive allocations earned as a result of investor redemption events during interim periods, provided that, as discussed below, effective July 1, 2009, certain new options do not provide for incentive allocations at the end of each fiscal year. (See below for discussion of the fee structure effective July 1, 2009).

Beginning July 1, 2009 and through July 1, 2010, all limited partnership agreements and offering memoranda of the Private Funds (collectively referred to as the Fund Documents) were revised primarily to provide investors with various new options for investments in the Private Funds (each being referred to as an Option). Each Option has certain eligibility criteria for investors, which were permitted to roll over their investments made in the Private Funds prior to July 1, 2009 (referred to as the Pre-Election Investments) into one or more of the new Options. For fee-paying investments, the special profits interest allocations range from 1.5% to 2.25% per annum and the incentive allocations range from 15% (in some cases subject to a preferred return) to 22% per annum. The new Options also have different withdrawal terms, with certain Options being permitted to withdraw capital every six months (subject to certain limitations on aggregate withdrawals) and other Options being subject to three-year rolling lock-up periods, provided that early withdrawals are permitted at certain times with the payment to the Investment Funds of a fee.

The economic and withdrawal terms of the Pre-Election Investments remained the same, which include a special profits interest allocation of 2.5% per annum, an incentive allocation of 25% per annum and a three-year lock-up period (or sooner, subject to the payment of an early withdrawal fee). Certain of the Options preserve each investor s existing high watermark with respect to its rolled over Pre-Election Investments and one of the Options established a hypothetical high watermark for new capital invested before December 31, 2010 by persons that were investors prior to July 1, 2009. If an investor did not roll over a Pre-Election Investment into another Option when it was first eligible to do so without the payment of a withdrawal fee, the Private Funds required such investor to withdraw such Pre-Election Investment.

The General Partners waived the special profits interest allocations and incentive allocations for Icahn Enterprises investments in the Investment Funds and Mr. Icahn s direct and indirect holdings and may, in their sole discretion, modify or may elect to reduce or waive such fees with respect to any investor that is an affiliate, employee or relative of Mr. Icahn or his affiliates, or for any other investor.

All of the special profits interest allocations and incentive allocations are eliminated in consolidation; however, our share of the net income from the Private Funds includes the amount of these allocations.

Our Investment Management results are driven by the combination of the Investment Funds AUM and the investment performance of the Investment Funds, except, as discussed above, that special profits interest allocations are only earned to the extent that there are sufficient net profits generated from the Investment Funds to cover such allocations.

The General Partners and their affiliates also earn income (or are subject to losses) through their interests in the Investment Funds. We also earn income (or are subject to losses) through our interest in the Investment Funds. In both cases the income or losses consist of realized and unrealized gains and losses on investment activities along with interest and dividend income.

AUM and Fund Performance

The table below reflects changes to AUM for the fiscal years ended December 31, 2010, 2009, 2008, 2007, 2006 and 2005. The end-of-period balances represent total AUM, including any accrued management fees (for periods prior to January 1, 2008), special profits interest allocations and any incentive allocations and our interests in the Investment Funds, as well as investments of other affiliated parties who have not been charged management fees (for periods prior to January 1, 2008), special profits interest allocations or incentive allocations for the periods presented (in millions of dollars):

	Year Ended December 31,					
	2010	2009	2008	2007	2006	2005
Balance, beginning of period	$ 5,805	$ 4,368	$ 7,511	$ 4,020	$ 2,647	$ 1,167
Net in-flows (outflows)	(130)	(77)	(274)	3,005	332	1,150

Appreciation (depreciation)	889	1,514	(2,869)	486	1,041	330
Balance, end of period	$ 6,564	$ 5,805	$ 4,368	$ 7,511	$ 4,020	$ 2,647
Fee-paying AUM	$ 1,631	$ 2,152	$ 2,374	$ 5,050	$ 3,193	$ 2,136

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The following table sets forth performance information for the Investment Funds that were in existence for the comparative periods presented. These gross returns represent a weighted-average composite of the average gross returns, net of expenses for the Private Funds.

	Gross Return(1) for the Year Ended December 31,					
	2010	2009	2008	2007	2006	2005
Investment Funds	15.2 %	33.3 %	-35.6 %	12.3 %	37.8 %	17.9 %

(1) These returns are indicative of a typical investor who has been invested since inception of the Investment Funds. The performance information is presented gross of any management fees (for periods prior to January 1, 2008), accrued special profits interest allocations and incentive allocations but net of expenses. Past performance is not necessarily indicative of future results.

The Investment Funds aggregate gross performance was 15.2% for fiscal 2010. During fiscal 2010, the Investment Funds long equity exposure drove performance, although it was offset in part by negative performance from the Investment Funds short equity exposure. The Investment Funds gains from long credit exposure were partially offset by losses from short credit exposure.

The Investment Funds aggregate gross performance was 33.3% for fiscal 2009. During fiscal 2009, the Investment Funds performance was primarily driven by their long exposure to the credit markets, including fixed income, bank debt and derivative instruments, as well as an increase in the value of certain core equity holdings. The Investment Funds short equity and short credit exposure were negative contributors to performance as both credit and equity markets continued to improve throughout the year.

The Investment Funds aggregate gross performance was -35.6% for fiscal 2008. During fiscal 2008, losses were primarily a result of the decline in certain of the Investment Funds core holdings as well as the Investment Funds long credit exposure. For fiscal 2008, the Investment Funds short exposure in equity produced gains due to the negative U.S. equity markets. Short exposure to credit contributed gains for fiscal 2008 and overall credit exposure was slightly positive, although such gains were offset by long credit exposure.

The Investment Funds aggregate performance was 12.3% for fiscal 2007. During fiscal 2007, the Investment Funds performance was primarily driven by their long equity exposure. Additionally, short positions in high-yield credit and the broad U.S. equity markets also added to performance as high-yield spreads widened and the market declined in the last months of fiscal 2007. However, our long investments in energy more than offset the losses from the energy hedge and overall the sector was positive.

The Investment Funds aggregate performance was 37.8% for fiscal 2006. During fiscal 2006, the Investment Funds performance was primarily driven by their long equity exposure. Profits were somewhat offset by hedged positions in energy and shorts against a few long hotel and retail positions. Volatility was reduced as a result, as was our intent with these short positions.

The Investment Funds aggregate performance was 17.9% for fiscal 2005. We were in the process of investing the Investment Funds during fiscal 2005. The performance for fiscal 2005 was primarily driven by the Investment Funds long equity exposure.

Since inception in November 2004, the Investment Funds gross returns are 90.4%, representing an annualized rate of return of 11.0% through December 31, 2010, which is indicative of a typical investor who has invested since inception of the Investment Funds (excluding management fees (for periods prior to January 1, 2008), special profits interest allocations and incentive allocations).

Operating Results

We consolidate certain of the Private Funds into our results. Accordingly, in accordance with U.S. GAAP, any special profits interest allocations, incentive allocations and earnings on investments in the Investment Funds are eliminated in consolidation. These eliminations have no impact on our net income; however, as our allocated share of the net income from the Private Funds includes the amount of these allocations and earnings.

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The tables below provide a reconciliation of the unconsolidated revenues and expenses of our interest in the General Partners and Icahn Capital L.P., or Icahn Capital, to the consolidated U.S. GAAP revenues and expenses. The first column represents the results of operations of our interest in the General Partners and Icahn Capital without the impact of consolidating the Private Funds or the eliminations arising from the consolidation of these funds. This includes the gross amount of any special profits interest allocations, incentive allocations and returns on investments in the Investment Funds that is attributable to us only. This also includes gains and losses on our interest in the Investment Funds. The second column represents the total consolidated income and expenses of the Private Funds for all investors, including us, before eliminations. The third column represents the eliminations required in order to arrive at our consolidated U.S. GAAP reported results for our Investment Management segment (for fiscal 2009 and 2008 only), which is provided in the fourth column.

Summarized statements of operations for our Investment Management segment on a deconsolidated basis, reconciling to a U.S. GAAP basis for fiscal 2010, fiscal 2009 and fiscal 2008 is as follows (in millions of dollars):

	Year Ended December 31, 2010					
	Icahn Enterprises Interests	Consolidated Private Funds	Eliminations	Total Investment Management Results	Tropicana [1] Eliminations	Total U.S. GAAP Results
Revenues:						
Special profits interest allocations	$ 45	$	$ (45)	$	$	$
Incentive allocations	5		(5)			
Net gain from investment activities	328 [2]	756	(328)	756	(21)	735
Interest and dividend income		178		178	(1)	177
	378	934	(378)	934	(22)	912
Selling, general and administrative	28	60		88		88
Interest expense		4		4		4
	28	64		92		92
						0
Income from continuing operations before income tax expense	350	870	(378)	842	(22)	820
Income tax expense	(2)			(2)		(2)
Income from continuing operations	348	870	(378)	840	(22)	818
Less: Income attributable to non-controlling interests from continuing operations		(788)	296	(492)	14	(478)
Income attributable to Icahn Enterprises from continuing operations	$ 348	$ 82	$ (82)	$ 348	$ (8)	$ 340

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	Year Ended December 31, 2009			
	Icahn Enterprises Interests	Consolidated Private Funds	Eliminations	Total U.S. GAAP Results
Revenues:				
Special profits interest allocations	$ 154	$	$ (154)	$
Net gain from investment activities	352 [2]	1,379	(352)	1,379
Interest and dividend income		217		217
	506	1,596	(506)	1,596
Selling, general and administrative	35	107		142
Interest expense		4		4
	35	111		146
Income from continuing operations before income tax expense	471	1,485	(506)	1,450
Income tax expense	(2)			(2)
Income from continuing operations	469	1,485	(506)	1,448
Less: Income attributable to non-controlling interests from continuing operations		(1,307)	328	(979)
Income attributable to Icahn Enterprises from continuing operations	$ 469	$ 178	$ (178)	$ 469

	Year Ended December 31, 2008			
	Icahn Enterprises Interests	Consolidated Private Funds	Eliminations	Total U.S. GAAP Results
Revenues:				
Special profits interest allocations	$	$	$	$
Net loss from investment activities	(303) [2]	(3,025)	303	(3,025)
Interest and dividend income		242		242
	(303)	(2,783)	303	(2,783)
Selling, general and administrative	32	21		53
Interest expense		12		12
	32	33		65
Loss from continuing operations before income tax expense	(335)	(2,816)	303	(2,848)
Income tax expense				
Loss from continuing operations	(335)	(2,816)	303	(2,848)
Less: Loss attributable to non-controlling interests from continuing operations		2,787	(274)	2,513
Loss attributable to Icahn Enterprises from continuing operations	$ (335)	$ (29)	$ 29	$ (335)

(1) Eliminations relate to the unrealized gains recorded by our Investment Management segment for its investment in Tropicana for the period November 15, 2010 through December 31, 2010.

(2) As of December 31, 2010, we had investments with a fair market value of $2.6 billion in the Investment Funds for which no special profits interest allocations or incentive allocations are applicable, with gains of $328 million, gains of $352 million and losses of $303 million for fiscal 2010, fiscal 2009 and fiscal 2008, respectively. These investments and related earnings are reflected in the Private Funds net assets and earnings.

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The following is a discussion of our Investment Management segment results for the periods discussed below.

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

As of December 31, 2010, the full Target Special Profits Interest Amount was $45 million, which includes a Target Special Profits Interest Amount of $43 million for fiscal 2010 and a hypothetical return of $5 million on the full Target Special Profits Interest Amount from the Investment Funds, offset in part by forfeited Special Profits Interest Amount of $3 million due to redemptions. The full Target Special Profits Interest Amount of $45 million at December 31, 2010 was allocated to the General Partners at December 31, 2010. This compares to a full Target Special Profits Interest Amount of $154 million as of December 31, 2009, which included a carry-forward Target Special Profits Interest Amount of $70 million from December 31, 2008, a Target Special Profits Interest Amount of $54 million for fiscal 2009 and a hypothetical return on the full Target Special Profits Interest Amount from the Investment Funds of $30 million. The full Target Special Profits Interest Amount of $154 million at December 31, 2009 was allocated to the General Partners at December 31, 2009.

Incentive allocations were $5 million for fiscal 2010. Incentive allocations were not material for fiscal 2009 as a result of high watermarks that were established for fee-paying investors during fiscal 2008. Incentive allocations are calculated on an investor-by-investor basis. (The General Partners do not earn incentive allocations during a particular period even though the Investment Funds may have a positive return in such period until losses for each investor in prior periods have been recovered.) The General Partners incentive allocations earned from the Investment Funds are accrued on a quarterly basis and are allocated to the General Partners at the end of the Investment Funds fiscal year (or sooner on redemptions), provided that, effective July 1, 2009, certain new options do not provide for incentive allocations at the end of each fiscal year.

The net gain from our interest in the Investment Funds was $328 million and $352 million for fiscal 2010 and fiscal 2009, respectively. The net gain for the respective periods is comprised of a return on our interest in the Investment Funds along with a return on earned incentive allocations and special profits interest allocations from prior periods that were retained in the Investment Funds.

Net realized and unrealized gains of the Investment Funds on investment activities were $756 million for fiscal 2010 as compared to $1.4 billion for fiscal 2009. The decrease relates to a lower rate of return in the Investment Funds during fiscal 2010 compared the corresponding year period.

Interest and dividend income was $178 million for fiscal 2010 and $217 million for fiscal 2009. The decrease was primarily due to decreased interest income resulting from a reduction in fixed-income investments.

The General Partners and Icahn Capital s selling, general and administrative expense, or SG&A, for fiscal 2010 decreased by $7 million as compared to fiscal 2009. The decrease was primarily attributable to lower compensation awards relating to special profits interest allocations made during fiscal 2010, offset in part by higher shareholder actions expenses as compared to the corresponding prior year period.

The Private Funds SG&A for fiscal 2010 decreased by $47 million as compared to corresponding prior year period. This decrease was primarily attributable to a decrease in dividend expense and lower appreciation of the deferred management fee payable by the consolidated Offshore Fund in fiscal 2010 as compared to the corresponding prior year period.

Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

As of December 31, 2009, the full Target Special Profits Interest Amount was $154 million, which includes a carry-forward Target Special Profits Interest Amount of $70 million from December 31, 2008, a Target Special Profits Interest Amount of $54 million for fiscal 2009 and a hypothetical return on the full Target Special Profits Interest Amount from the Investment Funds of $30 million. The full Target Special Profits Interest Amount of $154 million at December 31, 2009 was allocated to the General Partners at December 31, 2009. No accrual for special profits interest allocations was made for fiscal 2008 due to losses in the Investment Funds.

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Despite a significant improvement in performance in the Investment Funds in fiscal 2009 as compared to fiscal 2008, incentive allocations were not material for fiscal 2009 as a result of high watermarks that were established for fee-paying investors during fiscal 2008. Incentive allocations are calculated on an investor-by-investor basis. (The General Partners do not earn incentive allocations during a particular period even though the Investment Funds may have a positive return in such period until losses for each investor in prior periods have been recovered.) The General Partners incentive allocations earned from the Investment Funds are accrued on a quarterly basis and are allocated to the General Partners at the end of the Investment Funds fiscal year (or sooner on redemptions), provided that, effective July 1, 2009, certain new options do not provide for incentive allocations at the end of each fiscal year.

The net gain from investment activities from our interest in the Investment Funds was $352 million for fiscal 2009 as compared to a net loss from investment activities of $303 million for fiscal 2008. The net gain or loss for the respective periods is comprised of a return on our interest in the Investment Funds along with a return on earned incentive allocations and special profits interest allocations from prior periods that were retained in the Investment Funds.

Net gains on investment activities from the Investment Funds were $1.4 billion for fiscal 2009 as compared to a net loss of $3.0 billion for fiscal 2008. The increase relates to the positive performance of the Investment Funds during fiscal 2009.

Interest and dividend income was $217 million for fiscal 2009 and $242 million for fiscal 2008, with the decrease due to amounts earned on interest-paying investments. The General Partners and Icahn Capital s SG&A for fiscal 2009 increased by $3 million as compared to fiscal 2008. Included in the General Partner s and Icahn Capital s costs and expenses is compensation expense which increased in fiscal 2009 by $9 million over fiscal 2008, primarily attributable to compensation awards relating to special profits interest allocations but was offset in part by lower general and administrative costs incurred in fiscal 2009 as compared to corresponding prior year period.

The Private Funds SG&A for fiscal 2009 increased by $86 million as compared to fiscal 2008. This increase was primarily attributable to an increase in dividend expense and appreciation of the deferred management fee payable by the consolidated Offshore Fund in fiscal 2009 as compared to the corresponding prior year period.

Other Operating Segments

The following is a discussion of our other operating segments results for the periods discussed below:

Net Sales, Costs of Goods Sold and Gross Margin

	Net Sales			Cost of Goods Sold			Gross Margin		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
	2010	2009	2008(1)	2010	2009	2008(1)	2010	2009	2008(1)
Automotive	$6,219	$5,330	$5,652	$5,212	$4,538	$4,730	$1,007	$792	$922
Railcar	206	365	758	210	329	683	(4)	36	75
Food Packaging	316	299	283	234	220	225	82	79	58
Metals	725	382	1,239	697	403	1,102	28	(21)	137
Real Estate	39	45	73	9	16	32	30	29	41
Home Fashion	429	369	425	400	338	394	29	31	31
	$7,934	$6,790	$8,430	$6,762	$5,844	$7,166	$1,172	$946	$1,264

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Other Revenues from Operations and Other Expenses from Operations

	Other Revenues from Operations Year Ended December 31,			Other Expenses from Operations Year Ended December 31,			Gross Margin Year Ended December 31,		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Gaming	$ 78	$	$	$ 72	$	$	$ 6	$	$
Railcar	68	58	51	55	47	41	13	11	10
Real Estate	48	46	23	23	26	10	25	20	13
	$ 194	$ 104	$ 74	$ 150	$ 73	$ 51	$ 44	$ 31	$ 23

(1) Although Federal-Mogul s results are included in our consolidated financial statements as of March 1, 2008, we believe that a meaningful discussion of Federal-Mogul s results should encompass its results for the entire fiscal 2008, excluding our discussion related to impairment and restructuring charges which we discuss for the period March 1, 2008 through December 31, 2008. Further, the trends and events impacting the entire fiscal 2008 are directionally consistent with the results for the period March 1, 2008 through December 31, 2008, which are also provided in the following table:

	Year Ended December 31, 2008	Period March 31, 2008 through December 31, 2008
Net sales	$ 6,866	$ 5,652
Cost of goods sold	5,742	4,730
Gross margin	1,124	922
Selling, general and administrative	867	709

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

Automotive

During fiscal 2010, Federal-Mogul derived 63% of its net sales from the original equipment manufacturer and servicers, or OE, market and 37% from the aftermarket. Federal-Mogul s customers include the world s largest automotive OEs and major distributors and retailers in the independent aftermarket. During fiscal 2010, Federal-Mogul derived 39% of its sales in the United States and 61% internationally.

In June 2010, Federal-Mogul acquired 100% ownership of the Daros Group, a privately-owned supplier of high technology piston rings for large-bore engines used in industrial energy generation and commercial shipping, with manufacturing operations in China, Germany and Sweden, for $39 million in cash.

Net sales for fiscal 2010 increased by $889 million (17%) as compared to the corresponding prior year period. In general, light and commercial vehicle OE production increased in all regions and, when combined with market share gains in all regions across all three manufacturing segments, resulted in increased OE sales of $957 million when compared to the corresponding prior year period. Aftermarket sales increased by $22 million when compared to the corresponding prior year period, despite $48 million in reduced sales in Venezuela as a direct consequence of currency restrictions. Over 60% of Federal-Mogul s sales originate outside the United States; therefore, the impact of the U.S. dollar strengthening in 2010, primarily against the euro, decreased reported sales by $53 million when compared to the corresponding prior year period. Net customer price decreases reduced net sales by $53 million when compared to the corresponding prior year period. The Daros Group acquisition increased sales by $16 million.

Cost of goods sold for fiscal 2010 increased by $674 million (15%) as compared to the corresponding prior year period. This increase was due to an increase in manufacturing, labor and variable overhead costs of $794 million as a direct consequence of the higher production volumes, inclusive of $14 million of such costs associated with the Daros Group acquisition, and increased depreciation of $7 million, partially offset by materials and services sourcing savings of $63 million, productivity and operational efficiency, in excess of labor and benefits inflation of $48 million, currency movements of $14 million and decreased pension expense of $2 million.

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Gross margin for fiscal 2010 increased by $215 million (27%) as compared to the corresponding prior year period. As a percentage of net sales, gross margin was 16% and 15% for fiscal 2010 and fiscal 2009, respectively. Net customer price decreases of $53 million, currency movements of $39 million and increased depreciation of $7 million were more than offset by sales volume increases, which increased gross margin by $199 million, materials and services sourcing savings of $63 million, productivity and operational efficiency, in excess of labor and benefits inflation, of $48 million, and decreased pension expense of $2 million. The Daros Group acquisition increased gross margin by $2 million.

Gaming

As discussed above, we consolidated the financial results of Tropicana effective November 15, 2010. For the period November 15, 2010 through December 31, 2010, Tropicana recorded $78 million in revenues.

Tropicana s financial results are highly dependent upon the number of customers that it attracts to its facilities and the amounts those customers spend per visit. Additionally, Tropicana s operating results may be affected by, among other things, overall economic conditions affecting the discretionary income of its customers, competitive factors, gaming tax increases and other regulatory changes, the opening of new gaming operations, the negative impact the Predecessors bankruptcy filings had on our facilities, Tropicana s ability to reinvest in its properties, potential future exposure for liabilities of the Predecessors that it assumed, its limited operating history and general public sentiment regarding travel and gaming. Historically, Tropicana s operating results are the strongest in the third quarter and the weakest in the fourth quarter. In addition, favorable weather and long-weekend holidays affect its operating results.

Revenues are one of Tropicana s main performance indicators with more than 85% of net revenues generated from casino operations. Casino revenues represent the difference between wins and losses from gaming activities such as slot machines and table games. Key volume indicators include table game volumes and slot volumes, which refer to amounts wagered by our customers. Win or hold percentage represents the percentage of the amounts wagered that is won by the casino, which is not fully controllable by us, and recorded as casino revenue. Most of Tropicana s revenues are cash-based, through customers wagering with cash or chips or paying for non-gaming services with cash or credit cards, and therefore are not subject to any significant or complex estimation. As a result, fluctuations in net revenues have a direct impact on cash flows from operating activities. Other performance indicators include hotel occupancy, which is a volume indicator for hotels, and the average daily rate, which is a price indicator for the amount customers paid for hotel rooms.

Railcar

The North American railcar market has been, and ARI expects it to continue to be, highly cyclical. While general economic and credit market conditions improved somewhat during fiscal 2010, the railcar manufacturing market in which ARI competes remained challenging, resulting in reduced orders in the marketplace, increased competition and significant pricing pressures. The downturn adversely affected the sales of railcars and other products and caused ARI to slow production rates in fiscal 2010 as compared to fiscal 2009, resulting in a significant decrease in comparable shipments and revenues.

Throughout fiscal 2010, railcar loadings have increased and the number of railcars in storage has decreased, as reported by an independent third-party industry analyst. Along with these improvements, which may or may not continue, ARI has received an increased number of requests for quotations and was successful in securing approximately 2,590 railcar orders in fiscal 2010. As of December 31, 2010, ARI had orders for approximately 1,050 railcars in its backlog, all of which are estimated to be delivered to customers during fiscal 2011.

Total railcar manufacturing and services revenues for fiscal 2010 decreased by $149 million (35%) as compared to the corresponding prior year period. (Manufacturing revenues are included in net sales and services revenues are included in other revenues from operations). The decrease was primarily due to decreased revenues from manufacturing operations, partially offset by an increase in revenues from railcar services operations. Revenues from manufacturing operations decreased $159 million (44%) in fiscal 2010 as compared to the corresponding prior year period. The primary reasons for the decrease in revenues from manufacturing operations were a decrease in railcar shipments and an overall decrease in average selling

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prices due to competitive pricing and a change in product mix. Railcar shipments in fiscal 2010 were approximately 2,090 railcars as compared to approximately 3,690 railcars in fiscal 2009.

Revenues from railcar services operations increased by $10 million (17%) in fiscal 2010 as compared to the corresponding prior year period. This increase was primarily attributable to higher volumes at railcar repair plants and the utilization of our railcar manufacturing facilities for railcar repair projects.

Revenues from companies affiliated with Mr. Icahn were approximately 35% and 28% of total manufacturing and service revenues for fiscal 2010 and fiscal 2009, respectively.

Overall gross margin decreased $38 million (81%) in fiscal 2010 as compared to the corresponding prior year period. The decrease in overall gross margin was primarily driven by a decrease in gross margins from manufacturing operations. The gross margin for manufacturing operations decreased to a loss of 2% in fiscal 2010 as compared to a profit of 10% in fiscal 2009. The decrease is primarily attributable to lower shipments, lower average selling prices and the impact of fixed costs in a low production environment.

Gross margin as a percentage of other revenues for railcar services operations remained constant at 19% for each of fiscal 2010 and fiscal 2009.

Food Packaging

Viskase currently operates seven manufacturing facilities and nine distribution centers throughout North America, Europe and South America and derives approximately 69% of total net sales from customers located outside the United States.

Net sales for fiscal 2010 increased by $17 million (6%) as compared to the corresponding prior year period. The increase is primarily due to an increase in sales volume of $26 million, offset by a decrease of $8 million due to price and product mix and $1 million due to foreign currency as compared to the corresponding prior year period.

Our Food Packaging segment is affected by changes in foreign exchange rates. In addition to those markets in which Viskase prices its products in U.S. dollars, it prices its products in certain of its foreign operations in euros and Brazilian reals. As a result, a decline in the value of the U.S. dollar relative to local currencies of profitable foreign subsidiaries can have a favorable effect on Viskase s profitability. Conversely, an increase in the value of the U.S. dollar relative to the local currencies of profitable foreign subsidiaries can have a negative effect on Viskase s profitability.

Cost of goods sold for fiscal 2010 increased by $14 million (6%) as compared to the corresponding prior year period. The increase was due to higher sales volume and higher product material waste, offset in part by lower employee benefit costs. As a percentage of net sales, gross margin was 26% for each of fiscal 2010 and fiscal 2009. Gross margin for fiscal 2010 increased $3 million (4%) as compared to fiscal 2009. The increase in gross margin for fiscal 2010 was primarily due to higher sales volume with cost of goods sold percentage remaining relatively flat as compared to the corresponding prior year period.

Metals

The scrap metals business is highly cyclical and is substantially dependent upon the overall economic conditions in the U.S. and other global markets. Ferrous and non-ferrous scrap has been historically vulnerable to significant declines in consumption and product pricing during prolonged periods of economic downturn. The current economic environment may continue to significantly impact the demand and pricing of our scrap metal products.

Summarized ferrous tons and non-ferrous pounds sold (in 000s) for fiscal 2010, fiscal 2009 and fiscal 2008 are as follows:

	Year Ended December 31,		
	2010	2009	2008
Ferrous tons sold	1,265	912	1,858
Non-ferrous pounds sold	115,742	95,135	125,075

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Net sales for fiscal 2010 increased by $343 million (90%) as compared to the corresponding prior year period. The increase was primarily due to increases in ferrous revenues attributed to demand generated by improved steel mill operating rates during fiscal 2010 as compared to the corresponding prior year period. During fiscal 2010, steel mill capacity utilization rates were estimated at approximately 70% as compared to 52% for fiscal 2009. This increased ferrous demand resulted in higher ferrous average pricing of approximately $113 per gross ton (47%) and higher ferrous shipments of 353 gross tons (39%) in fiscal 2010 compared to the corresponding prior year period. Additionally, the increased non-ferrous demand resulted in higher non-ferrous average pricing of approximately $0.30 per pound (43%) and higher non-ferrous shipments of 20,607 pounds (22%) in fiscal 2010 as compared to the corresponding prior year period. Revenues from substantially all product lines improved during fiscal 2010 compared to the corresponding prior year period.

Cost of goods sold for fiscal 2010 increased by $294 million (73%) as compared to the corresponding prior year period. The increase was primarily due to higher purchase prices for material as compared to the prior year period. Gross margin for fiscal 2010 was $28 million compared to a loss of $21 million in the corresponding prior year period. The improvement in gross margin during fiscal 2010 was primarily due to the increase in ferrous revenues resulting from higher average pricing coupled with higher ferrous shipments over the comparative period as discussed above. As a percentage of net sales, gross margin was 4% for fiscal 2010 and a loss of 6% in the corresponding prior year period. Higher production levels and continuing cost controls resulted in improved operating costs per unit in fiscal 2010.

Home Fashion

WPI s business is significantly influenced by the overall economic environment, including consumer spending, at the retail level, for home textile products. Many of the larger retailers are customers of WPI. During fiscal 2010, WPI was negatively impacted by continued weakness in the housing market as well as higher raw material and transportation costs.

Net sales for fiscal 2010 increased by $60 million (16%) as compared to the corresponding prior year period. Cost of sales for fiscal 2010 increased by $62 million (18%) as compared to the corresponding year period. Gross margin for fiscal 2010 decreased by $2 million (6%) as compared to fiscal 2009. Gross margin as a percentage of net sales was 7% for fiscal 2010 as compared to 8% for fiscal 2009. The increase in net sales in fiscal 2010 as compared to the corresponding prior year period primarily reflects increased sales volume to WPI s existing customers. The increase in cost of goods sold reflects higher sales volume and price increases for raw materials, principally cotton, in both manufactured and non-manufactured products as well as freight. WPI will continue to realign its manufacturing operations to optimize its cost structure, pursuing offshore sourcing arrangements that employ a combination of owned and operated facilities, joint ventures and third-party supply contracts. In addition, WPI has sought, and will continue to seek recovery of higher raw material and transportation costs from its customers.

Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

Automotive

Net sales in fiscal 2009 decreased by $1,536 million (22%) as compared to fiscal 2008. Over 60% of Federal-Mogul s net sales originate outside the United States; therefore, the impact of the U.S. dollar strengthening in fiscal 2009, primarily against the euro, decreased reported sales by $305 million. Industry demand for light and commercial vehicle original equipment declined significantly in all regions. When the regional year-over-year production declines in both light and commercial vehicles are applied to the various markets in which Federal-Mogul s OE products are sold the weighted average drop in global OE demand was 32%. Against this global production volume decline, Federal-Mogul increased its OE market share in all regions, with the result that, on a constant dollar and constant pricing basis, the reduction in Federal-Mogul s sales to OEs was limited to 24%. Global aftermarket volumes decreased by 11% due to a combination of items including macro-economic factors driving deferred maintenance spending at the consumer level and the credit crisis impact on customers in various countries in Eastern Europe and South America. In addition, global aftermarket s fiscal 2008 volume included increased sales due to the geographic expansion of one of Federal-Mogul s North American customers due to an acquisition. The combined impact of these factors was a net sales volume decline of $1,254 million. Net customer price increases were $23 million.

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Cost of goods sold in fiscal 2009 decreased by $1,204 million (21%) as compared to fiscal 2008. This was primarily due to a $748 million decrease in material, manufacturing labor and variable overhead costs as a direct consequence of the lower production volumes. Productivity in excess of labor and benefits inflation of $62 million represents improvements in the total manufacturing cost base in excess of those due to reduced production volume and mix changes. Other factors contributing to this decrease were currency movements of $270 million, improved materials and services sourcing of $82 million and the non-recurring 2008 fresh-start reporting impact on inventory of $68 million.

Gross margin was $792 million, or 15% of net sales, in fiscal 2009 compared to $1,124 million, or 16% of net sales, in fiscal 2008. The most significant factor affecting gross margin was that of reduced sales, where the impact of lower volumes of $1,254 million was partially offset by lower cost of goods sold of $748 million, resulting in lower gross margin of $506 million. Favorable productivity in excess of labor and benefits inflation of $62 million, the non-recurring 2008 fair value step-up impact on inventory of $68 million, improved materials and services sourcing of $82 million and net customer price increases of $23 million were more than offset by sales volume decreases that reduced margins by $506 million, increased depreciation of $16 million, increased pension expense of $10 million and currency movements of $35 million.

Railcar

Total revenues for fiscal 2009 decreased $386 million (48%) as compared to fiscal 2008. This decrease was attributable to a decrease in revenues from manufacturing operations partially offset by an increase in revenues from railcar services operations.

Revenues from manufacturing operations revenues for fiscal 2009 decreased $393 million (52%) as compared to fiscal 2008. The primary reasons for the decrease in revenues from manufacturing operations were decreased railcar shipments due to weak demand and a decrease in surcharges reflected in selling prices, partially offset by a change in product mix. During fiscal 2009, our Railcar segment decreased its workforce and production rates at our railcar manufacturing plants due to reduced demand resulting in lower shipments. Railcar shipments in fiscal 2009 were approximately 3,690 railcars as compared to approximately 7,970 railcars in fiscal 2008.

Revenues from railcar services operations for fiscal 2009 increased $7 million (14%) as compared to fiscal 2008. This increase was primarily attributable to expansions at our Railcar segment s repair facilities and the railcar repair work performed at one of its railcar manufacturing facilities.

Revenues from companies affiliated with Mr. Icahn were approximately 28% and 25% of total manufacturing and services revenue for fiscal 2009 and fiscal 2008, respectively.

Overall gross margin decreased $38 million (45%) in fiscal 2009 as compared to fiscal 2008. The decrease in overall gross margin was primarily driven by an increase in revenues from railcar services operations and effective cost management, all partially offset by a decrease in railcar shipments from manufacturing operations.

Gross margin from manufacturing operations remained constant at 10% for each of fiscal 2009 and fiscal 2008. This was primarily attributable to fixed overhead cost control measures and strong labor efficiencies at most of our Railcar segment s manufacturing locations offset by lower volumes. Gross margin for railcar services operations remained consistent at 19% in fiscal 2009 as compared to fiscal 2008.

Food Packaging

Net sales for fiscal 2009 increased by $16 million (6%) as compared to fiscal 2008. The increase is primarily due to an increase of $34 million due to price and mix, offset by a decrease of $12 million due to foreign currency translation and $6 million due to sales volume, respectively, as compared to the corresponding prior year period.

Our Food Packaging segment is affected by changes in foreign exchange rates. In addition to those markets in which Viskase prices its products in U.S. dollars, it prices its products in certain of its foreign operations in euros and Brazilian reals. As a result, a decline in the value of the U.S. dollar relative to local currencies of profitable foreign subsidiaries can have a favorable effect on Viskase s profitability. Conversely, an increase in the value of the U.S. dollar relative to the local currencies of profitable foreign subsidiaries can have a negative effect on Viskase s profitability.

Cost of goods sold for fiscal 2009 decreased by $5 million (2%) as compared to the corresponding prior year period. The decrease is primarily due to lower raw material costs. As a percentage of net sales, gross margin was 26% and 21% for fiscal 2009 and fiscal 2008, respectively. Gross margin for fiscal 2010 increased by $21 million (36%) as compared to the corresponding prior year period. The increase in gross margin for fiscal 2009 was primarily due to an increase in sales volume and lower material costs.

Metals

Net sales for fiscal 2009 decreased by $857 million (69%) as compared to fiscal 2008. This decrease was primarily due to declines in ferrous revenues. Net sales from all product lines in fiscal 2009 were significantly lower than in fiscal 2008 due to the impact of the global recession on prices and demand in the steel, construction and other market sectors served by the business and its customers. Ferrous average pricing was approximately $215 per gross ton lower (47%) and ferrous shipments were 946,000 gross tons lower (51%) compared to those in fiscal 2008. The unfavorable comparison of net sales in fiscal 2009 to fiscal 2008 was compounded by the unprecedented growth in demand and pricing experienced by our Metals segment during fiscal 2008, prior to the start of the global market downturn which began during the latter part of the third quarter of fiscal 2008.

Cost of goods sold for fiscal 2009 decreased by $699 million (63%) as compared to fiscal 2008. The decrease was primarily due to lower sales volume as compared to the prior year period. Gross margin for fiscal 2009 decreased by $158 million as compared to fiscal 2008. The decrease was primarily due to declines in ferrous revenues resulting from a drop in ferrous average pricing coupled with lower ferrous shipments over the comparative period as discussed above. As a percentage of net sales, cost of goods sold was 105% and 89% for fiscal 2009 and fiscal 2008, respectively. Cost of goods sold was 99% of net sales during the second half of fiscal 2009, as market conditions, though volatile, improved somewhat during the period, and cost reduction actions taken in the recycling yards earlier in the year took full effect. The cost of goods sold included a lower of cost or market inventory adjustments of $4 million for fiscal 2009 as compared to $7 million in fiscal 2008.

Home Fashion

Net sales for fiscal 2009 decreased by $56 million (13%) as compared to fiscal 2008. Cost of sales for fiscal 2009 decreased by $56 million (14%) as compared to fiscal 2008. The decreases were primarily due to lower sales volumes. Gross margin as a percentage of net sales were 8% and 7% for fiscal 2009 and fiscal 2008, respectively. The decrease in net sales during fiscal 2009 reflected lower sales due to the weak home textile retail environment, but has been mitigated by improvements in operating earnings as a result of lowering SG&A expenditures and lower restructuring and impairment charges.

Selling, general and administrative

	Selling, general and adminstrative		
	Year Ended December 31,		
	2010	2009	2008
Investment Management	$ 88	$ 142	$ 53
Automotive	704	742	709

Gaming	6		
Railcar	26	25	27
Food Packaging	46	42	40
Metals	23	17	34
Real Estate	41	32	36
Home Fashion	75	75	89
Holding Company	28	22	34
	$ 1,037	$ 1,097	$ 1,022

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Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

Investment Management

SG&A for our investment management segment is discussed above.

Automotive

SG&A for fiscal 2010 decreased by $38 million (5%) as compared to fiscal 2009. The decrease was primarily due to curtailment gains of $29 million recognized during fiscal 2010 as discussed below.

On May 6, 2010, Federal-Mogul approved an amendment to its U.S. Welfare Benefit Plan which eliminated Other Postemployment Benefits for certain salaried and non-union hourly employees and retirees effective July 1, 2010. Also during fiscal 2010, as a result of union negotiations, Other Postemployment Benefits were eliminated at one of Federal-Mogul s U.S. manufacturing locations and reduced at another location. The cumulative result of these three events was a reduction in Federal-Mogul s accumulated postemployment benefit obligation, or APBO, of $164 million, of which $135 million is being amortized over the average remaining service lives of active participants (approximately nine years). The remaining $29 million resulted in curtailment gains, or OPEB curtailment gains, which were recognized in the consolidated statement of operations during fiscal 2010.

Federal-Mogul maintains technical centers throughout the world designed to integrate its leading technologies into advanced products and processes, to provide engineering support for all of its manufacturing sites and to provide technological expertise in engineering and design development providing solutions for customers and bringing new, innovative products to market. Included in SG&A were research and development, or R&D, costs, including product and validation costs, of $156 million, $140 million and $173 million for fiscal 2010, fiscal 2009 and fiscal 2008, respectively. As a percentage of OE sales, R&D was 4%, 5% and 4% for fiscal 2010, fiscal 2009 and fiscal 2008, respectively.

Food Packaging

SG&A for fiscal 2010 increased by $4 million (10%) as compared to fiscal 2009 and was primarily due to legal expenses related to a patent litigation matter.

Metals

SG&A expenses for fiscal 2010 increased by $6 million (35%) as compared to fiscal 2009. The increase was largely attributed to the reinstatement during fiscal 2010 of certain expenses that were reduced or eliminated during the fiscal 2009 economic downturn along with new costs associated with business development and growth initiatives.

Real Estate

SG&A for fiscal 2010 increased by $9 million (28%) as compared to fiscal 2009. The increases were primarily due to an increase in development expenses related to maintenance costs associated with the acquisition of the Former Fontainebleau Property (as defined below), offset in part by lower intangible amortization expense, lower impairment charges and development cost of sales, as compared to the corresponding prior year period.

In February 2010, our Real Estate operations acquired from Fontainebleau Las Vegas, LLC and affiliated entities, a partially developed casino project and certain associated assets, or the Former Fontainebleau Property, located in Las

Vegas, Nevada for an aggregate purchase price of approximately $148 million. The Former Fontainebleau Property includes (i) an unfinished building situated on approximately 25 acres of land and (ii) inventory. Our Real Estate segment has secured the Former Fontainebleau Property until market conditions improve.

If economic conditions experienced in recent years continue to persist, it may adversely affect our Real Estate operations in future periods, including a further reduction in the demand for housing. We anticipate that the demand for housing, particularly in the markets we serve, will continue to be weak during fiscal 2011. If conditions in the homebuilding industry worsen in the future, we may be required to evaluate our Real Estate assets for further impairments.

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Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

Automotive

SG&A expenses in fiscal 2009 decreased by $125 million (14%) in fiscal 2009 as compared to fiscal 2008. Included within SG&A is a charge of $37 million related to Federal-Mogul s U.S. primary pension plan. The favorable impact of exchange movements decreased SG&A by $27 million, leaving a constant-dollar decrease of $111 million which is due to reduced employee costs and other productivity improvements, net of labor and benefits inflation, partially offset by increased pension costs. Additionally, amortization expense and Chapter 11 expenses, which are included in SG&A, decreased by $41 million in fiscal 2009 as compared to fiscal 2008.

Federal-Mogul maintains technical centers throughout the world designed to integrate its leading technologies into advanced products and processes, to provide engineering support for all of its manufacturing sites, and to provide technological expertise in engineering and design development providing solutions for customers and bringing new, innovative products to market. Included in SG&A expense above were R&D costs, including product engineering and validation costs, of $140 million in fiscal 2009 compared to $173 million in fiscal 2008. As a percentage of OEM sales, research and development was 4.7% in fiscal 2009 and 4.1% in fiscal 2008.

Food Packaging

SG&A for fiscal 2009 increased by $2 million (5%) as compared to fiscal 2008 and was primarily due to increase in pension expense and incentive compensation.

Metals

SG&A for fiscal 2009 decreased by $17 million (50%) as compared to fiscal 2008. The decrease was primarily due to cost reduction initiatives implemented during the first quarter of fiscal 2009. These initiatives included headcount reductions, a salary freeze and temporary pay cuts, elimination of the current year incentive program and suspension of spending for specific items.

Home Fashion

SG&A for fiscal 2009 decreased by $14 million (16%) as compared to fiscal 2008, reflecting WPI s continuing efforts to reduce its selling, warehousing, shipping and general and administrative expenses. WPI lowered its SG&A expenditures by consolidating its locations, reducing headcount and applying more stringent oversight of expense areas where potential savings could be realized.

Impairment and Restructuring

	Impairment			Restructuring		
	Year Ended December 31,			Year Ended December 31,		
	2010	2009	2008	2010	2009	2008
Automotive	$ 2	$ 17	$ 434	$ 8	$ 32	$ 132
Food Packaging		1				
Metals		13				
Real Estate	1	2	4			
Home Fashion	9	8	12	8	19	25

$ 12	$ 41	$ 450	$ 16	$ 51	$ 157

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

Automotive

Impairment and restructuring charges decreased by $39 million (80%) as compared to the corresponding prior year period. The decrease was primarily due to lower Restructuring 2009 (as defined below) and other restructuring expenses of $24 million, and lower impairment charges related to long-lived assets of $9 million during fiscal 2010 as compared to the corresponding prior year period. In September and December 2008, Federal-Mogul announced a restructuring plan, herein referred to as Restructuring 2009, designed to improve operating performance and respond to increasingly challenging conditions in the global automotive market.

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Federal-Mogul s global workforce of 42,700 employees as of December 31, 2010 is approximately 4,300 fewer than the workforce as of September 30, 2008 due to Restructuring 2009 actions, partially offset by subsequent rehiring of employees as production volumes increased during fiscal 2010. Federal-Mogul expects to incur additional restructuring expenses of up to $2 million through fiscal 2011.

Metals

PSC Metals recorded an impairment loss for goodwill and other indefinite-lived intangibles of $13 million in fiscal 2009 as a result of factors discussed below. There was no comparable adjustment for fiscal 2010.

PSC Metals net sales for the first quarter of fiscal 2009 declined significantly from 2008 levels as the demand and prices for scrap fell to extremely low levels due to historically low steel mill capacity utilization rates and declines across all sectors of the economy. Given the prevailing economic conditions in the first quarter of fiscal 2009, PSC Metals completed a valuation of its goodwill and other indefinite-lived intangibles as of March 31, 2009, utilizing discounted cash flows based on current market conditions.

Home Fashion

Impairment and restructuring for fiscal 2010 decreased by $10 million (37%) as compared to fiscal 2009. Included in fiscal 2010 and 2009 results were $9 million and $8 million, respectively, of impairment charges related to WPI s trademarks and certain plants that have been or will be closed. In recording impairment charges related to its trademarks, WPI compared the fair value of the intangible asset with its carrying value. The estimates of fair value of trademarks are determined using a discounted cash flow valuation methodology referred to as the relief from royalty methodology. Significant assumptions inherent in the relief from royalty methodology employed include estimates of appropriate marketplace royalty rates and discount rates. In recording impairment charges related to its plants, WPI compared estimated net realizable values of property, plant and equipment to their current carrying values. Restructuring and impairment charges include severance, benefits and related costs, non-cash impairment charges related to plants that have been or will be closed and continuing costs of closed plants and transition expenses.

WPI continues its restructuring efforts and, accordingly, anticipates that restructuring charges will continue in fiscal 2011, particularly with respect to the carrying costs of closed facilities until such time as these locations are sold. If WPI s restructuring efforts are unsuccessful or its existing strategic manufacturing plans are amended, it may be required to record additional impairment charges related to the carrying value of long-lived assets.

Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

Automotive

Impairment and restructuring decreased by $517 million (92%) in fiscal 2009 as compared to the period March 31, 2008 through December 31, 2008. The decrease is primarily due to a decrease in fiscal 2009 in impairment charges of $417 million primarily related to goodwill and indefinite-lived intangible assets. In addition, restructuring expenses in fiscal 2009 decreased by $100 million primarily due to a decrease in Restructuring 2009 expenses as compared to fiscal 2008.

Home Fashion

Impairment and restructuring charges for fiscal 2009 decreased by $10 million (27%) as compared to fiscal 2008. Included in fiscal 2009 and 2008 results were $8 million and $12 million, respectively, of impairment charges, related to WPI s trademarks and certain plants that have been or will be closed. In recording the impairment charges related to its plants, WPI compared estimated net realizable values of property, plant and equipment to their current carrying values. In recording impairment charges related to its trademarks, WPI compared the fair value of the intangible asset with its carrying value. The estimates of fair value of trademarks are determined using a discounted cash flow valuation methodology referred to as the relief from royalty methodology. Significant assumptions inherent in the relief from royalty methodology employed include estimates of appropriate marketplace royalty rates and discount rates. Restructuring and impairment charges include severance, benefits and related costs, non-cash impairment charges related to plants that have been or will be closed and continuing costs of closed plants, transition expenses and non-cash intangible asset impairment charges.

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Interest Expense

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

Interest expense for fiscal 2010 increased by $70 million (22%) as compared to fiscal 2009. The increase was primarily due to higher interest expense incurred on our debt offerings during fiscal 2010 as compared to fiscal 2009.

Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

Interest expense for fiscal 2009 decreased by $39 million (11%) as compared to fiscal 2008. The decrease was primarily attributable to our Automotive segment which incurred lower interest expense due to lower interest rates.

Income Taxes

For fiscal 2010, we recorded an income tax provision of $9 million on pre-tax income from continuing operations of $753 million. For fiscal 2009, we recorded an income tax benefit of $44 million on pre-tax income from continuing operations of $1.2 billion. For fiscal 2008, we recorded an income tax provision of $76 million on pre-tax loss from continuing operations of $3.1 billion. Our effective income tax rate was 1.2%, (3.8)% and (2.5)% for the respective periods. The difference between the effective tax rate and statutory federal rate of 35% is principally due to changes in the valuation allowance and partnership income not subject to taxation, as such taxes are the responsibility of the partners.

Discontinued Operations

Gaming   American Casino & Entertainment Properties LLC

On February 20, 2008, we consummated the sale of our subsidiary, American Casino & Entertainment Properties LLC, or ACEP, to an affiliate of Whitehall Street Real Estate Fund for $1.2 billion, realizing a gain of $472 million, after taxes. The sale of ACEP included the Stratosphere and three other Nevada gaming properties.

In connection with the closing, we repaid all of ACEP s outstanding 7.85% senior secured notes due 2012, which were tendered pursuant to ACEP s previously announced tender offer and consent solicitation. In addition, ACEP repaid in full all amounts outstanding, and terminated all commitments, under its credit facility with Bear Stearns Corporate Lending Inc., as administrative agent, and the other lenders thereunder.

We elected to deposit $1.2 billion of the gross proceeds from the sale into escrow accounts to fund investment activities through tax-deferred exchanges under Section 1031 of the Internal Revenue Code, or the Code. During the third quarter of fiscal 2008, we invested $465 million of the gross proceeds to purchase two net leased properties, resulting in a deferral of $103 million in taxes. The balance of escrow accounts was subsequently released.

Real Estate

Operating properties are reclassified to held for sale when subject to a contract. The operations of such properties are classified as discontinued operations. Upon entry into a contract to sell a property, the operating results and cash flows associated with the property are reclassified to discontinued operations and historical financial statements are reclassified to conform to the current classification.

Results of discontinued operations

The financial position and results of these operations are presented as other assets and accrued expenses and other liabilities in the consolidated balance sheets and income from discontinued operations in the consolidated statements of operations, respectively, for all periods when certain criteria have been met. For further discussion, see Note 5, Discontinued Operations and Assets Held for Sale, to the consolidated financial statements contained elsewhere in this Annual Report on Form 10-K, or Annual Report.

Total revenues for our discontinued operations for fiscal 2008 were $61 million, primarily relating to our sale of ACEP. There were no revenues from our discontinued operations for fiscal 2010 or fiscal 2009. (Loss) income from discontinued operations before income taxes and non-controlling interests (including gain on dispositions before taxes) for fiscal 2010, fiscal 2009 and fiscal 2008 was $(1) million, $1 million and

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$749 million, respectively. Results for fiscal 2008 included a gain on sale of discontinued operations of $472 million, net of income taxes of $260 million, recorded on the sale of ACEP. With respect to the taxes recorded on the sale of ACEP, $103 million was recorded as a deferred tax liability pursuant to a Code 1031 Exchange transaction completed during the third quarter of fiscal 2008.

Liquidity and Capital Resources

Holding Company

As of December 31, 2010, we had cash and cash equivalents of $1.2 billion and total debt of approximately $3.1 billion. Our interest in the Investment Funds, including earned incentive allocations and special profits interest allocation from prior periods that were retained in the Investment Funds, was $2.6 billion as of December 31, 2010 for which no special profits interest allocation or incentive allocations are applicable. These investments and related earnings are reflected in the consolidated Private Funds net assets and earnings. As discussed elsewhere in this Annual Report, on January 15, 2010, pursuant to an offering, we issued an aggregate gross amount of $2.0 billion in senior unsecured notes and simultaneously redeemed our 2012 Notes and 2013 Notes; on November 12, 2010, pursuant to an offering, we issued an aggregate gross amount of $500 million in senior unsecured notes. We increased our liquidity by an additional $1.1 billion, after taking into effect the redemption of the 2012 Notes and 2013 Notes and the payment of certain fees and expenses related to the offerings. Additionally, on January 15, 2010, in two separate transactions, we acquired controlling interests in (i) ARI by issuing 3,116,537 of our depositary units and (ii) Viskase by issuing 2,915,695 of our depositary units. On August 10, 2010, we also issued 973,498 additional shares of our depositary units based on a post-closing adjustment formula in connection with the ARI acquisition. As of December 30, 2010 based on covenants in the indenture governing our senior unsecured notes, we are permitted to incur approximately $679 million in additional indebtedness. See Note 12, Debt, to our consolidated financial statements contained elsewhere in this Annual Report for additional information concerning credit facilities for us and our subsidiaries.

On March 31, 2010, we redeemed all of our outstanding preferred units for an amount equal to the liquidation preference of $10.00 per unit, plus any accrued but unpaid distributions thereon. The total liability of our preferred units of $138 million was settled by issuing 2,947,092 of our depositary units, based on an average price of $46.77 per depositary unit, which amount was calculated based on the closing price of our depositary units over the 20-trading day period immediately preceding March 31, 2010.

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

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Borrowings

Debt consists of the following (in millions of dollars):

	December 31, 2010	December 31, 2009
8% senior unsecured notes due 2018 Icahn Enterprises	$ 1,450	$
7.75% senior unsecured notes due 2016 Icahn Enterprises	1,050	
Senior unsecured variable rate convertible notes due 2013 Icahn Enterprises	556	556
Senior unsecured 7.125% notes due 2013 Icahn Enterprises		963
Senior unsecured 8.125% notes due 2012 Icahn Enterprises		352
Debt Facilities Automotive	2,737	2,672
Debt Facilities Gaming	62	
Senior unsecured notes Railcar	275	275
Senior secured notes and revolving credit facility Food Packaging	214	174
Mortgages payable	108	114
Other	57	80
Total debt	$ 6,509	$ 5,186

See Note 12, Debt, to the consolidated financial statements contained elsewhere in this Annual Report for additional information concerning terms, restrictions and covenants of our debt. As of December 31, 2010 and 2009, we are in compliance with all debt covenants.

Contractual Obligations and Contingencies

The following table reflects, at December 31, 2010, our contractual cash obligations, subject to certain conditions, due over the indicated periods (in millions of dollars):

	2011	2012	2013	2014	2015	Thereafter	Total
Debt obligations	$ 110	$ 594	$ 113	$ 2,147	$ 934	$ 2,746	$ 6,644
Interest payments	383	365	347	295	242	294	1,926
Pension and other postemployment benefit plans	127	143	139	118	103	345	975
Lease obligations	58	49	41	35	28	111	322
Other	56	8					64
Total	$ 734	$ 1,159	$ 640	$ 2,595	$ 1,307	$ 3,496	$ 9,931

We have excluded from the contractual obligation table above, our gross amount of unrecognized tax benefits of $407 million. While it is uncertain as to the amount, if any, of these unrecognized tax benefits that will be settled by means of cash, we do not currently expect any significant changes to our unrecognized tax benefits within the next twelve months.

Certain of PSC Metals and Federal-Mogul s facilities are environmentally impaired. PSC Metals and Federal-Mogul have estimated their liability to remediate these sites to be $28 million and $19 million, respectively, at December 31, 2010. Additionally, Federal-Mogul has identified sites with contractual obligations and sites that are closed or expected to be closed and sold in connection with its restructuring activities and has accrued $25 million as of

December 31, 2010, primarily related to removing hazardous materials in buildings. For further discussion regarding these commitments, among others, see Note 21, Commitments and Contingencies, to the consolidated financial statements.

As discussed in Note 7, Investments and Related Matters, to the consolidated financial statements, we have contractual liabilities of approximately $1.2 billion related to securities sold, not yet purchased as of December 31, 2010. This amount has not been included in the table above as their maturity is not subject to a contract and cannot be properly estimated.

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Off-Balance Sheet Arrangements

We have off-balance sheet risk related to investment activities associated with certain financial instruments, including futures, options, credit default swaps and securities sold, not yet purchased. For additional information regarding these arrangements, refer to Note 9, Financial Instruments, to our consolidated financial statements.

Discussion of Liquidity and Capital Resources

The following table summarizes cash flow information for fiscal 2010 for each of our segments (in millions of dollars):

	Year Ended December 31, 2010			December 31, 2010
	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents
Investment Management	$ (127)	$	$ 123	$ 8
Automotive	404	(283)	(44)	1,105
Gaming	(4)	(6)		154
Railcar	(12)	(16)		319
Food Packaging	30	(20)	39	88
Metals	16	(26)	14	17
Real Estate	7	(1)	(57)	86
Home Fashion	(50)	1		32
Holding Company	(232)	(201)	1,158	1,154
	32	(552)	1,233	2,963
Eliminations and adjustments(1)	9	241	(250)	
	$ 41	$ (311)	$ 983	$ 2,963

(1) Eliminations and adjustments pertain to the acquisition of the 668,000 additional shares of Tropicana common stock on November 15, 2010 and our interest in the Investment Funds made during fiscal 2010.

Consolidated Cash Flows

Operating Activities

Our consolidated net cash provided by operating activities was $41 million comprising primarily of $404 million of net cash provided by operating activities from our Automotive segment offset in part by net cash used in operating activities from our Holding Company and Investment Management segment of $232 million and $127 million, respectively.

Our Automotive segment had net income before non-cash charges of $457 million which was partially offset by changes in operating assets and liabilities of $53 million.

Net cash used in operating activities for our Holding Company was impacted by interest expense of $192 million relating to our senior unsecured notes and operating expenses of $28 million.

Our Investment Management segment had net cash used in operating activities of $127 million during fiscal 2010 which consists of net purchases of derivatives and investment securities of approximately $1.4 billion offset in part by related net change in cash held at consolidated affiliated partnerships and restricted cash of $1.3 billion and change in operating assets and liabilities of $16 million.

Investing Activities

Consolidated net cash used in investing activities was $311 million during fiscal 2010 attributable to our Holding Company and our Automotive segment.

Our Holding Company invested an additional $250 million in the Investment Funds during fiscal 2010 (which is eliminated in consolidation). In addition, we acquired from Fontainebleau, and certain affiliated entities, the Former Fontainebleau Property located in Las Vegas, Nevada for an aggregate purchase price of $148 million. Our Holding Company allocated the purchase to our Real Estate segment related to the

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acquisition of the Former Fontainebleau Property, $115 million of which was paid in the first quarter of fiscal 2010 and $33 million of which was paid during fiscal 2009. Offsetting these investment activities was net cash received relating to our purchase of a controlling interest in Tropicana. As a result our consolidated cash balances increased by $155 million from consolidating the results of Tropicana.

Our Automotive segment had cash used in investing activities of $283 million, primarily due to capital expenditures of $251 million and the acquisition of businesses for $39 million. The remaining segments comprise $56 million of the consolidated capital expenditures.

Financing Activities

Consolidated net cash provided by financing activities was $983 million primarily from our Holding Company which received net cash proceeds of approximately $1.15 billion from the issuance of the Initial New Notes and Additional New Notes net of the extinguishment of our 2012 Notes and 2013 Notes. Consolidated net proceeds from all other borrowings were $67 million during fiscal 2010.

Offsetting these net proceeds were aggregate quarterly distributions of $85 million related to our depositary units. Additionally, our Investment Management segment had net cash provided by financing activities of $123 million during fiscal 2010; however, after eliminating our additional $250 million investment in the Private Funds, our Investment Management segment had net cash used in financing activities of $127 million, due to net distributions to non-controlling interests.

Segment Liquidity and Capital Resources

The following contains certain information regarding our segment liquidity and capital resources:

Investment Management

The investment strategy utilized by the Investment Management segment is generally not heavily reliant on leverage. As of December 31, 2010, the ratio of the notional exposure of the Investment Funds invested capital to net asset value of the Investment Funds was approximately 1.29 to 1.00 on the long side and 0.30 to 1.00 on the short side. The notional principal amount of an investment instrument is the reference amount that is used to calculate profit or loss on that instrument. The Private Funds historically have had access to significant amounts of cash from prime brokers, subject to customary terms and market conditions.

As more fully described in a letter to our investors in the Private Funds filed with the SEC on Form 8-K on March 7, 2011, we have determined to return all fee-paying capital to our investors. Payments will be funded through cash on hand and borrowings under existing credit lines, not through the sale of securities held by the Private Funds.

Automotive

Federal-Mogul had $43 million and $50 million of letters of credit outstanding as of December 31, 2010 and 2009, respectively, pertaining to its term loan credit facility. As of December 31, 2010 and 2009, the borrowing availability under its revolving credit facility was $528 million and $470 million, respectively.

Federal-Mogul maintains investments in 12 non-consolidated affiliates, which are located in China, France, Germany, India, Italy, Korea, Turkey, the United Kingdom and the United States. Federal-Mogul s direct ownership in such affiliates ranges from approximately 2% to 50%. The aggregate investments in these affiliates were $210 million and $238 million at December 31, 2010 and 2009, respectively. Dividends received from non-consolidated affiliates of Federal-Mogul for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008 were $43 million, $7 million and $28 million, respectively.

Federal-Mogul s joint ventures are businesses established and maintained in connection with its operating strategy and are not special purpose entities. In general, Federal-Mogul does not extend guarantees, loans or other instruments of a variable nature that may result in incremental risk to Federal-Mogul s liquidity position. Furthermore, Federal-Mogul does not rely on dividend payments or other cash flows from its non-consolidated affiliates to fund its operations and, accordingly, does not believe that they have a material effect on Federal-Mogul s liquidity.

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Federal-Mogul holds a 50% non-controlling interest in a joint venture located in Turkey (referred to as Turkey JV). This joint venture was established in 1995 for the purpose of manufacturing and marketing automotive parts, including pistons, piston rings, piston pins and cylinder liners, to OE and aftermarket customers. Pursuant to the joint venture agreement, Federal-Mogul s partner holds an option to put its shares to a subsidiary of Federal-Mogul at the higher of the current fair value or at a guaranteed minimum amount. The term of the contingent guarantee is indefinite, consistent with the terms of the joint venture agreement. However, the contingent guarantee would not survive termination of the joint venture agreement.

The guaranteed minimum amount represents a contingent guarantee of the initial investment of the joint venture partner and can be exercised at the discretion of the partner. As of December 31, 2010, the total amount of the contingent guarantee, were all triggering events to occur, approximated $61 million. Federal-Mogul believes that this contingent guarantee is less than the estimated current fair value of the partners interest in the affiliate. As such, the contingent guarantee does not give rise to a contingent liability and, as a result, no amount is recorded for this guarantee. If this put option were exercised, the consideration paid and net assets acquired would be accounted for in accordance with business combination accounting guidance. Any value in excess of the guaranteed minimum amount of the put option would be the subject of negotiation between Federal-Mogul and its joint venture partner.

Federal-Mogul purchases and sells inventory from/to the Turkey JV. Purchases from the Turkey JV for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008 were $20 million, $15 million and $2 million, respectively. Sales to the Turkey JV for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008 were $31 million, $26 million and $31 million, respectively. Federal-Mogul had net accounts payable balances with the Turkey JV of $4 million and $12 million as of December 31, 2010 and 2009, respectively

Federal-Mogul has determined that its investments in Chinese joint venture arrangements are considered to be limited-lived as such entities have specified durations ranging from 30 to 50 years pursuant to regional statutory regulations. In general, these arrangements call for extension, renewal or liquidation at the discretion of the parties to the arrangement at the end of the contractual agreement. Accordingly, a reasonable assessment cannot be made as to the impact of such contingencies on the future liquidity position of Federal-Mogul.

Federal-Mogul s subsidiaries in Brazil, France, Germany, Italy, Japan and Spain are each a party to accounts receivable factoring and securitization facilities. Gross accounts receivable transferred under these facilities were $211 million and $217 million as of December 31, 2010 and 2009, respectively. Of those gross amounts, $210 million and $190 million, respectively, qualify as sales as defined in ASC Topic 860, *Transfers and Servicing*. The remaining transferred receivables were transferred with recourse, pledged as collateral and accounted for as secured borrowings and recorded in our consolidated balance sheets as accounts receivable and the related debt shown separately. Under the terms of these factoring arrangements, Federal-Mogul is not obligated to draw cash immediately upon the factoring of accounts receivable. Federal-Mogul had outstanding transferred amounts of $1 million and $4 million for which cash had not yet been drawn as of December 31, 2010 and 2009, respectively. Proceeds from the factoring of accounts receivable that qualify as sales were $1.3 billion for each of fiscal 2010 and fiscal 2009 and for the period March 1, 2008 through December 31, 2008.Certain of the facilities contain terms that require Federal-Mogul to share in the credit risk of the sold receivables. Federal-Mogul s maximum potential risk of loss from the sale of receivables was $32 million as of December 31, 2010. Based on Federal-Mogul s analysis of the creditworthiness of its customers on which such receivables were sold and outstanding as of December 31, 2010, Federal-Mogul estimated the loss to be immaterial.

Home Fashion

Through a combination of its existing cash on hand and its borrowing availability under the WestPoint Home senior secured revolving credit facility (together, an aggregate of $76 million), WPI believes that it has adequate capital resources and liquidity to meet its anticipated requirements to continue its operational restructuring initiatives and for working capital and capital spending through the next twelve months. However, as discussed above, WPI s revolving credit facility expires in June 2011 and, if WPI is unable to extend the credit facility, obtain a replacement facility or other financing, it may not have adequate financing

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to fund its working capital needs through the next twelve months. Depending upon the levels of additional acquisitions and joint venture investment activity, if any, additional financing, if needed, may not be available to WPI or, if available, may not be on terms favorable to WPI. WPI s estimates of its anticipated liquidity needs may not be accurate and new business opportunities or other unforeseen events could occur, resulting in the need to raise additional funds from outside sources. We cannot assure you that WPI will be able to extend the credit facility or obtain a replacement facility or other financing to fund its working capital needs.

Distributions

Depositary Units

During fiscal 2010, we paid quarterly distributions of $0.25 per LP unit ($1.00 per LP unit in the aggregate), aggregating $85 million, to depositary unitholders.

On March 2, 2011, the board of directors approved a payment of a quarterly cash distribution of $0.25 per unit on our depositary units payable in the first quarter of fiscal 2011. The distribution will be paid on March 30, 2011 to depositary unitholders of record at the close of business on March 15, 2011. Under the terms of the indenture dated April 5, 2007 governing our variable rate notes due 2013, we will also be making a $0.15 distribution to holders of these notes in accordance with the formula set forth in the indenture.

Preferred Units

On March 31, 2010, we redeemed all of our outstanding preferred units for an amount equal to the liquidation preference of $10.00 per unit, plus any accrued but unpaid distributions thereon. The total liability of our preferred units of $138 million was settled by issuing 2,947,092 of our depositary units, based on an average price of $46.77 per depositary unit, which amount was calculated based on the closing price of our depositary units over the 20-trading days immediately preceding March 31, 2010.

Critical Accounting Policies and Estimates

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

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

Consolidation

Our consolidated financial statements include the accounts of (i) Icahn Enterprises and (ii) the wholly and majority owned subsidiaries of Icahn Enterprises, in addition to those entities in which we have a controlling interest as a general partner interest or in which we are the primary beneficiary of a variable interest entity (VIE). In evaluating whether we have a controlling financial interest in entities in which we would consolidate, we consider the following: (1) for voting interest entities, we consolidate these entities in which we own a majority of the voting interests; (2) for VIEs that are not subject to the deferral provisions described below in the section entitled, Adoption of New Accounting Standards, we consolidate these entities in which we are considered the primary beneficiary because we (i) have the direct or indirect ability through voting rights or similar rights to make decisions about the VIE s activities that have a significant effect on its success and (ii) absorb the majority of the VIE s expected losses, receive a majority of the VIE s expected

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residual returns, or both (see Note 7, Investments and Related Matters, to our consolidated financial statements for further discussion regarding our VIEs); and (3) for limited partnership entities that are not considered VIEs, we consolidate these entities if we are the general partner of such entities and for which no substantive kick-out rights (the rights underlying the limited partners ability to dissolve the limited partnership or otherwise remove the general partners are collectively referred to as kick-out rights) or participating rights exist. All material intercompany accounts and transactions have been eliminated in consolidation.

Our consolidated financial statements also include the consolidated financial statements of Icahn Capital and the General Partners and certain consolidated Private Funds during the periods presented. The Investment Management segment consolidate those entities in which (i) they have an investment of more than 50% and have control over significant operating, financial and investing decisions of the entity, (ii) they are the general partner in certain limited partnership entities for which no substantive kick-out or participating rights exist or (iii) they are the primary beneficiary of a VIE. With respect to the consolidated Private Funds, the limited partners and shareholders have no substantive rights to impact ongoing governance and operating activities.

The analysis as to whether to consolidate an entity is subject to a significant amount of judgment. Some of the criteria considered include the determination as to the degree of control over an entity by its various equity holders, the design of the entity, how closely related the entity is to each of its equity holders, the relation of the equity holders to each other and a determination of the primary beneficiary in entities in which we have a variable interest. These analyses involve estimates, probability weighting of subjectively determined cash flows scenarios and other estimates based on the assumptions of management.

Revenue Recognition

Investment Management

The General Partners generate income from amounts earned pursuant to contractual arrangements with the Investment Funds.

Effective January 1, 2008, the Investment Funds limited partnership agreements provide that the applicable General Partner is eligible to receive a special profits interest allocation at the end of each calendar year from each capital account maintained at the Investment Fund that is attributable to, (i) in the case of the Onshore Fund, each limited partner in the Onshore Fund and, (ii) in the case of the Feeder Funds, each investor in the Feeder Funds (excluding certain investors that were not charged management fees including affiliates of Mr. Icahn) (in each case, referred to as an investor). Prior to July 1, 2009, this allocation was generally equal to 0.625% of the balance in each fee-paying capital account as of the beginning of each quarter (for each investor, referred to as the Target Special Profits Interest Amount) except that amounts are allocated to the General Partners in respect of special profits interest allocations only to the extent net increases (i.e., net profits) are allocated to an investor for the fiscal year. Accordingly, any special profits interest allocations allocated to the General Partners in respect of an investor in any year cannot exceed the net profits allocated to such investor in such year. Beginning July 1, 2009 and through July 1, 2010, all the limited partnership agreements and offering memoranda of the Private Funds (collectively referred to as the Fund Documents) were revised to provide investors with various new options for investments in the Private Funds (each referred to herein as an Option), as discussed further below.

Beginning July 1, 2009 and through July 1, 2010, all Fund Documents were revised primarily to provide existing investors various new Options for investments in the Private Funds. Each Option has certain eligibility criteria for investors which were permitted to roll over their investments made in the Private Funds prior to July 1, 2009 into one or more of the new Options. For fee-paying investments, the special profits interest allocations will range from 1.5% to 2.25% per annum and the incentive allocations will range from 15% (in some cases subject to a preferred return) to 22% per annum. The new Options also have different withdrawal terms, with certain Options being permitted to withdraw capital every six months (subject to certain limitations on aggregate withdrawals) and other Options being subject to three-year rolling lock-up periods, provided that early withdrawals are permitted at certain times with the payment to the Private Funds of a fee. The economic and withdrawal terms of the Pre-Election Investments remain the same, which include a special profits interest allocation of 2.5% per annum, an incentive allocation of 25% per annum and a three-year lock-up period (or sooner, subject to the payment of an early withdrawal fee). Certain of the Options will

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preserve each Investor s existing high watermark with respect to its rolled over Pre-Election Investments and one of the Options establishes a hypothetical high watermark for new capital invested before December 31, 2010 by persons that were investors prior to July 1, 2009. Effective with permitted withdrawals on December 31, 2009, if an Investor did not roll over a Pre-Election Investment into another Option when it was first eligible to do so without the payment of a withdrawal fee, the Private Funds required such Investor to withdraw such Pre-Election Investment.

Each Target Special Profits Interest Amount will be deemed contributed to a separate hypothetical capital account (that is not subject to an incentive allocation or a special profits interest allocation) in the applicable Investment Fund and any gains or losses that would have been allocated on such amounts will be credited or debited, as applicable, to such hypothetical capital account. The special profits interest allocation attributable to an investor will be deemed to be made (and thereby debited) from such hypothetical capital account and, accordingly, the aggregate amount of any special profits interest allocation attributable to such Investor will also depend upon the investment returns of the Investment Fund in which such hypothetical capital account is maintained.

In the event that sufficient net profits are not generated by an Investment Fund with respect to a capital account to meet the full Target Special Profits Interest Amount for an investor for a calendar year, a special profits interest allocation will be made to the extent of such net profits, if any, and the shortfall will be carried forward and added to the Target Special Profits Interest Amount determined for such Investor for the next calendar year. Adjustments, to the extent appropriate, will be made to the calculation of the special profits interest allocations for new subscriptions and withdrawals by investors. In the event that an investor redeems in full from a Feeder Fund or the Onshore Fund before the full targeted Target Special Profits Interest Amount determined for such investor has been allocated to the General Partner in the form of a special profits interest allocation, the amount of the Target Special Profits Interest Amount that has not yet been allocated to the General Partner will be forfeited and the General Partner will not receive it.

The General Partners special profits interest allocations and incentive allocations earned from the Investment Funds are accrued on a quarterly basis and are allocated to the General Partners at the end of Investment Funds fiscal year (or sooner on redemptions). Such accruals may be reversed as a result of subsequent investment performance prior to the conclusion of the Investment Funds fiscal year. Additionally, incentive allocations are subject to a high watermark (whereby the General Partners do not earn incentive allocations during a particular year even though the fund had a positive return in such year until losses for each investor in prior periods were recovered). Such amounts have been (and may in the future be) modified or waived in certain circumstances.

Valuation of Investments

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

Impairment of Long-Lived Assets and Goodwill

Long-lived assets held and used by our various operating segments and long-lived assets to be disposed of are reviewed for impairment whenever events or changes in circumstances, such as vacancies and rejected leases and reduced production capacity, indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, we estimate the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows, undiscounted and without interest charges, is less than the carrying amount of the asset an impairment loss is recognized.

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Measurement of an impairment loss for long-lived assets that we expect to hold and use is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Definite-lived assets held by our various segments are periodically reviewed for impairment indicators. If impairment indicators exist, we perform the required analysis and record an impairment charge as required by applicable U.S. GAAP.

Indefinite-lived intangible assets, such as goodwill and trademarks, held by our various segments are reviewed for impairment annually, or more frequently if impairment indicators exist. For impairment analysis related to goodwill, the impairment analysis compares the fair values of our reporting units to their related carrying values. If a reporting unit carrying value exceeds its fair value, we must then calculate the reporting unit s implied fair value of goodwill and impairment charges are recorded for any excess of the goodwill carrying value over the implied fair value of the goodwill. The reporting unit fair value is based upon consideration of various valuation methodologies, including guideline transaction multiples, multiples of current earnings, and projected future cash flows discounted at rates commensurate with the risk involved. As of December 31, 2010, our goodwill balance of $1,129 million principally pertains to our Automotive segment. Our Automotive segment performed its annual goodwill impairment test and determined that its goodwill balance passed Step 1, with fair values in excess of carrying values of at least 25%. As of December 31, 2010, none of our reporting units are at risk for goodwill impairment.

For impairment analysis related to other indefinite-lived intangible assets such as trademarks, the impairment analysis compares the fair value of these assets to the related carrying value, and an impairment charge is recorded for any excess of carrying value over fair value. Fair values are based on discounted cash flows with applicable rates of return applicable for these intangible assets. Estimating fair value for both long-lived and indefinite-lived assets requires management to make assumptions regarding future sales volumes and pricing, capital expenditures, useful lives and salvage values of related property, plant and equipment, management s ability to develop and implement productivity improvements, discount rates, effective tax rates, market multiples and other items. Any differences in actual results from estimates could materially impact our future results of operations and financial condition.

Commitments and Contingencies Litigation

On an ongoing basis, we assess the potential liabilities related to any lawsuits or claims brought against us. While it is typically very difficult to determine the timing and ultimate outcome of such actions, we use our best judgment to determine if it is probable that we will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In assessing probable losses, we make estimates of the amount of insurance recoveries, if any. We accrue a liability when we believe a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recovery, it is possible that certain matters may be resolved for amounts materially different from any provisions or disclosures that we have previously made.

Environmental Matters

Due to the nature of certain of our operations, we may be subject to environmental remediation claims. Certain of our operations are subject to federal, state, local and foreign environmental laws and regulations concerning discharges to the air, soil, surface and subsurface waters and the generation, handling, storage, transportation, treatment and disposal of waste materials and hazardous substances. Certain of our operations are also subject to other federal, state, local and foreign laws and regulations including those that require them to remove or mitigate the effects of the disposal or release of certain materials at various sites. While it is typically very difficult to determine the timing and ultimate outcome of such actions, if any, management uses its best judgment to determine if it is probable that it will incur an expense related to the settlement or final adjudication of such matters and whether a reasonable estimation of such probable loss, if any, can be made. In assessing probable losses, management makes estimates of the amount of insurance recoveries, if any. Certain of our operations accrue a liability when their management believe a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation and potential insurance recovery, it is possible that certain matters may be resolved for amounts materially different from any provisions or disclosures that have previously been made.

It is impossible to predict precisely what effect these laws and regulations will have on our operations in the future. Compliance with environmental laws and regulations may result in, among other things, capital expenditures, costs and liabilities. Management believes, based on past experience and its best assessment of future events, that these environmental liabilities and costs will be assessed and paid over an extended period of time. Management believes that that recorded environmental liabilities will be adequate to cover estimated liability for exposure in respect to such matters. In the event that such liabilities were to significantly exceed the amounts recorded, our results of operations could be materially affected.

Pension Plans and Other Postretirement Benefit Plans

Federal-Mogul sponsors several defined benefit pension plans, or Pension Benefits, and health care and life insurance benefits, or Other Postemployment Benefits, for certain employees and retirees around the world. As prescribed by applicable U.S. GAAP, Federal-Mogul uses appropriate actuarial methods and assumptions in accounting for its defined benefit pension plans, non-pension postemployment benefits, and disability, early retirement and other postemployment benefits.

Actual results that differ from assumptions used are accumulated and amortized over future periods and, accordingly, generally affect recognized expense and the recorded obligation in future periods. Therefore, assumptions used to calculate benefit obligations as of the end of a fiscal year directly impact the expense to be recognized in future periods. The primary assumptions affecting Federal-Mogul s accounting for employee benefits as of December 31, 2010 are as follows:

Long-term rate of return on plan assets: The required use of the expected long-term rate of return on plan assets may result in recognized returns that are greater or less than the actual returns on those plan assets in any given year. While the development of the long-term rate of return on assets gives appropriate consideration to recent fund performance and historical returns, the assumption is designed to approximate a long-term prospective rate. The expected long-term rate of return used to calculate net periodic pension cost is 8.50% for U.S. plans and 5.64% for non-U.S. plans.
Discount rate: The discount rate reflects the effective yield on high quality fixed income securities available in the marketplace as of the measurement date to settle pension and post-retirement benefit obligations. In determining its pension and other benefit obligations, Federal-Mogul used weighted average discount rates of 5.15% for U.S. plans and 4.92% for non-U.S. plans.
Health care cost trend: For postretirement health care plan accounting, Federal-Mogul reviews external data and company specific historical trends for health care costs to determine the health care cost trend rate. The assumed health care cost trend rate used to measure next year s postemployment health care benefits is 8.0% declining to an ultimate trend rate of 5.0% in 2018. The assumed drug cost trend rate used to measure next year s postemployment health care benefits is 9.5% declining to an ultimate trend rate of 5.0% in 2018.

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The following table illustrates the sensitivity to a change in certain assumptions for projected benefit obligations (PBO), associated expense and other comprehensive loss (OCL). The changes in these assumptions have no impact on Federal-Mogul s 2010 funding requirements.

	Pension Benefits						Other Postemployment Benefits	
	United States Plans			Non-U.S. Plans				
	Change in 2011 Pension Expense	Change in PBO	Change in Accumulated OCL	Change in 2011 Pension Expense	Change in PBO	Change in Accumulated OCL	Change in 2011 Expense	Change in PBO
	(Millions of Dollars)							
25 bp decrease in discount rate	$2	$32	$(32)	$	$10	$(10)	$	$8
25 bp increase in discount rate	(3)	(32)	32		(9)	9		(8)
25 bp decrease in return on assets rate	2							
25 bp increase in return on assets rate	(2)							

The assumed health care trend rate has a significant impact on the amounts reported for non-pension plans. The following table illustrates the sensitivity to a change in the assumed health care trend rate:

	Total Service and Interest Cost	APBO
	(Millions of Dollars)	
100 bp increase in health care trend rate	$1	$17
100 bp decrease in health care trend rate	(1)	(15)

Asset Retirement Obligations

Federal-Mogul records asset retirement obligations, or ARO, in accordance with FASB ASC Topic 410, *Asset Retirement and Environmental Obligations*. Federal-Mogul s primary ARO activities relate to the removal of hazardous building materials at its facilities. Federal-Mogul records an ARO when amounts can be reasonably estimated, typically upon the expectation that an operating site may be closed or sold. Federal-Mogul has identified sites with contractual obligations and several sites that are closed or expected to be closed and sold. In connection with these sites, Federal-Mogul has accrued $25 million and $30 million as of December 31, 2010 and 2009, respectively, for ARO, primarily related to anticipated costs of removing hazardous building materials, and has considered impairment issues that may result from capitalization of ARO.

In determining whether the fair value of ARO can reasonably be estimated, Federal-Mogul must determine if the obligation can be assessed in relation to the acquisition price of the related asset or if an active market exists to transfer the obligation. If the obligation cannot be assessed in connection with an acquisition price and if no market exists for the transfer of the obligation, Federal-Mogul must determine if it has sufficient information upon which to estimate the obligation using expected present value techniques. This determination requires Federal-Mogul to estimate the range of settlement dates and the potential methods of settlement, and then to assign the probabilities to the various potential settlement dates and methods.

Federal-Mogul has conditional asset retirement obligations, or CARO, primarily related to removal costs of hazardous materials in buildings, for which it believes reasonable cost estimates cannot be made at this time because Federal-Mogul does not believe it has a reasonable basis to assign probabilities to a range of potential settlement dates for these retirement obligations. Accordingly, Federal-Mogul is currently unable to determine amounts to accrue for CARO at such sites. If new information were to become available whereby Federal-Mogul could make reasonable probability assessments for these CARO, the amount accrued for ARO could change significantly, which could materially impact our Automotive segment s statement of operations

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and/or financial position. Settlements of ARO in the near-future at amounts other than Federal-Mogul s best estimates as of December 31, 2010 also could materially impact our Automotive segment s future results of operations and financial condition.

Income Taxes

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

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

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

Federal-Mogul did not record taxes on its undistributed earnings of $659 million at December 31, 2010, since these earnings are considered by Federal-Mogul to be permanently reinvested. If at some future date, these earnings cease to be permanently reinvested, Federal-Mogul may be subject to U.S. income taxes and foreign withholding taxes on such amounts. Determining the unrecognized deferred tax liability on the potential distribution of these earnings is not practicable as such liability, if any, is dependent on circumstances existing when remittance occurs.

Management periodically evaluates all evidence, both positive and negative, in determining whether a valuation allowance to reduce the carrying value of deferred tax assets is still needed. In fiscal 2010, fiscal 2009 and fiscal 2008, we concluded, based on the projections of taxable income, that certain of our corporate subsidiaries more likely than not will realize a partial benefit from their deferred tax assets and loss carry forwards. Ultimate realization of the deferred tax assets is dependent upon, among other factors, our corporate subsidiaries ability to generate sufficient taxable income within the carryforward periods and is subject to change depending on the tax laws in effect in the years in which the carryforwards are used.

Recently Issued Accounting Standards Updates

In March 2010, the FASB issued new guidance on the accounting for credit derivatives that are embedded in beneficial interests in securitized financial assets. The new guidance eliminates the scope exception of certain credit derivative features embedded in beneficial interests in securitized financial assets that are currently not accounted for as derivatives within the Derivatives and Hedging Topic of the FASB ASC. As a result, bifurcation and separate recognition may be required for certain beneficial interests that are not currently accounted for at fair value through earnings. This new guidance is effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at each entity s first fiscal quarter beginning after issuance. The adoption of this new standard did not have a material impact on our financial condition, results of operations and cash flows.

Forward-Looking Statements

Statements included in Management s Discussion and Analysis of Financial Condition and Results of Operations which are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the safe harbor provided by Section 27A of the Securities Act and Section 21E of the Exchange Act, as amended by Public Law 104-67.

Forward-looking statements regarding management s present plans or expectations involve risks and uncertainties and changing economic or competitive conditions, as well as the negotiation of agreements with third parties, which could cause actual results to differ from present plans or expectations, and such differences could be material. Readers should consider that such statements speak only as of the date hereof.

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We have in the past and may in the future make forward-looking statements. Certain of the statements contained in this document involve risks and uncertainties. Our future results could differ materially from those statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed in this document. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those predicted. Also, please see Item 1A., Risk Factors, of this Annual Report.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our significant market risks are primarily associated with interest rates, equity prices and derivatives. The following sections address the significant market risks associated with our business activities.

Investment Management

Our predominant exposure to market risk is related to our Investment Management segment and the sensitivities to movements in the fair value of the Private Funds investments, including the effect on special profits interest allocations and incentive allocations.

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

Effect on Special Profits Interest Allocations

Our special profits interest allocations are calculated based on a specified percentage of the net asset value of the fee-paying capital of an Investment Fund (before an incentive allocation based on the net profits of an Investment Fund subject to a loss carryforward provision), as described in our consolidated financial statements and are earned based on the sufficiency of net profits in the Private Funds to cover such amounts. Accordingly, our special profits interest allocations will be directly affected by changes in market risk but are not readily predicted or estimated. In general, our special profits interest allocations will be increased (or reduced) in direct proportion to the effect of changes in the market value of the net assets in the related funds and to the extent that the Private Funds generate net profits. Although special profits interest allocations, if any, are eliminated in consolidation, our allocated share of the net income of the Private Funds includes the amount of these eliminated allocations.

Impact on Incentive Allocations

Our incentive allocations are based on a specified percentage of the net profits earned by the Investment Funds with respect to fee-paying capital and are subject to a loss carryforward provision. Our incentive allocations will be impacted by changes in market risk but are not readily predicted or estimated. Although our incentive allocations are eliminated in consolidation, our allocated share of the net income of the Private Funds includes the amount of these eliminated fees and allocations.

Market Risk

The Private Funds hold investments that are reported at fair value as of the reporting date, which include securities owned, securities sold, not yet purchased and derivatives as reported on our consolidated balance sheets. Based on their respective balances as of December 31, 2010, we estimate that in the event of a 10% adverse change in the fair value of these investments, the fair values of securities owned, securities sold, not yet purchased, and derivatives would decrease by $743 million, $122 million and $103 million, respectively. However, as of December 31, 2010, we estimate that the impact to our share of the net gain or loss from investment activities reported on our consolidated statement of operations would be significantly less than the change in fair value since we have an investment of approximately 39.4% in these Private Funds, and the non-controlling interests in income would correspondingly offset approximately 60.6% of the change in fair value.

Exchange Rate Risk

The Private Funds are not materially exposed to foreign exchange risk since foreign investments are economically hedged by foreign currency forward contracts.

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Credit Risk

We and certain of our consolidated Private Funds are subject to certain inherent risks through our investments.

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

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

Automotive

Refer to Note 8, Financial Instruments Automotive to the Consolidated Financial Statements, included in Item 8 of this Annual Report, for discussion regarding our Automotive segment s interest rate risk, commodity price risk and foreign currency risk.

The translated values of revenue and expense from our Automotive segment s international operations are subject to fluctuations due to changes in currency exchange rates. During fiscal 2010, our Automotive segment derived 39% of its sales in the United States and 61% internationally. Of these international sales, 58% are denominated in the euro, with no other single currency representing more than 7%. To minimize foreign currency risk, our Automotive segment generally maintains natural hedges within its non-U.S. activities, including the matching of operational revenues and costs. Where natural hedges are not in place, our Automotive segment manages certain aspects of its foreign currency activities and larger transactions through the use of foreign currency options or forward contracts. Our Automotive segment estimates that a hypothetical 10% adverse movement of all foreign currencies in the same direction against the U.S. dollar in fiscal 2010 would have decreased net income attributable to our Automotive segment by approximately $38 million.

Holding Company

Interest Rate Risk

The fair values of our long-term debt and other borrowings will fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, relative values of alternative investments, the liquidity of the instrument and other general market conditions. Historically, the Holding Company does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Holding Company has predominately long-term fixed interest rate debt. Generally, the fair market value of debt securities with a fixed interest rate will increase as interest rates fall, and the fair market value will decrease as interest rates rise. At December 31, 2010, the impact of a 100 basis point increase and decrease in interest rates on fixed rate debt would be a decrease of $124 million and increase of $117 million in the fair market value of our fix rate debt, respectively.

Equity Price Risk

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

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Based on sensitivity analysis for our equity price risks as of December 31, 2010 the effects of a hypothetical 10% increase or decrease in market prices as of those dates would result in a gain or loss that would be approximately $1 million. The selected hypothetical change does not reflect what could be considered the best or worst case scenarios. Indeed, results could be far worse due to the nature of equity markets.

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Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of
Icahn Enterprises L.P.

We have audited the accompanying consolidated balance sheets of Icahn Enterprises L.P. and Subsidiaries (the Partnership) (a Delaware limited partnership) as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity and comprehensive income (loss) and cash flows for each of the three years in the period ended December 31, 2010. Our audits of the basic consolidated financial statements included the financial statement schedule listed in the index appearing under Item 15 (a)(2). These financial statements and financial statement schedule are the responsibility of the Partnership s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We did not audit the consolidated financial statements of Federal-Mogul Corporation, a subsidiary, whose statements reflect total assets of $7.3 billion and $7.1 billion as of December 31, 2010 and 2009, respectively, and total revenues of $6.2 billion, $5.4 billion and $5.7 billion, for the years ended December 31, 2010 and 2009, and for the period from March 1, 2008 (date of consolidation) through December 31, 2008, of the related consolidated totals, respectively. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Federal-Mogul Corporation, is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Icahn Enterprises L.P. and Subsidiaries as of December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Icahn Enterprises L.P. and Subsidiaries internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 7, 2011, expressed an unqualified opinion.

/s/ Grant Thornton

New York, New York
March 7, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Federal-Mogul Corporation

We have audited the accompanying consolidated balance sheets of Federal-Mogul Corporation (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedule listed in the index at item 15(a). These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Federal-Mogul Corporation at December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Detroit, Michigan
February 23, 2011

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except unit amounts)
December 31, 2010 and 2009

	December 31,	
	2010	2009
ASSETS		
Cash and cash equivalents	$2,963	$2,256
Cash held at consolidated affiliated partnerships and restricted cash	2,174	3,336
Investments	7,470	5,405
Accounts receivable, net	1,285	1,139
Due from brokers	50	56
Inventories, net	1,163	1,091
Property, plant and equipment, net	3,455	2,958
Goodwill	1,129	1,083
Intangible assets, net	999	1,007
Other assets	650	555
Total Assets	$21,338	$18,886
LIABILITIES AND EQUITY		
Accounts payable	$844	$628
Accrued expenses and other liabilities	2,277	1,993
Securities sold, not yet purchased, at fair value	1,219	2,035
Due to brokers	1,323	376
Post-employment benefit liability	1,272	1,413
Debt	6,509	5,186
Preferred limited partner units		136
Total liabilities	13,444	11,767
Commitments and contingencies (Note 21)		
Equity:		
Limited partners:		
Depositary units: 92,400,000 authorized; issued 85,865,619 and 75,912,797 at December 31, 2010 and 2009, respectively; outstanding 84,728,419 and 74,775,597 at December 31, 2010 and 2009, respectively	3,477	2,828
General partner	(282)	18
Treasury units at cost: 1,137,200 depositary units	(12)	(12)
Equity attributable to Icahn Enterprises	3,183	2,834
Equity attributable to non-controlling interests	4,711	4,285
Total equity	7,894	7,119
Total Liabilities and Equity	$21,338	$18,886

See accompanying notes to the consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (In millions, except unit

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per unit amounts)
Years Ended December 31, 2010, 2009 and 2008

	Year ended December 31,		
	2010	2009	2008
Revenues:			
Net sales	$7,934	$6,790	$8,430
Other revenues from operations	194	104	74
Net gain (loss) from investment activities	814	1,406	(2,920)
Interest and dividend income	194	244	331
Other (loss) income, net	(17)	61	223
	9,119	8,605	6,138
Expenses:			
Cost of goods sold	6,762	5,844	7,166
Other expenses from operations	150	73	51
Selling, general and administrative	1,037	1,097	1,022
Restructuring	16	51	157
Impairment	12	41	450
Interest expense	389	319	358
	8,366	7,425	9,204
Income (loss) from continuing operations before income tax (expense) benefit	753	1,180	(3,066)
Income tax (expense) benefit	(9)	44	(76)
Income (loss) from continuing operations	744	1,224	(3,142)
(Loss) income from discontinued operations	(1)	1	485
Net income (loss)	743	1,225	(2,657)
Less: net (income) loss attributable to non-controlling interests	(544)	(972)	2,631
Net income (loss) attributable to Icahn Enterprises	$199	$253	$(26)
Net income (loss) attributable to Icahn Enterprises from:			
Continuing operations	$200	$252	$(511)
Discontinued operations	(1)	1	485
	$199	$253	$(26)
Net income (loss) attributable to Icahn Enterprises allocable to:			
Limited partners	$195	$229	$(57)
General partner	4	24	31
	$199	$253	$(26)
Basic income (loss) per LP unit:			
Income (loss) from continuing operations	$2.36	$3.04	$(7.84)
(Loss) income from discontinued operations	(0.01)	0.01	7.04
	$2.35	$3.05	$(0.80)

Basic weighted average LP units outstanding	83	75	71
Diluted income (loss) per LP unit:			
Income (loss) from continuing operations	$ 2.35	$ 2.96	$ (7.84)
(Loss) income from discontinued operations	(0.01)	0.01	7.04
	$ 2.34	$ 2.97	$ (0.80)
Diluted weighted average LP units outstanding	84	79	71
Cash distributions declared per LP unit	$ 1.00	$ 1.00	$ 1.00

See accompanying notes to the consolidated financial statements.

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS (In million 129

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME (In millions)

Accumulated other comprehensive loss was $597 and $657 at December 31, 2010 and 2009, respectively.

See accompanying notes to the consolidated financial statements.

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In millions) Years Ended December 31, 2010, 2009 and 2008

	Year Ended December 31,		
	2010	2009	2008
Cash flows from operating activities:			
Net income (loss)	$743	$1,225	$(2,657)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Loss (income) from discontinued operations	1	(1)	(485)
Investment (gains) losses	(814)	(1,406)	2,920
Purchases of securities	(4,043)	(2,433)	(9,104)
Proceeds from sales of securities	2,895	3,335	6,829
Purchases to cover securities sold, not yet purchased	(3,018)	(4,843)	(654)
Proceeds from securities sold, not yet purchased	1,810	4,032	3,437
Net premiums received on derivative contracts	8	5	661
Changes in receivables and payables relating to securities transactions	918	(611)	1,789
Depreciation and amortization	463	441	369
Impairment	12	41	450
Other, net	(71)	(159)	(95)
Changes in operating assets and liabilities:			
Changes in cash held at consolidated affiliated partnerships and restricted cash	1,180	595	(2,800)
Accounts receivable, net	(185)	37	223
Inventories, net	(75)	165	208
Other assets	(56)	25	(9)
Accounts payable	140	100	(66)
Accrued expenses and other liabilities	133	(182)	(116)
Net cash provided by operating activities from continuing operations	41	366	900
Net cash used in operating activities from discontinued operations		(1)	(7)
Net cash provided by operating activities	41	365	893
Cash flows from investing activities:			
Capital expenditures	(422)	(230)	(858)
Net cash received from (paid for) acquired businesses	116		(68)
Proceeds from sale of marketable equity and debt securities	4	65	590
Purchases of marketable equity and debt securities		(38)	(30)
Other, net	(9)	(53)	54
Net cash used in investing activities from continuing operations	(311)	(256)	(312)
Net cash provided by investing activities from discontinued operations		3	1,069
Net cash (used in) provided by investing activities	(311)	(253)	757

Cash flows from financing activities:			
Investment management equity:			
Capital subscriptions received in advance		7	
Capital distributions to non-controlling interests	(566)	(1,163)	(1,270)
Capital contributions by non-controlling interests	419	287	685
Partnership contributions	6		3
Partnership distributions	(85)	(77)	(72)
Proceeds from issuance of senior unsecured notes	2,499		
Proceeds from other borrowings	107	352	67
Repayments of borrowings	(1,389)	(192)	(321)
Other, net	(8)	(6)	(6)
Net cash provided by (used in) financing activities from continuing operations	983	(792)	(914)
Net cash used in financing activities from discontinued operations			(255)
Net cash provided by (used in) financing activities	983	(792)	(1,169)
Effect of exchange rate changes on cash and cash equivalents	(6)	19	(57)
Net increase (decrease) in cash and cash equivalents	707	(661)	424
Net change in cash of assets held for sale			69
Cash and cash equivalents, beginning of period	2,256	2,917	2,424
Cash and cash equivalents, end of period	$2,963	$2,256	$2,917
Supplemental information:			
Cash payments for interest, net of amounts capitalized	$293	$289	$372
Net cash payments for income taxes	$35	$	$261
Net unrealized gains on available-for-sale securities	$	$3	$(8)
Redemptions payable to non-controlling interests	$346	$113	$169
Fair value of investment in Tropicana prior to acquisition of controlling interest	$251	$	$
LP Unit issuance to purchase majority interests in ARI and Viskase	$310	$	$
LP Unit issuance to settle preferred LP unit redemptions	$138	$	$
LP Unit issuance to purchase additional interest in Federal-Mogul	$	$	$153

See accompanying notes to the consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (In million 132

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

General

Icahn Enterprises L.P. (Icahn Enterprises or the Company) is a master limited partnership formed in Delaware on February 17, 1987. We own a 99% limited partner interest in Icahn Enterprises Holdings L.P. (Icahn Enterprises Holdings). Icahn Enterprises Holdings and its subsidiaries own substantially all of our assets and liabilities and conduct substantially all of our operations. Icahn Enterprises G.P. Inc. (Icahn Enterprises GP), our sole general partner, which is owned and controlled by Carl C. Icahn, owns a 1% general partner interest in both us and Icahn Enterprises Holdings, representing an aggregate 1.99% general partner interest in us and Icahn Enterprises Holdings. As of December 31, 2010, affiliates of Mr. Icahn owned 78,454,899 of our depositary units which represented approximately 92.6% of our outstanding depositary units. As discussed further in Note 15, Preferred Limited Partner Units, on March 31, 2010 we redeemed all of our outstanding preferred units.

As of December 31, 2010, we are a diversified holding company owning subsidiaries currently engaged in the following continuing operating businesses: Investment Management, Automotive, Gaming, Railcar, Food Packaging, Metals, Real Estate and Home Fashion. We also report the results of our Holding Company, which includes the unconsolidated results of Icahn Enterprises and Icahn Enterprises Holdings, and investment activity and expenses associated with the Holding Company. Further information regarding our continuing reportable segments is contained in Note 4, Operating Units, and Note 17, Segment and Geographic 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 will 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).

Basis of Presentation

We have prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The consolidated financial statements include the accounts of (i) Icahn Enterprises and (ii) the wholly and majority owned subsidiaries of Icahn Enterprises in which control can be exercised, in addition to those entities in which Icahn Enterprises has a substantive controlling, general partner interest or in which it is the primary beneficiary of a variable interest entity, as described below. Icahn Enterprises is considered to have control if it has a direct or indirect ability to make decisions about an entity s activities through voting or similar rights. All material intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications from prior year presentation have been made to conform to presentation as of and for the year ended December 31, 2010.

In accordance with U.S. GAAP, assets transferred between entities under common control are accounted for at historical cost similar to a pooling of interests, and the financial statements of previously separate companies for all periods under common control prior to the acquisition are included in our consolidated financial statements.

Change in Reporting Entity

As discussed further in Note 3, Acquisitions, on January 15, 2010, in two separate transactions, we acquired controlling interests in American Railcar Industries, Inc. (ARI) and Viskase Companies Inc. (Viskase) from affiliates of Mr. Icahn. ARI and Viskase are each considered entities under common control.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation (continued)

For accounting purposes, ARI s and Viskase s earnings for the period of common control up until our acquisition of the controlling interests in each of these companies on January 15, 2010 have been allocated to Icahn Enterprises GP, our general partner, and therefore are excluded from the historical computation of basic and diluted income per LP unit.

As a result of the acquisitions of ARI and Viskase that occurred on January 15, 2010, our financial statements now include the results of ARI and Viskase effective when common control (over 50% ownership) had been achieved which for ARI was in May 1988 and for Viskase was in November 2006.

2. Summary of Significant Accounting Policies

As discussed in Note 1, Description of Business and Basis of Presentation, we operate in several diversified segments. The accounting policies related to the specific segments or industries are differentiated, as required, in the list of significant accounting policies set out below.

Principles of Consolidation

General

Our consolidated financial statements include the accounts of (i) Icahn Enterprises and (ii) the wholly and majority owned subsidiaries of Icahn Enterprises, in addition to those entities in which we have a controlling interest as a general partner interest or in which we are the primary beneficiary of a variable interest entity (VIE). In evaluating whether we have a controlling financial interest in entities in which we would consolidate, we consider the following: (1) for voting interest entities, we consolidate these entities in which we own a majority of the voting interests; (2) for VIEs that are not subject to the deferral provisions described below in the section entitled, Adoption of New Accounting Standards, we consolidate these entities in which we are considered the primary beneficiary because we (i) have the direct or indirect ability through voting rights or similar rights to make decisions about the VIE s activities that have a significant effect on its success and (ii) absorb the majority of the VIE s expected losses, receive a majority of the VIE s expected residual returns, or both (see Note 6, Investments and Related Matters, for further discussion regarding our VIEs); and (3) for limited partnership entities that are not considered VIEs, we consolidate these entities if we are the general partner of such entities and for which no substantive kick-out rights (the rights underlying the limited partners ability to dissolve the limited partnership or otherwise remove the general partners are collectively referred to as kick-out rights) or participating rights exist. All material intercompany accounts and transactions have been eliminated in consolidation.

Except for our Investment Management segment, for those investments in which we own 50% or less but greater than 20%, we account for such investments using the equity method, while investments in affiliates of 20% or less are accounted for under the cost method.

Investment Management

Although the Private Funds, as defined herein, are not investment companies within the meaning of the 40 Act, each of the consolidated Private Funds is, for purposes of U.S. GAAP, an investment company pursuant to Financial Accounting Statements Board (FASB) Accounting Standards Codification (ASC) Subtopic 946.10, *Financial Services Investment Companies*. The General Partners adopted FASB ASC Section 946-810-45, *Financial Services Investment Companies Consolidation Other Presentation Matters* (FASB ASC Section 946-810-45), as of January 1, 2007. FASB ASC Section 946-810-45 addresses whether the accounting principles of FASB ASC Section 946-810-45 may be applied to an entity by clarifying the definition of an investment company and whether those accounting principles may be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting. Upon the adoption of FASB ASC Section 946-810-45, (i) the Offshore GP lost its ability to retain specialized accounting pursuant to FASB ASC Section 946-810-45 for either its equity method investment in Master Fund I or for its consolidation of the Offshore Fund, Master Fund II and Master Fund III, and (ii) the Onshore

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

GP lost its ability to retain specialized accounting for its consolidation of the Onshore Fund, in each case, because both the Offshore GP and the Onshore GP do not meet the requirements for retention of specialized accounting under FASB ASC Section 946-810-45, as the Offshore GP and Onshore GP and their affiliates acquire interests for strategic operating purposes in the same companies in which their subsidiary investment companies invest.

However, upon losing their ability to retain specialized accounting, the General Partners account for their investments held by the consolidated Private Funds in debt securities and in those equity securities with readily determinable fair values pursuant to the Investment Debt and Equity Securities Topic of the FASB ASC and classified such investments as available-for-sale securities and then elected the fair value option and reclassified such securities as trading securities. For those equity securities that did not have readily determinable fair values, the General Partners elected the fair value option. For those investments in which the General Partners would otherwise account for such investments under the equity method, the General Partners, in accordance with their accounting policy, elected the fair value option. The election of the fair value option was deemed to most accurately reflect the nature of our business relating to investments.

The special profits interest allocations and incentive allocations earned from certain consolidated entities are eliminated in consolidation; however, our allocated share of the net income from the Investment Funds (as defined in Note 4, Operating Units Investment Management) includes the amount of these eliminated fees and allocations. Accordingly, the consolidation of the Investment Funds has no material net effect on our earnings from the Private Funds.

Use of Estimates in Preparation of Financial Statements

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. The more significant estimates include: (1) the valuation allowances of accounts receivable and inventory; (2) the valuation of goodwill, indefinite-lived intangible assets and long-lived assets; (3) deferred tax assets; (4) environmental liabilities; (5) fair value of derivatives; and (6) pension liabilities. Actual results may differ from the estimates and assumptions used in preparing the consolidated financial statements.

Cash and Cash Equivalents

We consider short-term investments, which are highly liquid with original maturities of three months or less at date of purchase, to be cash equivalents.

Cash Held at Consolidated Affiliated Partnerships and Restricted Cash

Cash held at consolidated affiliated partnerships primarily consists of cash and cash equivalents held by the Onshore Fund and Offshore Master Funds (as defined herein) that, although not legally restricted, is not available to fund the general liquidity needs of the Investment Management segment or Icahn Enterprises. Restricted cash primarily relates to cash pledged and held for margin requirements on derivative transactions as well as cash related to securities sold short, not yet purchased. A portion of the cash at brokers is related to securities sold, not yet purchased; its use is therefore restricted until the securities are purchased. Securities sold, not yet purchased are collateralized by certain of the Investment Funds investments in securities.

The restricted cash balance was approximately $1.6 billion and $2.8 billion as of December 31, 2010 and 2009, respectively.

Investments and Related Transactions Investment Management

Investment Transactions and Related Investment Income (Loss). Investment transactions of the Investment Funds are recorded on a trade date basis. Realized gains or losses on sales of investments are based on the first-in, first-out or the specific identification methods. Realized and unrealized gains or losses on

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2. Summary of Significant Accounting Policies (continued)

investments are recorded in the consolidated statements of operations. Interest income and expenses are recorded on an accrual basis and dividends are recorded on the ex-dividend date. Premiums and discounts on fixed income securities are amortized using the effective yield method.

Valuation of Investments. Securities of the Investment Funds that are listed on a securities exchange are valued at their last sales price on the primary securities exchange on which such securities are traded on such date. Securities that are not listed on any exchange but are traded over-the-counter are valued at the mean between the last bid and ask price for such security on such date. Securities and other instruments for which market quotes are not readily available are valued at fair value as determined in good faith by the applicable General Partner.

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

Fair Values of Financial Instruments. The fair values of the Investment Funds assets and liabilities that qualify as financial instruments under applicable U.S. GAAP approximate the carrying amounts presented in the consolidated balance sheets.

Securities Sold, Not Yet Purchased. The Investment Funds may sell an investment they do not own in anticipation of a decline in the fair value of that investment. When the Investment Funds sell an investment short, they must borrow the investment sold short and deliver it to the broker-dealer through which they made the short sale. A gain, limited to the price at which the Investment Funds sold the investment short, or a loss, unlimited in amount, will be recognized upon the cover of the short sale.

Due From Brokers. Due from brokers represents cash balances with the Investment Funds clearing brokers as well as unrestricted balances with derivative counterparties.

Due To Brokers. Due to brokers represents margin debit balances collateralized by certain of the Investment Funds investments in securities.

Investments Other Operations

Investments in equity and debt securities are classified as either trading or available-for-sale based upon whether we intend to hold the investment for the foreseeable future. Trading securities are valued at quoted market value at each balance sheet date with the unrealized gains or losses reflected in the consolidated statements of operations. Available-for-sale securities are carried at fair value on our balance sheet. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported as a separate component of partners equity and when sold are reclassified out of partners equity to the consolidated statements of operations. For purposes of determining gains and losses, the cost of securities is based on specific identification.

A decline in the market value of any available-for-sale security below cost that is deemed to be other than temporary results in an impairment that is charged to earnings and the establishment of a new cost basis for the investment. Dividend income is recorded when declared and interest income is recognized when earned.

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2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments Other Operations

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other liabilities are deemed to be reasonable estimates of their fair values because of their short-term nature.

The fair values of investments and securities sold, not yet purchased are based on quoted market prices for those or similar investments. See Note 7, Investments and Related Matters, and Note 8, Fair Value Measurements, for further discussion.

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 December 31, 2010 are approximately $6.5 billion and $6.1 billion, respectively. The carrying value and estimated fair value of our long-term debt as of December 31, 2009 are approximately $5.2 billion and $4.8 billion, respectively.

Fair Value Option for Financial Assets and Financial Liabilities

The fair value option gives entities the option to measure eligible financial assets, financial liabilities and firm commitments at fair value (i.e., the fair value option), on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value pursuant to the provisions of the FASB ASC. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. In estimating the fair value for financial instruments for which the fair value option has been elected, we use the valuation methodologies in accordance to where the financial instruments are classified within the fair value hierarchy as discussed in Note 8, Fair Value Measurements. Except for our Automotive, Railcar and Home Fashion segments, we apply the fair value option to our investments that would otherwise be accounted under the equity method.

Derivatives

From time to time, our subsidiaries enter into derivative contracts, including purchased and written option contracts, swap contracts, futures contracts and forward contracts entered into by our Investment Management and Automotive segments. U.S. GAAP requires recognition of all derivatives as either assets or liabilities in the balance sheet at their fair value. The accounting for changes in fair value depends on the intended use of the derivative and its resulting designation. For further information regarding our Investment Management and Automotive segments derivative contracts, see Note 9, Financial Instruments.

Accounts Receivable, Net

An allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the consolidated financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of our customers, and an evaluation of the impact of economic conditions. Our allowance for doubtful accounts is an estimate based on specifically identified accounts as well as general reserves based on historical experience.

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2. Summary of Significant Accounting Policies (continued)

Inventories, Net

Our consolidated inventories, net consisted of the following (in millions of dollars):

	December 31, 2010	December 31, 2009
Raw materials	$ 211	$ 176
Work in process	195	163
Finished goods	670	690
	1,076	1,029
Other:		
Ferrous	43	30
Non-ferrous	21	10
Secondary metals	23	22
	87	62
Total inventories, net	$ 1,163	$ 1,091

Automotive, Railcar, Food Packaging, and Home Fashion Segment Inventories. Our Automotive, Railcar, Food Packaging and Home Fashion segment inventories are stated at the lower of cost or market. Cost is determined by using the first-in, first-out basis method. The cost of manufactured goods include the cost of materials, direct labor and manufacturing overhead. Our Automotive, Railcar, Food Packaging and Home Fashion segments reserve for estimated excess, slow-moving and obsolete inventory as well as inventory whose carrying value is in excess of net realizable value.

Upon our acquisition of the controlling interest in Federal-Mogul Corporation (Federal-Mogul) during fiscal 2008, our Automotive segment inventories were revalued and resulted in an increase to inventory balances. The increase to inventory resulting from our acquisition impacted cost of goods sold as the related inventory was sold. During the period March 1, 2008 through December 31, 2008, our Automotive segment recognized $60 million as additional cost of goods sold, thereby reducing gross margin by the same amount.

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

Property, Plant and Equipment, Net

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

Buildings, furniture and equipment are stated at cost less accumulated depreciation unless declines in the values of the fixed assets are considered other than temporary, at which time the property is written down to net realizable value. Depreciation is principally computed using the straight-line method over the estimated useful lives of the particular property or equipment, as follows: buildings and improvements, four to 40 years;

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2. Summary of Significant Accounting Policies (continued)

furniture, fixtures and equipment, one to 30 years. Leasehold improvements are amortized over the life of the lease or the life of the improvement, whichever is shorter.

Maintenance and repairs are charged to expense as incurred. The cost of additions and improvements is capitalized and depreciated over the remaining useful lives of the assets. The cost and accumulated depreciation of assets sold or retired are removed from our consolidated balance sheet, and any gain or loss is recognized in the year of disposal.

Real estate properties held for use or investment purposes, other than those accounted for under the financing method, are carried at cost less accumulated depreciation. Where declines in the values of the properties are determined to be other than temporary, the cost basis of the property is written down to net realizable value. A property is classified as held for sale at the time management determines that certain criteria have been met. Properties held for sale are carried at the lower of cost or net realizable value. Such properties are no longer depreciated and their results of operations are included in discontinued operations. If management determines that a property classified as held for sale no longer meets certain criteria, the property is reclassified as held for use.

Goodwill and Intangible Assets, Net

Goodwill and indefinite lived intangible assets primarily include trademarks and trade names acquired in acquisitions. For a complete discussion of the impairment of goodwill and indefinite intangible-lived assets related to our various segments, see Note 4, Operating Units, and Note 10, Goodwill and Intangible Assets, Net.

Accounting for the Impairment of Goodwill

We evaluate the carrying value of goodwill annually and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to: (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, we compare the fair value of the reporting unit to which the goodwill is assigned to the reporting unit s carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows approach and the market approach, which utilizes comparable companies data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value.

Accounting for the Impairment of Intangible Assets

We evaluate the recoverability of identifiable indefinite lived intangible assets annually or more frequently if impairment indicators exist. The impairment analysis compares the estimated fair value of these assets to the related carrying value, and impairment charge is recorded for any excess of carrying value over estimated fair value. The estimated fair value is based on consideration of various valuation methodologies, including guideline transaction multiples, multiples of earnings, and projected future cash flows discounted at rates commensurate with risk involved.

Accounting for the Impairment of Long-Lived Assets

We evaluate the realizability of our long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Inherent in the reviews of the carrying amounts of the above assets are various estimates, including the expected usage of the asset. Assets must be

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2. Summary of Significant Accounting Policies (continued)

tested at the lowest level for which identifiable cash flows exist. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. If our ongoing estimates of future cash flows are not met, we may have to record impairment charges in future accounting periods to write the asset down to fair value. Our estimates of cash flows are based on the current regulatory, social and economic climates, recent operating information and budgets of the operating properties.

Accounting for Conditional Asset Retirement Obligations

We record conditional asset retirement obligations (CARO) in accordance with applicable U.S. GAAP. As defined in applicable U.S. GAAP, CARO refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event. An entity is required to recognize a liability for the estimated fair value of a CARO when incurred if the fair value can be reasonably estimated. Our Automotive segment s primary asset retirement activities relate to the removal of hazardous building materials at its facilities. Our Automotive segment records the CARO liability when the amount can be reasonably estimated, typically upon the expectation that a facility may be closed or sold.

Pension and Other Postemployment Obligations

Pension and other postemployment benefit costs are dependent upon assumptions used in calculating such costs. These assumptions include discount rates, health care cost trends, expected returns on plan assets and other factors. In accordance with U.S. GAAP, actual results that differ from the assumptions used are accumulated and amortized over future periods and, accordingly, generally affect recognized expense and the recorded obligation in future periods.

Allocation of Net Profits and Losses in Consolidated Affiliated Partnerships Investment Management

Net investment income and net realized and unrealized gains and losses on investments of the Investment Funds are allocated to the respective partners of the Investment Funds based on their percentage ownership in such Investment Funds on a monthly basis. Except for our limited partner interest, such allocations made to the limited partners or shareholders of the Investment Funds are represented as non-controlling interests in our consolidated statements of operations. Generally, at the end of each fiscal year (and, in the case of withdrawals made other than at the end of the fiscal year, as of such withdrawal date), the General Partners will have re-allocated to their capital accounts, amounts, generally ranging from 1.5% to 2.5% of the capital appreciation (both realized and unrealized) allocated to the Investment Funds limited partners (or lesser amounts for certain limited partners) Such reallocation is referred to as the special profits interest allocation. In addition, the General Partners may also generally be allocated amounts, ranging from 15% to 25% of the net capital appreciation (both realized and unrealized), such amounts being referred to as incentive allocations, provided, however, that an incentive allocation with respect to an Investment Fund shall not be made in any year to the extent that the special profits interest allocation relating to such Investment Fund equal or exceeds the net capital appreciation for such Investment Fund for such year. Additionally, incentive allocations are subject to a high watermark (whereby the General Partners do not earn incentive allocations during a particular year even though the fund had a positive return in such year until losses for each investor in prior periods are recovered). See below (Revenue and Expense Recognition Investment Management) for discussion of fee structure for special profits interest allocations and incentive allocations effective July 1, 2009.

Partners Capital Investment Management

Icahn Capital and the General Partners are each organized as a limited partnership formed pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act. Limited partner interests have been granted in the General Partners to allow certain employees and individuals to participate in a share of the special profits interest allocations and/or incentive allocations earned by the General Partners

Icahn Capital and the General Partners, individually, intend to be treated as partnerships for federal income tax purposes, and as such shall maintain a capital account for each of their partners. Certain partners

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

of the General Partners will be allocated an amount of special profits interest allocation and each partner of the General Partners will be allocated an amount of incentive allocations subject to, and as determined by, the provisions of the limited partnership agreements of each Investment Fund with each of the General Partners special profits interest allocations and incentive allocations not allocated to the limited partners per their respective agreements are generally allocated to the general partners. Other partnership profits and losses of Icahn Capital and each of the General Partners are generally allocated among the respective partners in Icahn Capital and each of the General Partners pro rata in accordance with their capital accounts.

Income allocations to all partners in each of the General Partners, except the general partner entity, are accounted for as compensation expense as more fully described in Note 13, Compensation Arrangements. All amounts allocated to these partners capital accounts and their respective capital contributions are included in accounts payable and accrued expenses and other liabilities on the consolidated balance sheets until those amounts are paid out in accordance with the terms of each respective partner s agreement. Payments made to the respective general partner are treated as equity distributions.

Income (Loss) Per LP Unit

Basic income (loss) per LP unit are based on net income or loss attributable to Icahn Enterprises allocable to limited partners after deducting preferred pay-in-kind distributions to preferred unitholders. The resulting net income or loss allocable to limited partners is divided by the weighted-average number of LP units outstanding. The preferred units are considered to be equivalent units for the purpose of calculating diluted income or loss per LP unit.

For accounting purposes relating to acquisitions of entities under common control, earnings from the Investment Management segment prior to the acquisition of the partnership interests as described herein on August 8, 2007, earnings from PSC Metals prior to its acquisition on November 5, 2007, earnings from Federal-Mogul prior to the acquisition of a majority interest on July 3, 2008 and earnings from ARI and Viskase prior to their acquisition of a majority interest each on January 15, 2010 have been allocated to Icahn Enterprises GP, our general partner, and therefore are excluded from the computation of basic and diluted income or loss per LP unit.

Accounting for the Acquisition and Disposition of Entities under Common Control

Acquisitions of entities under common control are reflected in a manner similar to pooling of interests. The general partner s capital account is charged or credited for the difference between the consideration we pay for the entity and the related entity s basis prior to our acquisition. Net gains or losses of an acquired entity prior to its acquisition date are allocated to the general partner s capital account. In allocating gains and losses upon the sale of a previously acquired common control entity, we allocate a gain or loss for financial reporting purposes by first restoring the general partner s capital account for the cumulative charges or credits relating to prior periods recorded at the time of our acquisition and then allocating the remaining gain or loss among the general and limited partners in accordance with their respective partnership percentages under the Amended and Restated Agreement of Limited Partnership dated as of May 12, 1987, as amended from time to time (together with the partnership agreement of Icahn Enterprises Holdings, the Partnership Agreement) (i.e., 98.01% to the limited partners and 1.99% to the general partner).

General Partnership Interest of Icahn Enterprises

The general partner s capital account generally consists of its cumulative share of our net income less cash distributions plus capital contributions. Additionally, in acquisitions of common control companies accounted for at historical cost similar to a pooling of interests, the general partner s capital account would be charged (or credited) in a manner similar to a distribution (or contribution) for the excess (or deficit) of the fair value of consideration paid over historical basis in the business acquired.

Capital Accounts, as defined under the Partnership Agreement, are maintained for our general partner and our limited partners. The capital account provisions of our Partnership Agreement incorporate principles

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2. Summary of Significant Accounting Policies (continued)

established for U.S. federal income tax purposes and are not comparable to the equity accounts reflected under U.S. GAAP in our consolidated financial statements. Under our Partnership Agreement, the general partner is required to make additional capital contributions to us upon the issuance of any additional depositary units in order to maintain a capital account balance equal to 1.99% of the total capital accounts of all partners.

Generally, net earnings for U.S. federal income tax purposes are allocated 1.99% and 98.01% between the general partner and the limited partners, respectively, in the same proportion as aggregate cash distributions made to the general partner and the limited partners during the period. This is generally consistent with the manner of allocating net income under our Partnership Agreement; however, it is not comparable to the allocation of net income reflected in our consolidated financial statements.

Pursuant to the Partnership Agreement, in the event of our dissolution, after satisfying our liabilities, our remaining assets would be divided among our limited partners and the general partner in accordance with their respective percentage interests under the Partnership Agreement (i.e., 98.01% to the limited partners and 1.99% to the general partner). If a deficit balance still remains in the general partner s capital account after all allocations are made between the partners, the general partner would not be required to make whole any such deficit.

Income Taxes

Except as described below, no provision has been made for federal, state, local or foreign income taxes on the results of operations generated by partnership activities, as such taxes are the responsibility of the partners. Provision has been made for federal, state, local or foreign income taxes on the results of operations generated by our corporate subsidiaries and these are reflected within continuing and discontinued operations. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

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

U.S. GAAP provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more-likely-than-not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50 percent likely to be recognized upon ultimate settlement with the taxing authority is recorded. See Note 18, Income Taxes, for additional information.

Compensation Arrangements

U.S. GAAP requires public entities to record non-cash compensation expense related to payment for employee services by an equity award, such as stock options, in their financial statements over the requisite service period and value such equity awards based on fair-value methods. See Note 13, Compensation Arrangements, for further discussion regarding compensation arrangements of our Investment Management and Automotive segments.

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2. Summary of Significant Accounting Policies (continued)

Revenue and Expense Recognition

Investment Management

Revenue Recognition: The Investment Management segment generates income from amounts earned pursuant to contractual arrangements with the Investment Funds. Such amounts include income from (1) special profits interest allocations; (2) incentive allocations and (3) gains and losses from our interest in the Investment Funds.

Prior to July 1, 2009, incentive allocations were generally 25% of the net profits (both realized and unrealized) generated by fee-paying investors in the Investment Funds and were subject to a high watermark (whereby the General Partners do not earn incentive allocations during a particular year even though the fund had a positive return in such year until losses for each investor in prior periods are recovered). These allocations are calculated and allocated to the capital accounts of the General Partners at the end of each year except for incentive allocations earned as a result of investor redemption events during interim periods. (See below for discussion of fee structure for incentive allocations effective as of July 1, 2009).

Effective January 1, 2008, the Investment Funds limited partnership agreements provide that the applicable General Partner will receive a special profits interest allocation at the end of each calendar year from each capital account maintained in the Investment Funds that is attributable to: (i) in the case of the Onshore Fund, each fee-paying limited partner in the Onshore Fund and (ii) in the case of the Feeder Funds, each fee-paying investor in the Feeder Funds (that excludes certain investors that are affiliates of Mr. Icahn) (in each case, referred to herein as an investor). Prior to July 1, 2009, this allocation is generally equal to 0.625% of the balance in each fee-paying capital account as of the beginning of each quarter (for each investor, the Target Special Profits Interest Amount) except that amounts are allocated to the General Partners in respect of special profits interest allocations only to the extent that net increases (i.e., net profits) are allocated to an investor for the fiscal year. Accordingly, any special profits interest allocations allocated to the General Partners in respect of an investor in any year cannot exceed the net profits allocated to such investor in such year. (See below for discussion of fee structure for special profits interest allocation effective July 1, 2009).

Beginning July 1, 2009 and through July 1, 2010, all limited partnership agreements and offering memoranda of the Private Funds (collectively referred to as the Fund Documents) were revised primarily to provide investors with various new options for investments in the Private Funds (each an Option). Each Option has certain eligibility criteria for investors and existing investors were permitted to roll over their investments made in the Private Funds prior to July 1, 2009 (Pre-Election Investments) into one or more of the new Options. For fee-paying investments, the special profits interest allocations will range from 1.5% to 2.25% per annum and the incentive allocations will range from 15% (in some cases subject to a preferred return) to 22% per annum. The new Options also have different withdrawal terms, with certain Options being permitted to withdraw capital every six months (subject to certain limitations on aggregate withdrawals) and other Options being subject to three-year rolling lock-up periods, provided that early withdrawals are permitted at certain times with the payment to the Private Funds of a fee.

The economic and withdrawal terms of the Pre-Election Investments remain the same, which include a special profits interest allocation of 2.5% per annum, an incentive allocation of 25% per annum and a three-year lock-up period (or sooner, subject to the payment of an early withdrawal fee). Certain of the Options preserve each investor s existing high watermark with respect to its rolled over Pre-Election Investments and one of the Options established a hypothetical high watermark for new capital invested before December 31, 2010 by persons that were investors prior to July 1, 2009. If an investor did not roll over a Pre-Election Investment into another Option when it was first eligible to do so without the payment of a withdrawal fee, the Private Funds required such investor to withdraw such Pre-Election Investment.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

In the event that sufficient net profits are not generated by an Investment Fund with respect to a capital account to meet the full Target Special Profits Interest Amount for an investor for a calendar year, a special profits interest allocation will be made to the extent of such net profits, if any, and the shortfall will be carried forward (without interest or a preferred return thereon) and added to the Target Special Profits Interest Amount determined for such investor for the next calendar year. Appropriate adjustments will be made to the calculation of the special profits interest allocation for new subscriptions and withdrawals by investors. In the event that an investor redeems in full from a Feeder Fund or the Onshore Fund before the entire Target Special Profits Interest Amount determined for such investor has been allocated to the General Partner in the form of a special profits interest allocation, the Target Special Profits Interest Amount that has not yet been allocated to the General Partner will be forfeited and the General Partner will not receive it.

Each Target Special Profits Interest Amount will be deemed contributed to a separate hypothetical capital account (that is not subject to an incentive allocation or a special profits interest allocation) in the applicable Investment Fund and any gains or losses that would have been allocated on such amounts will be credited or debited, as applicable, to such hypothetical capital account. The special profits interest allocation attributable to an investor will be deemed to be made from (and thereby debited from) such hypothetical capital account and, accordingly, the aggregate amount of any special profits interest allocation attributable to such investor will also depend upon the investment returns of the Investment Funds in which such hypothetical capital account is maintained.

The General Partners waived the special profits interest allocations and incentive allocations for our interest in the Investment Funds and Mr. Icahn s direct and indirect holdings and may, in their sole discretion, modify or may elect to reduce or waive such fees with respect to any investor that is an affiliate, employee or relative of Mr. Icahn or his affiliates, or for any other investor. All of the special profits interest allocations and incentive allocations, if any, from certain consolidated entities are eliminated in consolidation; however, our share of the net income from the Investment Funds includes the amount of these eliminated allocations.

The special profits interest allocations and incentive allocations from the Onshore Fund and Offshore Master Funds, if any, are accrued on a quarterly basis and are allocated to the Onshore GP and the Offshore GP, respectively, at the end of the Onshore Fund s and each Offshore Master Funds fiscal year (or sooner on redemptions). Such quarterly accruals may be reversed as a result of subsequent investment performance prior to the conclusion of the Onshore Fund s and Offshore Master Funds fiscal year at December 31.

Automotive

Revenue Recognition: Federal-Mogul records sales when products are shipped and title has transferred to the customer, the sales price is fixed and determinable, and the collectability of revenue is reasonably assured. Accruals for sales returns and other allowances are provided at the time of shipment based upon past experience. Adjustments to such returns and allowances are made as new information becomes available.

Rebates/Sales Incentives: Federal-Mogul accrues for rebates pursuant to specific arrangements with certain of its customers, primarily in the aftermarket. Rebates generally provide for price reductions based upon the achievement of specified purchase volumes and are recorded as a reduction of sales as earned by such customers.

Shipping and Handling Costs: Federal-Mogul recognizes shipping and handling costs as incurred as a component of cost of goods sold in the consolidated statements of operations.

Engineering and Tooling Costs: Pre-production tooling and engineering costs that Federal-Mogul will not own and that will be used in producing products under long-term supply arrangements are expensed as incurred unless the supply arrangement provides Federal-Mogul with the noncancelable right to use the tools, or the reimbursement of such costs is agreed to by the customer. Pre-production tooling costs that are owned by Federal-Mogul are capitalized as part of machinery and equipment, and are depreciated over the shorter of the tools expected life or the duration of the related program.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Research and Development: Federal-Mogul expenses research and development (R&D) costs and costs associated with advertising and promotion as incurred. R&D expense, including product engineering and validation costs, was $156 million, $140 million and $142 million for fiscal 2010, fiscal 2009 and the period March 1, 2008 through December 31, 2008, respectively. As a percentage of original equipment manufacturer and servicers (OE) sales, R&D expense was 4.0%, 4.7% and 4.1% for fiscal 2009, fiscal 2008 and for the period March 1, 2008 through December 31, 2008, respectively.

Restructuring: Federal-Mogul s restructuring costs are comprised of two types: employee costs (contractual termination benefits) and facility closure costs. Termination benefits are recorded when it is probable that employees will be entitled to benefits and the amounts can be reasonably estimated. Estimates of termination benefits are based on the frequency of past termination benefits, the similarity of benefits under the current plan and prior plans, and the existence of statutory required minimum benefits. Facility closure and other costs are recorded when the liability is incurred.

Gaming

Revenue Recognition and Promotional Allowances: Casino revenue represents the difference between wins and losses from gaming activities. Room, food and beverage and other operating revenues are recognized at the time the goods or services are provided. Tropicana collects taxes from customers at the point of sale on transactions subject to sales and other taxes. Revenues are recorded net of any taxes collected. The majority of our casino revenue is counted in the form of cash and chips and, therefore, is not subject to any significant or complex estimation. The retail value of rooms, food and beverage and other services provided to customers on a complimentary basis is included in gross revenues and then deducted as promotional allowances.

Railcar

Revenue recognition: Revenues from railcar sales are recognized following completion of manufacturing, inspection, customer acceptance and title transfer, which is when the risk for any damage or loss with respect to the railcars passes to the customer. Paint and lining work may be outsourced and, as a result, the sale for the railcar may be recorded after customer acceptance when it leaves the manufacturing plant and the sale for the lining work may be separately recorded following completion of that work by the contractor, customer acceptance and final shipment. Revenues from railcar leasing are recognized on a straight-line basis over the life of the lease. Revenues from railcar and industrial components are recorded at the time of product shipment, in accordance with ARI s contractual terms. Revenue for railcar maintenance services is recognized upon completion and shipment of railcars from ARI s plants. ARI does not currently bundle railcar service contracts with new railcar sales. Revenue for fleet management services is recognized as performed.

Food Packaging

Revenue Recognition: Revenues are recognized at the time products are shipped to the customer, under F.O.B shipping point or F.O.B port terms. Revenues are net of discounts, rebates and allowances. Viskase records all labor, raw materials, in-bound freight, plant receiving and purchasing, warehousing, handling and distribution costs as a component of costs of goods sold.

Metals

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

Home Fashion

Revenue Recognition: WPI records revenue when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the price to the customer is fixed and determinable and

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

collectability is reasonably assured. Unless otherwise agreed in writing, title and risk of loss pass from WPI to the customer when WPI delivers the merchandise to the designated point of delivery, to the designated point of destination or to the designated carrier, free on board. Provisions for certain rebates, sales incentives, product returns and discounts to customers are recorded in the same period the related revenue is recorded.

Sales Incentives: Customer incentives are provided to major WPI customers. These incentives begin to accrue when a commitment has been made to the customer and are recorded as a reduction to sales.

Real Estate

Revenue Recognition: Revenue from real estate sales and related costs are recognized at the time of closing primarily by specific identification. Substantially all of the property comprising our net lease portfolio is leased to others under long-term net leases and we account for these leases in accordance with applicable U.S. GAAP. We account for our leases as follows: (i) under the financing method, (x) minimum lease payments to be received plus the estimated value of the property at the end of the lease are considered the gross investment in the lease and (y) unearned income, representing the difference between gross investment and actual cost of the leased property, is amortized to income over the lease term so as to produce a constant periodic rate of return on the net investment in the lease; and (ii) under the operating method, revenue is recognized as rentals become due, and expenses (including depreciation) are charged to operations as incurred.

Environmental Liabilities

We recognize environmental liabilities when a loss is probable and reasonably estimable. Such accruals are estimated based on currently available information, existing technology and enacted laws and regulations. Such estimates are based primarily upon the estimated cost of investigation and remediation required and the likelihood that other potentially responsible parties will be able to fulfill their commitments at the sites where we may be jointly and severally liable with such parties. We regularly evaluate and revise estimates for environmental obligations based on expenditures against established reserves and the availability of additional information.

Foreign Currency Translation

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

Adoption of New Accounting Standards

In December 2009, the FASB issued amended standards for determining whether to consolidate a VIE. This new standard affects all entities currently within the scope of the Consolidation Topic of the FASB ASC, as well as qualifying special-purpose entities that are currently excluded from the scope of the Consolidation Topic of the FASB ASC. This new standard amends the evaluation criteria to identify the primary beneficiary of the VIE and requires ongoing reassessment of whether an enterprise is the primary beneficiary of such VIEs. This new standard is effective as of the beginning of the first fiscal year beginning after November 15, 2009. The adoption of this new standard did not have a material impact on our financial condition, results of operations and cash flows. As discussed below, we determined that certain entities within our Investment Management segment met the deferral criteria and we will therefore be deferring the application of this new guidance for these entities.

In February 2010, the FASB issued new guidance which amends the consolidation requirement discussed above. This amendment defers consolidation requirements for a reporting entity s interest in an entity if the

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2. Summary of Significant Accounting Policies (continued)

reporting entity (1) has all the attributes of an investment company or (2) represents an entity for which it is industry practice to apply measurement principles for financial reporting purposes that are consistent with those followed by investment companies. The deferral does not apply in situations in which a reporting entity has the explicit or implicit obligation to fund losses of an entity that could be potentially significant to the entity. The deferral also does not apply to interests in securitization entities, asset-backed financing entities or entities formerly considered special-purpose entities. An entity that qualifies for the deferral will continue to be assessed under the overall guidance on the consolidation of VIEs or other applicable consolidation guidance, such as the consolidation of partnerships. Entities are required, however, to provide disclosures for all VIEs in which they hold a variable interest. This includes variable interests in entities that qualify for the deferral but are considered VIEs under the prior accounting provisions. This new guidance is effective as of the beginning of a reporting entity s first annual period that begins after November 15, 2009, and for interim periods within that first annual reporting period. We determined that certain entities within our Investment Management segment met the deferral provisions of this new guidance. Accordingly, these entities within our Investment Management segment will continue to be subject to the overall guidance on the consolidation of VIEs prior to the new standard described above or other applicable consolidation guidance, such as the consolidation of partnerships. See Note 7, Investments and Related Matters Investments in Variable Interest Entities, for further discussion.

In January 2010, the FASB issued new guidance on supplemental fair value disclosures. The new disclosures require (1) a gross presentation of activities within the Level 3 roll forward reconciliation, which will replace the net presentation format and (2) detailed disclosures about the transfers between Level 1 and Level 2 measurements. Additionally, the new guidance provides several clarifications regarding the level of disaggregation and disclosures about inputs and valuation techniques. This new guidance is effective for the first interim or annual reporting period beginning after December 15, 2009, except for the gross presentation of the Level 3 roll forward, which is required for annual reporting periods beginning after December 15, 2010 and for interim reporting periods within those years. Early application is permitted and comparative disclosures are not required in the period of initial adoption. We have adopted the provisions of this new guidance effective January 1, 2010. The adoption of this new standard did not have any impact on our financial condition, results of operations and cash flows. See Note 7, Fair Value Measurements, for additional information.

In April 2010, the FASB issued new guidance regarding the accounting for casino base jackpot liabilities. The guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying the jackpot, but jackpot liabilities should be accrued and charged to revenue when an entity has the obligation to pay the jackpot. The guidance applies to both base and progressive jackpots. The effect of the guidance should be recorded as a cumulative-effect adjustment to opening partners equity in the period of adoption. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Early application is permitted. The adoption did not have a material impact on our financial condition, results of operations and cash flows.

Recently Issued Accounting Standards

In March 2010, the FASB issued new guidance on the accounting for credit derivatives that are embedded in beneficial interests in securitized financial assets. The new guidance eliminates the scope exception of certain credit derivative features embedded in beneficial interests in securitized financial assets that are currently not accounted for as derivatives within the Derivatives and Hedging Topic of the FASB ASC. As a result, bifurcation and separate recognition may be required for certain beneficial interests that are not currently accounted for at fair value through earnings. This new guidance is effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at each entity s first fiscal quarter beginning after issuance. The adoption of this new standard did not have a material impact on our financial condition, results of operations and cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Filing Status of Subsidiaries

Federal-Mogul, ARI and Tropicana are each a reporting company under the Securities Exchange Act of 1934, as amended (the Exchange Act) and file annual, quarterly and current reports and proxy and information statements. Each of these reports is separately filed with the SEC and is publicly available at *www.sec.gov*.

3. Acquisitions

Acquisition of Controlling Interest in American Railcar Industries, Inc.

On January 15, 2010, pursuant to a Contribution and Exchange Agreement (the ARI Contribution and Exchange Agreement) among Icahn Enterprises, Beckton Corp., a Delaware corporation (Beckton), Barberry Corp., a Delaware Corporation (Barberry), Modal LLC, a Delaware limited liability company (Modal), and Caboose Holding LLC, a Delaware limited liability company (Caboose and, together with Beckton, Barberry and Modal, collectively, the ARI Contributing Parties), the ARI Contributing Parties contributed to Icahn Enterprises 11,564,145 shares of common stock of ARI, representing approximately 54.3% of ARI s total outstanding common stock as of January 15, 2010, collectively owned by the ARI Contributing Parties for aggregate consideration consisting of 3,116,537 of our depositary units (or approximately $141 million based on the closing price of our depositary units on January 15, 2010) subject to certain post-closing adjustments. On August 10, 2010, we issued 973,498 additional shares of our depositary units to the ARI Contributing Parties based on a post-closing adjustment formula that measures the amount that the six-month volume-weighted average price of ARI s common stock has exceeded or is less than certain price targets (subject to a ceiling) following the closing date. The approximate value of these additional depositary units was $37 million (based on the closing price of our depositary units on August 10, 2010) and, when combined with those depositary units issued on January 15, 2010, the total value of the ARI acquisition approximated $178 million.

ARI is a leading North American designer and manufacturer of hopper and tank railcars. ARI also repairs and refurbishes railcars, provides fleet management services and designs and manufactures certain railcar and industrial components. The transactions contemplated by the ARI Contribution and Exchange Agreement were authorized by the Audit Committee of the board of directors of Icahn Enterprises GP on January 11, 2010. The Audit Committee was advised by independent counsel and an independent financial advisor which rendered a fairness opinion.

Acquisition of Controlling Interest in Viskase Companies, Inc.

On January 15, 2010, pursuant to a Contribution and Exchange Agreement (the Viskase Contribution and Exchange Agreement) among Icahn Enterprises, Beckton, Barberry, Koala Holding Limited Partnership, a Delaware limited partnership (Koala), High River Limited Partnership, a Delaware limited partnership (High River), and Meadow Walk Limited Partnership, a Delaware limited partnership (Meadow Walk and, together with Barberry, Koala and High

River, collectively, the Viskase Contributing Parties), the Viskase Contributing Parties contributed to Icahn Enterprises 25,560,929 shares of common stock of Viskase, representing approximately 71.4% of Viskase s total outstanding common stock as of January 15, 2010, collectively owned by the Viskase Contributing Parties for aggregate consideration consisting of 2,915,695 of our depositary units (or approximately $132 million based on the closing price of our depositary units on January 15, 2010). Viskase is a leading worldwide producer of non-edible cellulosic, fibrous and plastic casings used to prepare and package processed meat and poultry products. The transactions contemplated by the Viskase Contribution and Exchange Agreement were authorized by the Audit Committee of the board of directors of Icahn Enterprises GP on January 11, 2010. The Audit Committee was advised by independent counsel and an independent financial advisor which rendered a fairness opinion.

As a result of our acquisition of a controlling interest in Viskase, certain long-term assets have been adjusted, effective the date of common control, by a total of $18 million as a result of our required utilization

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3. Acquisitions (continued)

of common control parties underlying basis in such assets as follows: increase of $3 million for goodwill, increase of $20 million for intangible assets and decrease of $5 million for property, plant and equipment, net.

Acquisition of Controlling Interest in Tropicana Entertainment Inc.

Acquisition History

On March 8, 2010, (the Effective Date), Tropicana Entertainment Inc. (Tropicana) completed the acquisition of certain assets of its predecessor, Tropicana Entertainment, LLC, and certain subsidiaries and affiliates thereof (together, the Predecessors) and Tropicana Resort and Casino-Atlantic City (Tropicana AC). Such transactions, referred to as the Restructuring Transactions, were effected pursuant to the Joint Plan of Reorganization of Tropicana Entertainment, LLC (Tropicana LLC) and Certain of Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code, filed with the United States Bankruptcy Court for the District of Delaware on January 8, 2009, as amended (the Plan). Prior to the Restructuring Transactions, Icahn Partners LP (Icahn Partners), Icahn Partners Master Fund LP (Master Fund I), Icahn Partners Master Fund II LP (Master Fund II), Icahn Partners Master Fund III LP (Master Fund III), each an indirectly held subsidiary of ours, held positions in certain debt securities and instruments in the Predecessors. As a result of the Restructuring Transactions pursuant to the Plan, Icahn Partners, Master Fund I, Master Fund II and Master Fund III received a combined amount of 11,880,021 shares of Tropicana common stock.

In addition, in connection with Tropicana s completion of the Restructuring Transactions, Tropicana entered into a credit agreement, dated as of December 29, 2009 (the Exit Facility). Each of Icahn Partners, Master Fund I, Master Fund II and Master Fund III is a lender under the Exit Facility and in the aggregate, hold over 50% of the loans under the Exit Facility. Furthermore, Icahn Agency Services LLC, one of our indirect subsidiaries, is the administrative agent under the Exit Facility. Pursuant to the terms of the Exit Facility, the lenders, including Icahn Partners, Master Fund I, Master Fund II and Master Fund III, were issued warrants to purchase shares of Tropicana common stock (the Warrants). On March 9, 2010, Icahn Partners, Master Fund I, Master Fund II and Master Fund III exercised their Warrants in their entirety and received an additional combined amount of 784,158 shares of Tropicana common stock.

On November 15, 2010, the Investment Funds acquired an additional 668,000 shares of Tropicana common stock for cash consideration of approximately $9 million. As a result of this purchase, the Investment Funds hold, in the aggregate, 13,538,446 shares of Tropicana common stock, representing approximately 51.5% of the outstanding shares of Tropicana common stock. The additional purchase of shares of Tropicana common stock requires us to consolidate Tropicana s financial results effective November 15, 2010, which now comprises our Gaming segment.

See Note 4, Operating Units Gaming, for a business description of Tropicana.

Investment in Tropicana

In accordance with ASC Topic 805, *Business Combinations*, the application of purchase accounting requires that the total purchase price be allocated to the fair value of assets acquired and liabilities assumed based on their fair values at the acquisition date, with amounts exceeding the fair values recorded as goodwill. If the fair value of the assets acquired and liabilities assumed exceeds the fair value of the consideration given, a bargain purchase has occurred which is recorded as a gain on acquisition. The allocation process requires, among other things, an analysis of acquired fixed assets, contracts, and contingencies to identify and record the fair value of all assets acquired and liabilities assumed. In allocating the purchase price to the fair value of the assets acquired and liabilities assumed, we utilized, in part, a third-party appraiser to assist us in assessing the fair values of certain components of the assets acquired and liabilities assumed.

Estimates of fair value are based on industry data and trends and by reference to relevant market rates and transactions, and discounted cash flow valuation methods, among other factors. The foregoing estimates and assumptions are inherently subject to significant uncertainties and contingencies beyond our reasonable

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3. Acquisitions (continued)

control. The preliminary allocation of the fair value of the assets acquired is subject to additional adjustment to provide us with adequate time to complete the valuation of Tropicana s assets and liabilities.

The fair value of our equity interest in Tropicana was $251 million prior to the 668,000 shares purchased on November 15, 2010. As a result of remeasuring our equity interest to fair value, we recognized a gain of $74 million which is included in net gain from investment activities in our consolidated statements of operations.

The following table summarizes the fair value of the assets acquired and liabilities assumed, as well as the fair value of the non-controlling interest in Tropicana as of November 15, 2010:

	Fair Value at November 15, 2010 (in millions)	
Cash and cash equivalents	$ 164	
Restricted cash	18	
Accounts receivable, net	35	
Property, plant and equipment, net	424	
Intangible assets, net	79	
Other assets	86	
Assets Acquired	806	
Accounts payable	62	
Accrued expenses and other liabilities	97	
Debt	134	
Liabilities Assumed	293	
Fair value of Tropicana net assets acquired	513	
Fair value of Tropicana non-controlling interests[1]	237	(1)
Fair value of net assets acquired by our Investment Management segment	276	
Less: acquisition-date fair value of previously held equity interest in Tropicana	251	
Less: cost of shares of Tropicana common stock purchased on November 15, 2010	9	
Fair value basis upon acquisition of controlling interest in Tropicana	260	
Gain on acquisition	$ 16	(2)

(1) Fair value of non-controlling interests include a 5% discount to account for lack of control and lack of marketability.

(2) Included in other (loss) income, net in our consolidated statements of operations.

The unaudited pro forma revenues and net income (assuming the acquisition of the controlling interest in Tropicana had occurred on January 1, 2009) for fiscal 2010 was $9.7 billion and $762 million, respectively, and for fiscal 2009, $9.3 billion and $1.2 billion, respectively. The unaudited pro forma total revenues and net income do not necessarily represent what would have occurred if the transaction had taken place in the respective periods and should not be taken as representative of our future consolidated results of operations.

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4. Operating Units

a. *Investment Management*

Icahn Onshore LP (the Onshore GP) and Icahn Offshore LP (the Offshore GP and, together with the Onshore GP, the General Partners) act as general partner of Icahn Partners (the Onshore Fund) and the Offshore Master Funds (as defined herein), respectively. The Offshore Master Funds consist of (i) Master Fund I, (ii) Master Fund II and (iii) Master Fund III. The Onshore Fund and the Offshore Master Funds are collectively referred to herein as the Investment Funds. In addition, as discussed elsewhere in this Annual Report on Form 10-K, the Offshore Funds consist of (i) Icahn Fund Ltd. (referred to herein as the Offshore Fund), (ii) Icahn Fund II Ltd. and (iii) Icahn Fund III Ltd. The Offshore GP also acts as general partner of a fund formed as a Cayman Islands exempted limited partnership that invests in the Offshore Master Funds. This fund, together with other funds that also invest in the Offshore Master Funds, constitute the Feeder Funds and, together with the Investment Funds, are referred to herein as the Private Funds.

Effective January 1, 2008, in addition to providing investment advisory services to the Private Funds, the General Partners provide or cause their affiliates to provide certain administrative and back office services to the Private Funds that had been previously provided by Icahn Capital Management LP (collectively, the Services) and, in consideration of providing the Services, the General Partners will receive special profits interest allocations, ranging from 1.5% to 2.5% per annum, from fee-paying investors of the Investment Funds. The General Partners may also receive incentive allocations, ranging from 15% to 25% per annum of the net profits generated by fee-paying investors in the Investment Funds, subject to a high water mark (whereby the General Partners do not earn incentive allocations during a particular year even though the fund had a positive return in such year until losses for each investor in prior periods have been recovered). The General Partners do not provide such Services to any other entities, individuals or accounts. Interests in the Private Funds are offered only to certain sophisticated and qualified investors on the basis of exemptions from the registration requirements of the federal securities laws and are not publicly available. (See Note 2, Summary of Significant Accounting Policies Revenue and Expense Recognition Investment Management for further discussion of special profits interest allocations and incentive allocations).

Our Investment Management segment s revenues are affected by the combination of fee-paying assets under management (AUM) and the investment performance of the Private Funds. The General Partners incentive allocations and special profits interest allocations earned from the Investment Funds are accrued on a quarterly basis and are allocated to the General Partners at the end of the Investment Funds fiscal year (or sooner on redemptions) assuming there are sufficient net profits to cover such amounts. Such quarterly accruals may be reversed as a result of subsequent investment performance prior to the date of such allocation. Effective July 1, 2009, certain Options provide for incentive allocations to be allocated less frequently than the end of each fiscal year, in which case, quarterly accruals may be reversed as prior to the date of allocation.

Our interest in the Investment Funds, including earned incentive allocations and special profits interest allocation from prior periods that were retained in the Investment Funds, was $2.6 billion and $2.0 billion as of December 31, 2010 and 2009, respectively, for which no special profits interest allocation or incentive allocations are applicable. These investments and related earnings are reflected in the consolidated Private Funds net assets and earnings.

As of December 31, 2010, the full Target Special Profits Interest Amount was $45 million, which includes a Target Special Profits Interest Amount of $43 million for fiscal 2010 and a hypothetical return of $5 million on the full Target Special Profits Interest Amount from the Investment Funds, offset in part by forfeited Special Profits Interest Amount of $3 million due to redemptions. The full Target Special Profits Interest Amount of $45 million at December 31, 2010 was allocated to the General Partners at December 31, 2010. This compares to a full Target Special Profits Interest Amount of $154 million as of December 31, 2009, which included a carry-forward Target Special Profits Interest Amount of $70 million from December 31, 2008, a Target Special Profits Interest Amount of $54 million for fiscal 2009 and a hypothetical

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4. Operating Units (continued)

return on the full Target Special Profits Interest Amount from the Investment Funds of $30 million. The full Target Special Profits Interest Amount of $154 million at December 31, 2009 was allocated to the General Partners at December 31, 2009.

Incentive allocations were $5 million for fiscal 2010. Incentive allocations were not material for fiscal 2009 as a result of high watermarks that were established for fee-paying investors during fiscal 2008. We did not have any incentive allocations for fiscal 2008. Incentive allocations are calculated on an investor-by-investor basis. (The General Partners do not earn incentive allocations during a particular period even though the Investment Funds may have a positive return in such period until losses for an investor in prior periods have been recovered.) The General Partners incentive allocations earned from the Investment Funds are accrued on a quarterly basis and are allocated to the General Partners at the end of the Investment Funds fiscal year (or sooner on redemptions), provided that, effective July 1, 2009, certain new options do not provide for incentive allocations at the end of each fiscal year.

Financial Reform

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Reform Act) was enacted into law. The Reform Act would require (based on how we currently conduct the business of our Investment Management segment) one or more entities within our Investment Management segment to be registered with the SEC by July 2011 as an investment adviser under the Investment Advisers Act of 1940, and would impose certain reporting and other requirements on such registered entity or entities. We will not be required to register with the SEC as a result of the return of fee-paying capital, as further described in Note 22, Subsequent Events. The Reform Act requires additional rulemaking by the SEC which could impact such entities or other affiliated entities. We cannot predict the effect on us of such rulemaking at this time.

b. *Automotive*

We conduct our Automotive segment through our majority ownership in Federal-Mogul. Federal-Mogul is a leading global supplier of technology and innovation in vehicle and industrial products for fuel economy, alternative energies, environment and safety systems. Federal-Mogul serves the world s foremost original equipment manufacturers and servicers (OE) of automotive, light, medium and heavy-duty commercial vehicles, off-road, agricultural, marine, rail, aerospace, power generation and industrial equipment, as well as the worldwide aftermarket.

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

Accounts Receivable, net

Federal-Mogul s subsidiaries in Brazil, France, Germany, Italy, Japan and Spain are each a party to accounts receivable factoring and securitization facilities. Gross accounts receivable transferred under these facilities were $211 million and $217 million as of December 31, 2010 and 2009, respectively. Of those gross amounts, $210 million and $190 million, respectively, qualify as sales as defined in ASC Topic 860, *Transfers and Servicing*. The remaining transferred receivables were transferred with recourse, pledged as collateral and accounted for as secured borrowings and recorded in our consolidated balance sheets as accounts receivable and the related debt shown separately. Under the terms of these factoring arrangements, Federal-Mogul is not obligated to draw cash immediately upon the factoring of accounts receivable. Federal-Mogul had outstanding

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Operating Units (continued)

transferred amounts of $1 million and $4 million for which cash had not yet been drawn as of December 31, 2010 and 2009, respectively. Proceeds from the factoring of accounts receivable that qualify as sales were $1.3 billion for each of fiscal 2010 and fiscal 2009 and for the period March 1, 2008 through December 31, 2008. Certain of the facilities contain terms that require Federal-Mogul to share in the credit risk of the sold receivables. Federal-Mogul s maximum potential risk of loss from the sale of receivables was $32 million as of December 31, 2010. Based on Federal-Mogul s analysis of the creditworthiness of its customers on which such receivables were sold and outstanding as of December 31, 2010, Federal-Mogul estimated the loss to be immaterial.

Restructuring

Federal-Mogul s restructuring charges are comprised of two types: employee costs (principally termination benefits) and facility closure costs. Termination benefits are accounted for in accordance with FASB ASC Topic 712, *Compensation Nonretirement Post-employment Benefits*, and are recorded when it is probable that employees will be entitled to benefits and the amounts can be reasonably estimated. Estimates of termination benefits are based on the frequency of past termination benefits, the similarity of benefits under the current plan and prior plans, and the existence of statutory required minimum benefits. Facility closure and other costs are accounted for in accordance with FASB ASC Topic 420, *Exit or Disposal Cost Obligation*, and are recorded when the liability is incurred.

Estimates of restructuring charges are based on information available at the time such charges are recorded. In certain countries where Federal-Mogul operates, statutory requirements include involuntary termination benefits that extend several years into the future. Accordingly, severance payments continue well past the date of termination at many international locations. Thus, restructuring programs appear to be ongoing when, in fact, terminations and other activities have been substantially completed. Federal-Mogul expects that future savings resulting from execution of its restructuring programs will generally result in full pay-back within 36 months.

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

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

1. *Closure of Facilities and Relocation of Production* in connection with Federal-Mogul s strategy, certain operations have been closed and related production relocated to best cost countries or to other locations with available capacity.
2. *Consolidation of Administrative Functions and Standardization of Manufacturing Processes* as part of its productivity strategy, Federal-Mogul has acted to consolidate its administrative functions to reduce selling, general and administrative costs and change its manufacturing processes to improve operating efficiencies through

standardization of processes.

An unprecedented downturn in the global automotive industry and global financial markets led Federal-Mogul to announce, in September and December 2008, certain restructuring actions, herein referred to as Restructuring 2009, designed to improve operating performance and respond to increasingly challenging conditions in the global automotive market. Federal-Mogul s global workforce of 42,700 employees as of December 31, 2010 is approximately 4,300 less than the workforce as of September 30, 2008 due to Restructuring 2009 actions, partially offset by subsequent rehiring of employees as production volumes

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Operating Units (continued)

increased during fiscal 2010. For fiscal 2009 and fiscal 2008, Federal-Mogul recorded $31 million and accrued $127 million, respectively, in net restructuring charges associated with Restructuring 2009. There was no net change in net restructuring charges associated with Restructuring 2009 during fiscal 2010. Federal-Mogul expects to incur additional restructuring charges of up to $2 million through fiscal 2011, of which $1 million is expected to be employee costs and $1 million is expected to be facility closure costs. Total cumulative restructuring charges related to Restructuring 2009 through December 31, 2010 were $158 million.

As of December 31, 2009, the accrued liability balance relating to all restructuring programs was $55 million. For fiscal 2010, fiscal 2009 and fiscal 2008 Federal-Mogul incurred $8 million, $32 million and $132 million, respectively, of net restructuring charges related to all restructuring plans, respectively. The net restructuring expenses for fiscal 2010 of $8 million, all of which were related to restructuring activities outside of Restructuring 2009, was comprised of $7 million in employee costs and $1 million in facility closured costs. During fiscal 2010, Federal-Mogul paid $26 million of restructuring charges. As of December 31, 2010, the accrued liability balance was $32 million, including $4 million of foreign currency adjustments, and is included in accrued expenses and other liabilities in our consolidated balance sheets.

Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially estimated. Accordingly, previously recorded accruals for all restructuring programs of $8 million, $47 million and $3 million were reversed for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008, respectively. Such reversals result from: changes in estimated amounts to accomplish previously planned activities; changes in expected outcome (based on historical practice) of negotiations with labor unions, which reduced the level of originally committed actions; implemented government employment programs, which lowered the expected cost and changes in approach to accomplish restructuring activities.

Currency Matters

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

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

On January 8, 2010, the Venezuelan government devalued its currency. All of Federal-Mogul s Venezuelan balances are translated at 4.3 bolivars per U.S. dollar at December 31, 2010. During fiscal 2010, Federal-Mogul recorded $25 million in foreign currency exchange expense due to this currency devaluation.

As of December 31, 2010, Federal-Mogul had $12 million in cash remaining in Venezuela that is expected to be used to pay intercompany balances for the purchase of product and to pay dividends, subject to local government restrictions.

Impairment

Federal-Mogul recorded $7 million, $20 million and $18 million in impairment charges for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008, respectively, related to certain of its equipment where the assessment of future undiscounted cash flows of such equipment, when compared to the

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Operating Units (continued)

current carrying value of the equipment, indicated the assets were not recoverable. Federal-Mogul determined the fair value of the assets by applying a probability weighted, expected present value technique to the estimated future cash flows using assumptions a market participant would utilize. The discount rate used is consistent with other long-lived asset fair value measurements. See Note 10, Goodwill and Intangible Assets Automotive, and Note 7, Investments and Related Matters Investments in Non-Consolidated Affiliates Automotive, for discussion regarding Federal-Mogul s impairment charges related to goodwill and intangibles and investments in non-consolidated affiliates, respectively.

c. *Gaming*

We conduct our Gaming segment through Tropicana, which is held by the Private Funds, and in which we have a controlling interest. Tropicana currently owns and operates a diversified, multi-jurisdictional collection of casino gaming properties. The nine casino facilities it operates feature approximately 424,000 feet of gaming space and 6,228 hotel rooms with three casino facilities located in Nevada, three in Mississippi and one in each of Indiana, Louisiana and New Jersey. In addition, Tropicana recently acquired a resort under development in Aruba.

See Note 3, Acquisitions Acquisition of Controlling Interest in Tropicana Entertainment Inc., for detailed discussion of the acquisition history and related information pertaining to Tropicana.

d. *Railcar*

We conduct our Railcar segment through our majority ownership in ARI. ARI manufactures railcars, custom designed railcar parts for industrial companies, railroads, and other industrial products, primarily aluminum and special alloy steel castings. These products are sold to various types of companies including leasing companies, railroads, industrial companies and other non-rail companies. ARI also offers its customers the option to lease railcars. ARI provides railcar maintenance services for railcar fleets, including that of its affiliate, American Railcar Leasing LLC (ARL). In addition, ARI provides fleet management and maintenance services for railcars owned by certain customers. Such services include inspecting and supervising the maintenance and repair of such railcars.

ARI s three largest customers (including an affiliate) accounted for 58%, 84% and 82% of our Railcar segment s total revenues for fiscal 2010, fiscal 2009 and fiscal 2008, respectively.

e. *Food Packaging*

We conduct our Food Packaging segment through our majority ownership in 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 seven manufacturing facilities and nine distribution centers throughout North America, Europe and South America and derives approximately 69% of Viskase s total net sales from customers located outside the United States. Viskase believes it is one of the two largest manufacturers of non-edible cellulosic casings for processed meats and one of the three largest manufacturers of non-edible fibrous casings. As of December 31, 2010, $122 million of Viskase s assets were located outside of the United States, primarily in France.

f. *Metals*

We conduct our Metals segment through our indirect wholly owned subsidiary, PSC Metals, Inc. (PSC Metals). PSC Metals collects industrial and obsolete scrap metal, processes it into reusable forms and supplies the recycled metals to its customers including electric-arc furnace mills, integrated steel mills, foundries, secondary smelters and metals brokers. PSC Metals ferrous products include shredded, sheared and bundled scrap metal and other purchased scrap metal such as turnings (steel machining fragments), cast furnace iron and broken furnace iron. PSC Metals also processes non-ferrous metals including aluminum, copper, brass, stainless steel and nickel-bearing metals. Non-ferrous products are a significant raw material in

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4. Operating Units (continued)

the production of aluminum and copper alloys used in manufacturing. PSC Metals also operates a secondary products business that includes the supply of secondary plate and structural grade pipe that is sold into niche markets for counterweights, piling and foundations, construction materials and infrastructure end-markets.

PSC Metals had five, three and five customers who accounted for approximately 45%, 27% and 39%, respectively, of PSC Metals net sales for fiscal 2010, fiscal 2009 and fiscal 2008, respectively.

g. *Real Estate*

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

As of each of December 31, 2010 and 2009, we owned 30 rental real estate properties. Our property development operations are run primarily through Bayswater, a real estate investment, management and development subsidiary that focuses primarily on the construction and sale of single-family and multi-family homes, lots in subdivisions and planned communities and raw land for residential development. Our New Seabury development property in Cape Cod, Massachusetts and our Grand Harbor and Oak Harbor development property in Vero Beach, Florida each include land for future residential development of approximately 327 and 870 units of residential housing, respectively. Both developments operate golf and resort operations as well.

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

As of December 31, 2010 and 2009, $106 million and $110 million, respectively, of the net investment in financing leases, net real estate leased to others and resort properties, which is included in property, plant and equipment, net, were pledged to collateralize the payment of nonrecourse mortgages payable.

The following is a summary of the anticipated future receipts of the minimum lease payments receivable under the financing and operating method at December 31, 2010 (in millions of dollars):

Year	Amount
2011	$ 51
2012	50
2013	50
2014	47

2015	47
Thereafter	218
	$ 463

h. *Home Fashion*

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

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4. Operating Units (continued)

As of December 31, 2010, $162 million of WPI s assets were located outside of the United States, primarily in Bahrain.

A relatively small number of customers have historically accounted for a significant portion of WPI s net sales. WPI had six customers in each of fiscal 2010 and fiscal 2009 who accounted for approximately 64% and 59% of WPI s net sales for fiscal 2010 and fiscal 2009, respectively, and seven customers who accounted for approximately 57% of WPI s net sales for fiscal 2008.

Acquisition History

On August 8, 2005, we acquired 13.2 million, or 67.7%, of the 19.5 million outstanding common shares of WPI. Pursuant to the asset purchase agreement between WPI and WestPoint Stevens Inc. (WPS), rights to subscribe for an additional 10.5 million shares of common stock at a price of $8.772 per share, or the rights offering, were allocated among former creditors of WPS. Depending upon the extent to which the other holders exercise certain subscription rights, we may acquire additional shares and may beneficially own between 13.2 million and 23.7 million shares of WPI common stock representing between 50.5% and 79.0% of the 30.0 million common shares that would then be outstanding.

On December 20, 2006, we acquired: (a) 1,000,000 shares of Series A-1 Preferred Stock of WPI for a purchase price of $100 per share, for an aggregate purchase price of $100 million and (b) 1,000,000 shares of Series A-2 Preferred Stock of WPI for a purchase price of $100 per share, for an aggregate purchase price of $100 million. Each of the Series A-1 and Series A-2 Preferred Stock has a 4.50% annual dividend, which is paid quarterly. For the first two years after issuance, the dividends are to be paid in the form of additional preferred stock. Thereafter, the dividends are to be paid in cash or in additional preferred stock at the option of WPI. Each of the Series A-1 and Series A-2 Preferred Stock is convertible into common shares of WPI at a rate of $10.50 per share, subject to certain anti-dilution provisions; provided, however, that under certain circumstances, $92.1 million of the Series A-2 Preferred Stock may be converted at a rate of $8.772 per share.

As discussed in Note 21, Commitments and Contingencies, legal proceedings with respect to the acquisition are ongoing.

Restructuring

To improve WPI s competitive position, WPI s management intends to continue to reduce its cost of goods sold by restructuring its operations in the plants located in the United States, increasing production within its non-U.S. facilities and joint venture operation and sourcing goods from lower cost overseas facilities. WPI utilizes a third party to manage the majority of its U.S. warehousing and distribution operations, located at its Wagram, North Carolina facility. In fiscal 2009, as part of its ongoing restructuring activities, WPI closed certain of its manufacturing facilities located in the United States. In the future, the vast majority of the products manufactured or fabricated in these facilities will be sourced from plants located outside of the United States.

WPI incurred restructuring costs of $8 million, $19 million and $25 million for fiscal 2010, fiscal 2009 and fiscal 2008, respectively. Included in restructuring expenses are cash charges associated with the ongoing costs of closed plants, employee severance, benefits and related costs and transition expenses. The amount of accrued restructuring costs at December 31, 2009 was $1 million. WPI paid $9 million of restructuring charges for fiscal 2010. As of December 31, 2010, the accrued liability balance was less than $1 million, which is included in accrued expenses and other liabilities in our consolidated balance sheet.

Total cumulative restructuring charges from August 8, 2005 (acquisition date) through December 31, 2010 were $85 million.

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4. Operating Units (continued)

WPI anticipates incurring restructuring costs in fiscal 2011 relating to the current restructuring plan of $5 million primarily related to the continuing costs of its closed facilities, employee severance, benefits and related costs and transition expenses. Restructuring costs could be affected by, among other things, WPI s decision to accelerate or delay its restructuring efforts. As a result, actual costs incurred could vary materially from these anticipated amounts.

Impairment

WPI incurred non-cash impairment charges of $9 million, $8 million and $12 million for fiscal 2010, fiscal 2009, and fiscal 2008, respectively, due to impairment charges related to certain plants that have been or will be closed and impairment of trademarks. In recording impairment charges related to its plants, WPI compared estimated net realizable values of property, plant and equipment to their current carrying values. In recording impairment charges related to its trademarks, WPI compared the fair value of the intangible asset with its carrying value. The estimates of fair value of trademarks are determined using a discounted cash flow valuation methodology referred to as the relief from royalty methodology. Significant assumptions inherent in the relief from royalty methodology employed include estimates of appropriate marketplace royalty rates and discount rates.

5. Discontinued Operations and Assets Held for Sale

Gaming American Casino & Entertainment Properties LLC

On February 20, 2008, we consummated the sale of our subsidiary, American Casino & Entertainment Properties LLC (ACEP), for $1.2 billion to an affiliate of Whitehall Street Real Estate Fund, realizing a gain of approximately $472 million, after taxes. The sale of ACEP included the Stratosphere Hotel and Casino and three other Nevada gaming properties, which represented all of our remaining gaming operations.

Home Fashion Retail Stores

WPI closed all of its retail stores based on a comprehensive evaluation of the stores long-term growth prospects and their on-going value to the business. On October 18, 2007, WPI entered into an agreement to sell the inventory at all of its retail stores and subsequently ceased operations of its retail stores. Accordingly, it has reported the retail outlet stores business as discontinued operations for all periods presented. As a result of the sale, WPI incurred charges related to the termination of the leases relating to its retail outlet stores facilities. As of December 31, 2010 and 2009, the accrued lease termination liability balance was $1 million and $2 million, respectively, which is included in accrued expenses and other liabilities in our consolidated balance sheets.

Real Estate

Operating properties are reclassified to held for sale when subject to a contract. The operations of such properties are classified as discontinued operations. There were no material changes to the properties classified as discontinued operations during fiscal 2010.

Results from Discontinued Operations

The financial position and results of operations for the sale of ACEP (which constituted part of our Gaming segment at that time) and certain portions of the Home Fashion and Real Estate segments described above are presented within other assets and accrued expenses and other liabilities in the consolidated balance sheets and income from discontinued operations in the consolidated statements of operations for all periods presented, as applicable.

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5. Discontinued Operations and Assets Held for Sale (continued)

Total revenues for our discontinued operations for fiscal 2008 were $61 million primarily relating to our sale of ACEP. There were no revenues from our discontinued operations for fiscal 2009 or fiscal 2010. (Loss) income from discontinued operations before income taxes and non-controlling interest (including gain on dispositions before taxes) for fiscal 2010, fiscal 2009, and fiscal 2008 was $(1) million, $1 million, and $749 million, respectively. Results for fiscal 2008 included a gain on sale of discontinued operations of $472 million, net of income taxes of $260 million, recorded on the sale of ACEP. With respect to the taxes recorded on the sale of ACEP, $103 million was recorded as a deferred tax liability pursuant to a Code 1031 Exchange transaction completed during the third quarter of fiscal 2008.

6. 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.

a. *Investment Management*

Until August 8, 2007, Icahn Management LP (Icahn Management) elected to defer most of the management fees from the Offshore Funds and such amounts remain invested in the Offshore Funds. At December 31, 2010 and 2009, the balance of the deferred management fees payable (included in accrued expenses and other liabilities) by Icahn Fund Ltd. to Icahn Management was $143 million and $125 million, respectively. The deferred management fee payable increased by $18 million and $32 million for fiscal 2010 and fiscal 2009, respectively, due to the performance of the Investment Funds.

Effective January 1, 2008, Icahn Capital LP (Icahn Capital) paid for salaries and benefits of certain employees who may also perform various functions on behalf of certain other entities beneficially owned by Mr. Icahn (collectively, Icahn Affiliates), including administrative and investment services. Prior to January 1, 2008, Icahn & Co. LLC paid for such services. Under a separate expense-sharing agreement, Icahn Capital charged Icahn Affiliates $2 million for fiscal 2010 and $4 million for each of fiscal 2009 and fiscal 2008. As of December 31, 2010 and 2009, accrued expenses and other liabilities in our consolidated balance sheets included $2 million and $1 million, respectively, to be applied to Icahn Capital s charges to Icahn Affiliates for services to be provided to them.

In addition, effective January 1, 2008, certain expenses borne by Icahn Capital are reimbursed by Icahn Affiliates, as appropriate, when such expenses are incurred. The expenses include investment-specific expenses for investments acquired by both the Private Funds and Icahn Affiliates that are allocated based on the amounts invested by each party, as well as investment management-related expenses that are allocated based on estimated usage agreed upon by Icahn Capital and Icahn Affiliates. For fiscal 2010, fiscal 2009 and fiscal 2008, these reimbursement amounts were $2 million, $1 million and $2 million, respectively.

In addition to our interest in the Investment Funds, Mr. Icahn, along with his affiliates, makes investments in the Investment Funds. These investments are not subject to special profits interest allocations or incentive allocations. As of December 31, 2010 and 2009, the total fair value of these investments was approximately $2.1 billion and $1.5 billion, respectively.

On August 31, 2010, the Investment Funds sold their interest in The Aruban Resort & Casino at Eagle Beach in Aruba to Tropicana for a total purchase price of $12 million, which approximates the Private Funds cost related to the property. The Investment Funds own approximately 51.5% of Tropicana at December 31, 2010 and Mr. Icahn is the Chairman of the Tropicana Board of Directors.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Related Party Transactions (continued)

b. *Railcar*

As described in Note 2, Acquisitions, in January 2010, we acquired a controlling interest in ARI from affiliates of Mr. Icahn. As a result of this acquisition, we have the following related party transactions:

Agreements with ACF Industries LLC and American Railcar Leasing LLC

ARI has or had various agreements with ACF Industries LLC (ACF) and ARL, companies controlled by Mr. Icahn. The most significant agreements include the following:

Under the manufacturing services agreement entered into in 1994 and amended in 2005, ACF agreed to manufacture and distribute, at ARI s instruction, various railcar components. In consideration for these services, ARI agreed to pay ACF certain agreed-upon rates. During fiscal 2010, fiscal 2009 and fiscal 2008, ARI purchased inventory of $1 million, $14 million and $45 million, respectively, of components from ACF. The agreement automatically renews unless written notice is provided by ARI.

In May 2007, ARI entered into a manufacturing agreement with ACF, pursuant to which ARI agreed to purchase approximately 1,390 tank railcars from ACF. The profit realized by ARI upon sale of the tank railcars to ARI customers was first paid to ACF in reimbursement for the start-up costs involved in implementing the manufacturing arrangements evidenced by the agreement and thereafter, the profit was split evenly between ARI and ACF. The commitment under this agreement was satisfied in March 2009 and the agreement was terminated at that time. In fiscal 2009 and fiscal 2008, ARI incurred costs under this agreement of $4 million and $24 million, respectively, in connection with railcars that were manufactured and delivered to customers during that period, which includes payments made to ACF for its share of the profits along with ARI costs and such amount is included under cost of goods sold in the consolidated statements of operations. ARI recognized revenue of $19 million and $100 million related to railcars shipped under this agreement for fiscal 2009 and fiscal 2008, respectively. No revenues or costs were incurred under this agreement for fiscal 2010.

Effective as of January 1, 2008, ARI entered into a fleet services agreement with ARL, which replaced a 2005 railcar servicing agreement between the parties. The 2008 agreement reflects a reduced level of fleet management services, relating primarily to logistics management services, for which ARL now pays a fixed monthly fee. Additionally, under the agreement, ARI continues to provide railcar repair and maintenance services to ARL for a charge of labor, components and materials. ARI currently provides such repair and maintenance services for approximately 28,000 railcars for ARL. The agreement extended through December 31, 2010, and is automatically renewable for additional one-year periods unless either party gives at least 60 days prior notice of termination. There is no termination fee if ARI elects to terminate this agreement. Railcar services revenues recorded by ARI were $15 million, $14 million and $15 million under this agreement for fiscal 2010, fiscal 2009 and fiscal 2008. Profit margins on sales to related parties approximate the margins on sales in comparable transactions with unrelated third parties.

ARI from time to time manufactures and sells railcars to ARL under long-term agreements as well as on a purchase order basis. Revenues from railcars sold to ARL were $82 million, $105 million and $183 million for fiscal 2010, fiscal 2009 and fiscal 2008, respectively, and are included in net sales in our consolidated statements of operations. Profit margins on sales to related parties approximate the margins on sales in comparable transactions with unrelated third parties.

As of December 31, 2010 and 2009, ARI had accounts receivable of $5 million and $1 million, respectively, due from ACF and ARL. These amounts are included in other assets in our consolidated balance sheets.

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6. Related Party Transactions (continued)

c. *Food Packaging*

As described in Note 2, Acquisitions, in January 2010 we acquired a controlling interest in Viskase from affiliates of Mr. Icahn. As a result of this acquisition, we have the following related party transaction:

Arnos Corporation, an affiliate of Mr. Icahn, was the lender on Viskase s Revolving Credit Facility as of December 31, 2009. In connection with our majority acquisition of Viskase on January 15, 2010, we assumed the Viskase Revolving Credit Facility from Arnos Corporation. See Note 11, Debt, for further discussion regarding Viskase s Revolving Credit Facility.

d. *Administrative Services Holding Company*

For each of fiscal 2010, fiscal 2009 and fiscal 2008 we paid an affiliate approximately $2 million for the non-exclusive use of office space.

For each of fiscal 2010, fiscal 2009 and fiscal 2008 we paid $1 million to XO Holdings, Inc., an affiliate of Icahn Enterprises GP, our general partner, for telecommunications services. XO Holdings, Inc. is controlled by Mr. Icahn.

The Holding Company provided certain professional services to an Icahn Affiliate for which it charged approximately $2 million for each of fiscal 2010, fiscal 2009 and fiscal 2008. As of December 31, 2010, accrued expenses and other liabilities in our consolidated balance sheets included $0.2 million to be applied to the Holding Company s charges to the affiliate for services to be provided to it.

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7. Investments and Related Matters

a. Investment Management

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

	December 31, 2010		December 31, 2009	
	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value
Assets				
Investments:				
Equity Securities:				
Communications	$ 2,169	$ 1,945	$ 1,710	$ 1,131
Consumer, non-cyclical	1,833	2,234	1,397	1,320
Consumer, cyclical(1)	595	614	274	117
Energy	757	858		
Financial	100	137	226	269
Index	9			
Industrial	94	115		
Technology	313	405	62	71
Utilities	157	143	2	
	6,027	6,451	3,671	2,908
Corporate debt:				
Consumer, cyclical(1)	544	485	651	642
Financial	48	5	1,146	1,373
	592	490	1,797	2,015
Mortgage-backed securities:				
Financial	144	206	140	168
	6,763	7,147	5,608	5,091
Derivative contracts, at fair value(2):	15	6	2	6
	$ 6,778	$ 7,153	$ 5,610	$ 5,097
Liabilities				
Securities sold, not yet purchased, at fair value:				
Equity Securities:				
Consumer, cyclical	$ 305	$ 356	$ 302	$ 323
Financial	51	58	125	114

Index	9	5		
Funds	638	800	1,384	1,598
	1,003	1,219	1,811	2,035
Dervivative contracts, at fair value[3]:	24	60	24	111
	$ 1,027	$ 1,279	$ 1,835	$ 2,146

(1) As discussed in Note 3, Acquisitions Acquisition of a Controlling Interest in Tropicana Entertainment Inc. , we consolidated the financial results of Tropicana effective November 15, 2010. As a result, we eliminated our investment in Tropicana with a fair value of approximately $279 million at December 31, 2010.

(2) Amounts are included in other assets in our consolidated balance sheets.

(3) Amounts are included in accrued expenses and other liabilities in our consolidated balance sheets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Investments and Related Matters (continued)

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

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

The Private Funds applied the fair value option to certain of its investments that would have otherwise been subject to the equity method of accounting. As of December 31, 2010, the fair value of these investments was $378 million. For fiscal 2010, fiscal 2009 and fiscal 2008, the Investment Funds recorded losses of $23 million, gains of $5 million and losses of $85 million, respectively, with respect to these investments. Such amounts are included in net gain from investment activities in our consolidated statements of operations. These gains and losses include the unrealized gains and losses for our Investment Management segment s investment in Tropicana for periods prior to November 15, 2010 when Tropicana was accounted for at fair value with changes in fair value reflected in earnings. See Note 3, Acquisitions Acquisition of a Controlling Interest in Tropicana Entertainment Inc for further discussion regarding the history of the Investment Funds investment in Tropicana and the effects of consolidation effective November 15, 2010. Also included in these investments is the Investment Funds investment in Lions Gate Entertainment Corp (Lions Gate) and The Hain Celestial Group, Inc. (Hain). As of December 31, 2010, the Investment Funds, together with their affiliates held, in the aggregate, 6,689,163 shares of Hain, representing approximately 16% of the outstanding shares of Hain. As of December 31, 2010, the Investment Funds together with their affiliates held, in the aggregate, 44,642,069 shares of Lions Gate, representing approximately 33% of the outstanding shares of Lions Gate. During the third quarter of fiscal 2010, Lions Gate issued 16,236,305 of its shares to one of its directors; the validity of such issuance is in dispute. Should we prevail in our dispute, our ownership of the outstanding shares of Lions Gate would increase to 37% based on the outstanding shares of Lions Gate at December 31, 2010. The Private Funds have applied the fair value option to their investment in Lions Gate and Hain.

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

Investments in Variable Interest Entities

As discussed in Note 2, Summary of Significant Accounting Policies Adoption of New Accounting Standards, in February 2010, the FASB issued new guidance which amends the consolidation requirement of VIEs for certain entities meeting certain criteria. We determined that the General Partners met the criteria for the deferral of this new consolidation guidance. Accordingly, our Investment Management segment will continue to apply the overall guidance on the consolidation of VIEs prior to the issuance of the new standard as described in Note 1.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Investments and Related Matters (continued)

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

Our consolidated VIEs consist of the Offshore Fund, Master Fund II and Master Fund III. The Offshore GP sponsored the formation of and manages each of these VIEs and, in some cases, has an investment therein. In evaluating whether the Offshore GP is the primary beneficiary of such VIEs, the Offshore GP has considered the nature and extent of its involvement with such VIEs and whether it absorbs the majority of losses among other variable interest holders, including those variable interest holders who are deemed related parties or de facto agents. In most cases, the Offshore GP was deemed to be the primary beneficiary of such VIEs because it (i) has the direct or indirect ability through voting rights or similar rights to make decisions about VIE s activities that have a significant effect on its success and (ii) would absorb the majority of expected losses among other variable interest holders and its close association with such VIEs, including the ability to direct the business activities of such VIEs.

We evaluated the VIE and primary beneficiary status of the Master Fund I and determined that it no longer is a VIE. Previously, the Master Fund I was considered to be a VIE because (i) the managing general partner, the Offshore GP, had substantially all of the decision-making rights that impacted the Master Fund I s operations and investment activities but did not absorb the majority of the residuals or losses of the Master Fund I and (ii) substantially all of the activities of the Master Fund I were conducted on behalf of Icahn Fund Ltd. Icahn Fund Ltd. provided substantially all of the capital at the commencement of the Master Fund I s operations but had no substantive kick-out or participating rights. However, the composition of the limited partners in the Master Fund I has changed. Based on our evaluation, we determined that the Master Fund I is no longer a VIE because substantially all of the activities of the Master Fund I are no longer deemed to be performed for the primary benefit of Icahn Fund Ltd, but rather for the benefit of all limited partners, including those of their related party groups and de facto agents. However, because the Offshore GP is the managing general partner of the Master Fund I, it would consolidate it. There are no substantive kick-out or participating rights in the Master Fund I. These changes had no effect on our consolidated financial statements.

The following table presents information regarding interests in VIEs for which the Offshore GP holds a variable interest as of December 31, 2010 (in millions of dollars):

	Offshore GP is the Primary Beneficiary			Offshore GP is not the Primary Beneficiary	
	Net Assets	Offshore GP s Interests[1]	Pledged Collateral[2]	Net Assets	Offshore GP s Interests[1]
Offshore Funds, Master Fund II and Master Fund III	$1,929	$ 51	$ 880	$ 473	$

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Investments and Related Matters (continued)

b. Automotive, Gaming, Railcar, Holding Company and Other

Investments held by our Automotive, Gaming, Railcar, Holding Company and other segments consist of the following (in millions of dollars):

	December 31, 2010		December 31, 2009	
	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value
Marketable equity and debt securities available for sale	$ 24	$ 19	$ 23	$ 23
Equity method investments and other	304	304	291	291
Total investments	$ 328	$ 323	$ 314	$ 314

With the exception of our Automotive, Gaming, Railcar and Home Fashion segments as discussed below, it is our policy to apply the fair value option to all of our investments that would be subject to the equity method of accounting. We record unrealized gains and losses for the change in fair value of such investments as a component of net gain (loss) from investment activities in the consolidated statement operations. We believe that these investments, individually or in the aggregate, are not material to our consolidated financial statements.

The following information relates to certain investment activities transacted by our operating units:

Proceeds from the sales of available-for-sale securities were $4 million, $61 million and $59 million for fiscal 2010, fiscal 2009 and fiscal 2008, respectively. The gross realized gains (losses) on available-for-sale securities sold for fiscal 2010, fiscal 2009 and fiscal 2008 were $1 million, $24 million and $(17) million, respectively. For purposes of determining gains and losses to be reclassified out of accumulated other comprehensive income into earnings, the cost of securities is based on specific identification. Net unrealized holding gains (losses) on available-for-sale securities in the amount of $(1) million, $4 million and $(11) million for fiscal 2010, fiscal 2009, fiscal 2008, respectively, have been included in accumulated other comprehensive income.

Our Railcar segment performed a review of its investment as of December 31, 2009 to determine if an other-than-temporary impairment existed. Factors considered in the assessment included but were not limited to the following: the ability and intent to hold the security until loss recovery, the sale of shares at a loss, and the number of quarters in an unrealized loss position and other market conditions. Based on this analysis, our Railcar segment recorded an impairment charge of $3 million related to one of its investment.

During the fiscal year ended December 31, 2007 (fiscal 2007), we adopted the fair value option for Lear Corporation (Lear) common stock which became eligible for the fair value option at the time we first recognized them in our consolidated financial statements. We also elected the fair value option for ImClone Systems Incorporated (ImClone).

In the fourth quarter of fiscal 2008, we sold all of our Lear common stock and realized a net loss of $12 million. In the fourth quarter of fiscal 2008, we sold all of the ImClone shares and recorded a realized gain of $197 million.

Investments in Non-Consolidated Affiliates

Automotive

Federal-Mogul maintains investments in 12 non-consolidated affiliates, which are located in China, France, Germany, India, Italy, Korea, Turkey, and the United States. Federal-Mogul s direct ownership in such affiliates ranges from approximately 2% to 50%. The aggregate investments in these affiliates were $210 million and $238 million at December 31, 2010 and 2009, respectively.

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7. Investments and Related Matters (continued)

Federal-Mogul evaluated the recorded value of its investments in non-consolidated affiliates for potential impairment as of December 31, 2010, 2009 and 2008. Given the economic downturn in the global automotive industry and the related declines in anticipated production volumes during fiscal 2008, Federal-Mogul concluded that its investments in non-consolidated affiliates were impaired, and an impairment charge of $64 million was recorded for the period March 1, 2008 through December 31, 2008. There was no such impairment in either fiscal 2010 or fiscal 2009.

Included in the aggregate investments in non-consolidated affiliates of $210 million is the remaining fair value step-up (net of impairment, amortization and foreign currency) of $55 million, which represents a difference between the amounts of these investments and underlying equity. This difference is comprised of $30 million of definite-lived intangible and tangible assets with a weighted average remaining useful life of 16 years, and $25 million of indefinite-lived intangible and tangible assets.

Equity earnings from non-consolidated affiliates were $32 million, $16 million and $19 million for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008, respectively, which are included in other (loss) income, net in our consolidated financial statements. For fiscal 2010, these entities generated sales of $627 million and net income of $79 million and had total net assets of $472 million at December 31, 2010. Distributed dividends to Federal-Mogul from non-consolidated affiliates were $43 million, $7 million and $28 million, respectively, for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008.

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

Federal-Mogul holds a 50% non-controlling interest in a joint venture located in Turkey. This joint venture was established in 1995 for the purpose of manufacturing and marketing automotive parts, including pistons, piston rings, piston pins, and cylinder liners to OE and aftermarket customers. Pursuant to the joint venture agreement, Federal-Mogul s partner holds an option to put its shares to a subsidiary of Federal-Mogul s at the higher of the current fair value or at a guaranteed minimum amount. The term of the contingent guarantee is indefinite, consistent with the terms of the joint venture agreement. However, the contingent guarantee would not survive termination of the joint venture agreement. The guaranteed minimum amount represents a contingent guarantee of the initial investment of the joint venture partner and can be exercised at the discretion of the partner. The total amount of the contingent guarantee, should all triggering events have occurred, approximated $61 million as of December 31, 2010. Federal-Mogul believes that this contingent guarantee is less than the estimated current fair value of the partners interest in the affiliate. As such, the contingent guarantee does not give rise to a contingent liability and, as a result, no amount is recorded for this guarantee. If this put option were exercised, the consideration paid and net assets acquired would be accounted for in accordance with business combination accounting. Any value in excess of the guaranteed minimum amount of the put option would be the subject of negotiation between Federal-Mogul and its joint venture partner.

Federal-Mogul purchases and sells inventory from/to the Turkey JV. Purchases from the Turkey JV for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008 were $20 million, $15 million and $2 million, respectively. Sales to the Turkey JV for fiscal 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008 were $31 million, $26 million and $31 million, respectively. Federal-Mogul had net accounts payable balances with the Turkey JV of $4 million and $12 million as of December 31, 2010 and 2009, respectively.

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7. Investments and Related Matters (continued)

Federal-Mogul has determined that its investments in Chinese joint venture arrangements are considered to be limited-lived as such entities have specified durations ranging from 30 to 50 years pursuant to regional statutory regulations. In general, these arrangements call for extension, renewal or liquidation at the discretion of the parties to the arrangement at the end of the term of the contractual agreement. Accordingly, a reasonable assessment cannot be made as to the impact of such arrangements on the future liquidity position of Federal-Mogul.

Railcar

As of December 31, 2010, ARI was party to three joint ventures which are all accounted for using the equity method. ARI determined that, although these joint ventures are considered VIEs, it is not the primary beneficiary of such VIEs, does not have a controlling financial interest and does not have the ability to individually direct the activities of the VIEs that most significantly impact their economic performance. A significant factor in this determination was that ARI does not have the rights to a majority of returns, losses or votes.

The risk of loss to ARI is limited to its investment in these joint ventures, certain loans due from these joint ventures to ARI and ARI s guarantee of certain loans. As of December 31, 2010 and 2009, the carrying amount of these investments was $48 million and $41 million, respectively, and the maximum exposure to loss was $50 million and $42 million, respectively. Maximum exposure to loss was determined based on ARI s carrying amounts in such investments, loans, accrued interest thereon and accrued unused line fee due from applicable joint ventures and loan guarantees made to the applicable joint ventures.

8. Fair Value Measurements

U.S. GAAP requires enhanced disclosures about investments and non-recurring nonfinancial assets and nonfinancial 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 nonfinancial 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 nonfinancial 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 nonfinancial asset and/or liability and include situations where there is little, if any, market activity for the investment or nonfinancial 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Fair Value Measurements (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Investment Management

The following table summarizes the valuation of the Investment Funds investments by the above fair value hierarchy levels as of December 31, 2010 and 2009 (in millions of dollars):

	December 31, 2010				December 31, 2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Investments:								
Equity securities:								
Communications	$1,945	$	$	$1,945	$1,131	$	$	$1,131
Consumer, non-cyclical	2,227	7		2,234	1,298	22		1,320
Consumer, cyclical[1]	295	318	1	614	109	8		117
Energy	541	317		858				
Financial	137			137	268	1		269
Industrial	114	1		115				
Technology	405			405	69	2		71
Utilities	100	43		143				
	5,764	686	1	6,451	2,875	33		2,908
Corporate debt:								
Consumer, cyclical[1]		157	328	485		414	228	642
Financial		5		5		1,373		1,373
		162	328	490		1,787	228	2,015
Mortgage-backed securities:								
Financial		206		206		168		168
	5,764	1,054	329	7,147	2,875	1,988	228	5,091
Derivative contracts, at fair value[2]:		6		6		6		6
	$5,764	$1,060	$329	$7,153	$2,875	$1,994	$228	$5,097
Liabilities								
Securities sold, not yet purchased, at fair value:								

Equity securities:								
Consumer, cyclical	$356	$	$	$356	$323	$	$	$323
Financial	58			58	114			114
Index		5		5				
Funds	800			800	1,598			1,598
	1,214	5		1,219	2,035			2,035
Derivative contracts, at fair value[(3)]:		60		60		111		111
	$1,214	$65	$	$1,279	$2,035	$111	$	$2,146

(1) As discussed in Note 3, Acquisitions Acquisition of a Controlling Interest in Tropicana Entertainment Inc. , we consolidated the financial results of Tropicana effective November 15, 2010. As a result, we eliminated our investment in Tropicana with a fair value of approximately $279 million at December 31, 2010.

(2) Amounts are included in other assets in our consolidated balance sheets.

(3) Amounts are included in accrued expenses and other liabilities in our consolidated balance sheets.

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8. Fair Value Measurements (continued)

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

	Year ended Decmeber 31	
	2010	2009
Balance at January 1	$ 228	$ 56
Gross realized and unrealized gains	18	(56)
Gross proceeds	(138)	
Gross purchases	221	228
Balance at December 31	$ 329	$ 228

There were unrealized losses included in earnings of $17 million and $67 million related to Level 3 investments still held at December 31, 2010 and 2009, respectively. Total realized and unrealized gains and losses recorded for Level 3 investments, if any, are reported in net gain from investment activities in our consolidated statements of operations.

Automotive, Railcar, Holding Company and other

The following table summarizes the valuation of our Automotive, Railcar, Holding Company and other investments by the above fair value hierarchy levels as of December 31, 2010 and 2009 (in millions of dollars):

	December 31, 2010			December 31, 2009		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Marketable equity and debt securities	$ 19	$	$ 19	$ 23	$	$ 23
Derivative contracts, at fair value(1)		12	12		13	13
	$ 19	$ 12	$ 31	$ 23	$ 13	$ 36
Liabilities						
Derivative contracts, at fair value(2)	$	$ 94	$ 94	$	$ 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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8. Fair Value Measurements (continued)

The following table presents our Automotive segment s defined benefit plan assets measured at fair value on a recurring basis as of December 31, 2010 and 2009 (in millions of dollars):

	December 31, 2010			December 31, 2009		
	Level 1	Level 2	Total	Level 1	Level 2	Total
U.S. Plans:						
Investments with registered investment companies:						
Equity securities	$ 512	$	$ 512	$ 448	$	$ 448
Fixed income securities	150		$ 150	142		142
	$ 662	$	$ 662	$ 590	$	$ 590
Non-U.S. Plans:						
Insurance contracts	$	$ 33	$ 33	$	$ 32	$ 32
Investments with registered investment companies:						
Fixed income securities	11		11	8		8
Equity securities	1		1	1		1
Corporate bonds		3	3		2	2
Equity securities				1		1
Cash				1		1
	$ 12	$ 36	$ 48	$ 11	$ 34	$ 45

Investments with registered investment companies are valued at the closing price reported on the active market on which the funds are traded. Corporate bonds and equity securities are valued at the closing price reported on the active market on which the individual investments are traded. The insurance contracts guarantee a minimum rate of return. Our Automotive segment has no input into the investment strategy of the assets underlying the contracts, but they are typically heavily invested in active bond markets and are highly regulated by local law.

The following table presents our Food Packaging segment s defined benefit plan assets measured at fair value on a recurring basis as of December 31, 2010 and 2009 (in millions of dollars):

	December 31, 2010				December 31, 2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
U.S. and Non-U.S. Plans:								
Asset category:								
Cash equivalents	$ 2	$	$	$ 2	$ 3	$	$	$ 3
Equity securities	19	26		45	21	16		37
Fixed income securities	16	12		28	11	20		31

Other			28	28			25	25
	$ 37	$ 38	$ 28	$ 103	$ 35	$ 36	$ 25	$ 96

In addition to items that are measured at fair value on a recurring basis, there are also assets and liabilities that are measured at fair value on a nonrecurring basis. As these assets and liabilities are not measured at fair value on a recurring basis, they are not included in the tables above. Assets and liabilities that are measured at fair value on a nonrecurring basis include certain long-lived assets (see Note 4, Operating Units and Note 10, Goodwill and Intangible Assets, Net), investments in non-consolidated affiliates (see Note 5, Investment and Related Matters) and asset retirement obligations (ARO) (see Note 21, Commitments and Contingencies). We determined that the fair value measurements included in

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Fair Value Measurements (continued)

each of these assets and liabilities rely primarily on our assumptions as unobservable inputs that are not publicly available. As such, we have determined that each of these fair value measurements reside within Level 3 of the fair value hierarchy.

9. Financial Instruments

Certain derivative contracts executed by the Private Funds with a single counterparty or by our Automotive operations 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.

a. Investment Management and Holding Company

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

In the normal course of business, the Investment Funds trade various financial instruments and enter into certain investment activities, which may give rise to off-balance-sheet risk. Currently, the Investment Funds investments include futures, options, credit default swaps and securities sold, not yet purchased. These financial instruments represent future commitments to purchase or sell other financial instruments or to exchange an amount of cash based on the change in an underlying instrument at specific terms at specified future dates. Risks arise with these financial instruments from potential counterparty non-performance and from changes in the market values of underlying instruments.

Securities sold, not yet purchased, at fair value represent obligations of the Investment Funds 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 Investment Funds satisfaction of the obligations may exceed the amount recognized in our consolidated balance sheets. The Investment Funds investments in securities and amounts due from brokers are partially restricted until the Investment Funds satisfy the obligation to deliver the securities sold, not yet purchased.

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Financial Instruments (continued)

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

The Investment Funds utilize forward contracts to seek to protect their assets denominated in foreign currencies from losses due to fluctuations in foreign exchange rates. The Investment Funds exposure to credit risk associated with non-performance of forward foreign currency contracts is limited to the unrealized gains or losses inherent in such contracts, which are recognized in unrealized gains or losses on derivative, futures and foreign currency contracts, at fair value in our consolidated balance sheets.

The Investment Funds may also purchase and write option contracts. As a writer of option contracts, the Investment Funds receive a premium at the outset and then bear the market risk of unfavorable changes in the price of the underlying financial instrument. As a result of writing option contracts, the Investment Funds are obligated to purchase or sell, at the holder s option, the underlying financial instrument. Accordingly, these transactions result in off-balance-sheet risk, as the Investment Funds satisfaction of the obligations may exceed the amount recognized in our consolidated balance sheets. At December 31 2010 and 2009, the maximum payout amounts relating to certain put options written by the Investment Funds, excluding the S&P 500 Index options which are separately discussed, were $195 million and $268 million, respectively. As of December 31, 2010, there were unrealized gains of $0.2 million. As of December 31, 2009, there were no unrealized losses or gains on these put options. As of December 31, 2010, the Investment Funds were synthetically short the S&P 500 Index through an option strategy (Investment Fund S&P 500 Option Strategy). As of December 31, 2010, the unrealized loss from the Investment Fund S&P 500 Option Strategy was $5 million and was included in the net gains (loss) from investment activities in our consolidated statements of operations. The Investment Funds did not employ the Investment Fund S&P 500 Option Strategy at December 31, 2009.

Certain terms of the Investment Funds contracts with derivative counterparties, which are standard and customary to such contracts, contain certain triggering events that would give the counterparties the right to terminate the derivative instruments. In such events, the counterparties to the derivative instruments could request immediate payment on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position on December 31, 2010 and 2009 was $60 million and $111 million, respectively.

At December 31, 2010 and 2009, the Investment Funds had $248 million and $436 million, respectively, posted as collateral for derivative positions, including those derivative instruments with credit-risk-related contingent features; these amounts are included in cash held at consolidated affiliated partnerships and restricted cash within our consolidated balance sheet.

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

The Investment Funds have entered into certain derivative contracts, in the form of credit default swaps, which meet the accounting definition of a guarantee, whereby the occurrence of a credit event with respect to the issuer of the underlying financial instrument may obligate the Investment Funds to make a payment to the swap counterparties. As of December 31, 2010 and 2009, the Investment Funds have entered into such credit

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Financial Instruments (continued)

default swaps with a maximum notional amount of $32 million and $164 million, respectively, with terms of approximately two years as of December 31, 2010. We estimate that our maximum exposure related to these credit default swaps approximates 39.4% and 33.8% of such notional amounts as of December 31, 2010 and 2009, respectively.

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

	December 31, 2010		December 31, 2009		
Credit Derivative Type Derivative Risk Exposure	Notional Amount	Fair Value	Notional Amount	Fair Value	Underlying Reference Obligation
Single name credit default swaps:					
Below investment grade risk exposure	$ 32	$ 1	$ 164	$ (16)	Corporate Credit

The following table presents the fair values of the Investment Funds derivatives (in millions of dollars):

	Asset Derivatives[1]		Liability Derivatives[2]	
Derivatives Not Designated as Hedging Instruments	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Equity contracts	$ 1	$ 9	$	$
Foreign exchange contracts			2	
Credit contracts	24	26	77	140
Sub-total	25	35	79	140
Netting across contract types[3]	(19)	(29)	(19)	(29)
Total[4]	$ 6	$ 6	$ 60	$ 111

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

(2) Net liability derivatives are located within accrued expenses and other liabilities in our consolidated balance sheets.

(3) Represents the netting of receivables balances with payable balances for the same counterparty across contract types pursuant to netting agreements.

(4) Excludes netting of cash collateral received and posted. The total collateral posted at December 31, 2010 and 2009 was approximately $248 million and $436 million, respectively, across all counterparties.

The following table presents the effects of the Investment Funds derivative instruments on the statements of operations for fiscal 2010 and fiscal 2009 (in millions of dollars):

Derivatives Not Designated as Hedging Instruments	Gain (Loss) Recognized in Income(1) For the year ended December 31, 2010	2009
Interest rate contracts	$	$ 57
Foreign exchange contracts	(12)	(7)
Equity contracts	1	(61)
Credit contracts	38	323
	$ 27	$ 312

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Financial Instruments (continued)

At December 31, 2010, the volume of the Investment Funds and the Holding Company s derivative activities based on their notional exposure, categorized by primary underlying risk, are as follows:

	Long Notional Exposure	Short Notional Exposure
Primary underlying risk:		
Bank loan swaps	$ 715	$
Credit default swaps	32	(2,108)
Equity swaps	27	
Foreign currency forwards	137	
Futures index spread	35	(57)

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 Fund s assets may be subject to substantial variations, limitations and uncertainties. The insolvency of any of the prime brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Investment Fund s assets or in a significant delay in the Investment Fund 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 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 may also be subject to a concentration of credit risk to a particular counterparty.

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

During the third quarter of fiscal 2010, the Holding Company purchased and wrote option contracts on the S&P 500 stock index futures. At December 31, 2010, the maximum payout was $140 million, assuming the value of the S&P 500 Index falls below certain limits on our put spreads, and $65 million assuming the value of the S&P 500 Index increases in value above certain limits on our call spreads. As of December 31, 2010, the unrealized gains from the S&P stock index futures was $2 million and was included in the net gains from investment activities in our consolidated statements of operations. As of December 31, 2010, the Holding Company had $22 million in liability derivatives related to the S&P 500 Index which are not designated as hedging instruments.

b. Automotive

During the fiscal year ended December 31, 2008 (fiscal 2008), Federal-Mogul entered into a series of five-year interest rate swap agreements with a total notional value of $1,190 million to hedge the variability of interest payments associated with its variable-rate term loans. Through use of these swap agreements, Federal-Mogul has fixed its base interest and premium rate at a combined average interest rate of approximately 5.37% on the hedged principal amount of $1,190 million. Since the interest rate swaps hedge the variability of interest payments on variable rate debt with same terms, they qualify for cash flow hedge accounting treatment. As of December 31, 2010 and 2009, unrealized net losses of $70 million and $50 million, respectively, were recorded in accumulated other comprehensive loss as a result of these hedges. As of December 31, 2010, losses of $37 million are expected to be reclassified from accumulated other comprehensive loss to our consolidated statement of operations within the next 12 months.

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9. Financial Instruments (continued)

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

Federal-Mogul s production processes are dependent upon the supply of certain raw materials that are exposed to price fluctuations on the open market. The primary purpose of Federal-Mogul s commodity price forward contract activity is to manage the volatility associated with these 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, 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 a combined notional value of $50 million and $28 million at December 31, 2010 and 2009, respectively, substantially all of which mature within one year. Of these outstanding contracts, $49 million and $26 million in combined notional values at December 31, 2010 and 2009, respectively, were designated as hedging instruments for accounting purposes. Unrealized net gains of $12 million and $5 million were recorded in accumulated other comprehensive loss as of December 31, 2010 and 2009, respectively.

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

Federal-Mogul generally tries to use natural hedges within its foreign currency activities, including the matching of revenues and costs, to minimize foreign currency risk. Where natural hedges are not in place, Federal-Mogul considers managing certain aspects of its foreign currency activities and larger transactions through the use of foreign currency options or forward contracts. Principal currencies hedged have historically included the euro, British pound, Japanese yen and Canadian dollar. Federal-Mogul had notional values of $20 million and $10 million of foreign currency hedge contracts outstanding at December 31, 2010 and 2009, respectively, of which all mature in less than one year and substantially all were designated as hedging instruments for accounting purposes. Immaterial unrealized net losses were recorded in accumulated other comprehensive loss as of December 31, 2010 and 2009.

For derivatives designated as cash flow hedges, changes in the time value are excluded from the assessment of hedge effectiveness. Unrealized gains and losses associated with ineffective hedges, that are determined using the hypothetical derivative method, are recognized in other (loss) income, net. Derivative gains and losses included in accumulated other comprehensive loss for effective hedges are reclassified into operations upon recognition of the hedged transaction. Derivative gains and losses associated with undesignated hedges are recognized in other (loss) income, net for outstanding hedges and cost of goods sold upon hedge maturity. Federal-Mogul s undesignated hedges are primarily commodity hedges and such hedges have become undesignated mainly due to forecasted volume declines.

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, retailers and installers of automotive aftermarket parts. Federal-Mogul s credit evaluation process and the geographical dispersion of sales transactions help to mitigate credit risk concentration. No individual customer accounted for more than 5% of Federal-Mogul s net sales during fiscal 2010. Federal-Mogul requires placement of cash in financial institutions evaluated as highly creditworthy.

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9. Financial Instruments (continued)

The following table presents the fair values of Federal-Mogul s derivative instruments (in millions of dollars):

	Asset Derivatives[1]		Liability Derivatives[2]	
Derivatives Designated as Cash Flow Hedging Instruments	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Interest rate swap contracts	$	$	$ 70	$ 50
Commodity contracts	13	6	1	1
	$ 13	$ 6	$ 71	$ 51
Derivatives not Designated as Hedging Instruments				
Commodity contracts	$	$ 1	$	$
	$	$ 1	$	$

(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.

The following tables present the effect of Federal-Mogul s derivative instruments in our consolidated statements of operations, consolidated statement of changes in equity and comprehensive income for fiscal 2010 and fiscal 2009 (in millions of dollars):

	For the Year Ended December 31, 2010		
Derivatives Designated as Hedging Instruments	Amount of (Loss) Gain Recognized in OCI on Derivatives (Effective Portion)	Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)
Interest rate swap contracts	$ (58)	Interest expense	$ (38)
Commodity contracts	16	Cost of goods sold	9
Foreign exchange contracts	1	Cost of goods sold	1

	$ (41)	$ (28)

Derivatives Designated as Hedging Instruments	For the Year Ended December 31, 2009				
	Amount of (Loss) Gain Recognized in OCI on Derivatives (Effective Portion)	Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Location of Gain Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Interest rate swap contracts	$ (20)	Interest expense	$ (37)		$
Commodity contracts	20	Cost of goods sold	(18)	Other income, net	3
Foreing currency contracts		Cost of goods sold	1		
	$		$ (54)		$ 3

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9. Financial Instruments (continued)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Gain (Loss) Recognized on Derivatives Year Ended, 2010	2009
Commodity contracts	Cost of goods sold	$ 1	$ (7)
Commodity contracts	Other income, net		4
		$ 1	$ (3)

10. Goodwill and Intangible Assets, Net

Goodwill and intangible assets, net consist of the following (in millions of dollars):

	December 31, 2010				
	Automotive	Railcar	Food Packaging	Metals	Consolidated
Goodwill:					
Gross carrying amount, January 1	$ 1,292	$ 7	$ 3	$	$ 1,302
Acquisitions	16			2	18
Adjustment to step-up value	35				35
Gross carrying amount, December 31	1,343	7	3	2	1,355
Accumulated impairment, January 1	(219)				(219)
Revised 2008 goodwill impairment	(7)				(7)
Accumulated impairment, December 31	(226)				(226)
Net carrying value, December 31	$ 1,117	$ 7	$ 3	$ 2	$ 1,129

	December 31, 2009				
	Automotive	Railcar	Food Packaging	Metals	Consolidated
Goodwill:					
Gross carrying amount, January 1	$ 1,298	$ 7	$ 3	$ 10	$ 1,318
Fresh-start reporting adjustments	(6)				(6)
Gross carrying amount, December 31	1,292	7	3	10	1,312
Accumulated impairment, January 1	(222)				(222)
Finalized 2008 goodwill impairment	3			(10)	(7)
Accumulated impairment, December 31	(219)			(10)	(229)

Net carrying value, December 31	$ 1,073	$ 7	$ 3	$	$ 1,083

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10. Goodwill and Intangible Assets, Net (continued)

		December 31, 2010			December 31, 2009		
	Useful lives (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Definite-lived intangible assets:							
Automotive	1 22	$658	$ (174)	$ 484	$640	$ (125)	$ 515
Gaming	3 42	25		25			
Food Packaging	6 13.5	23	(11)	12	23	(9)	14
Metals	5 15	11	(5)	6	11	(4)	7
Real Estate	12 12.5	121	(24)	97	121	(14)	107
		$838	$ (214)	624	$795	$ (152)	643
Indefinite-lived intangible assets:							
Automotive				314			354
Gaming				54			
Food Packaging				2			2
Home Fashion				5			8
				375			364
Total intangible assets, net				$ 999			$ 1,007

The aggregate amortization expense related to our definite-live intangible assets was $62 million, $68 million and $71 million for fiscal 2010, fiscal 2009 and fiscal 2008, respectively. We utilize the straight line method of amortization, recognized over the estimated useful lives of the assets.

The estimated future amortization expense for our definite-lived intangible assets is as follows (in millions of dollars):

Year	Amount
2011	$ 64
2012	63
2013	59
2014	59
2015	59
Thereafter	320
	$ 624

As of December 31, 2010, none of our reporting units were at risk for goodwill impairment. The following is a discussion of goodwill and intangible assets by each of our segment:

Automotive

Federal-Mogul performs its annual goodwill analysis as of October 1 each year, or more frequently if impairment indicators exist, in accordance with the subsequent measurement provisions of FASB ASC Topic 350, Intangibles Goodwill and Other. This impairment analysis compares the fair values of these assets to the related carrying values, and impairment charges are recorded for any excess of carrying values over fair values. These fair values are based upon consideration of various valuation methodologies, including guideline transaction multiples, multiples of current earnings and projected future cash flows discounted at rates commensurate with the risk involved. All of Federal-Mogul s reporting units with a goodwill balance passed Step 1 of the October 1, 2010 goodwill impairment analysis. All Step 1 results had fair values in excess of carrying values of at least 25%.

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10. Goodwill and Intangible Assets, Net (continued)

During the fourth quarter of fiscal 2010, in conjunction with the annual impairment test for goodwill and other indefinite-lived intangible assets, our Automotive segment determined that the original stepped-up values assigned to trademarks and brand names had been overstated due to the improper inclusion of non-branded sales in the basis for the trademarks and brand names valuation. As of December 31, 2010, our Automotive segment decreased its trademarks and brand names by $55 million based on a revised valuation, offset by an increase to goodwill of $35 million and a decrease to deferred tax liabilities of $20 million. Our Automotive segment reassessed the impact of this reclassification on the fiscal 2008 impairment analysis, which originally resulted in a $222 million goodwill impairment charge and a $130 million trademarks and brand names impairment charge. This reassessment resulted in a $13 million reduction in the trademarks and brand names impairment charge, a $7 million increase in the goodwill impairment charge and a $5 million increase in income tax expense, for a net total expense of $1 million, which was recorded in fiscal 2010 as the impact on the period March 1, 2008 through December 31, 2008 and fiscal 2010 results was not material.

Our Automotive segment recorded estimated impairment charges of $222 million and $130 million for goodwill and other indefinite-lived intangible assets, respectively, for the period March 1, 2008 through December 31, 2008, based upon draft valuations and a preliminary assessment. During the quarter ended March 31, 2009, Federal-Mogul completed this assessment and recorded a reduction to its goodwill impairment of $3 million. These impairment charges were revised during the fourth quarter of fiscal 2010 as discussed above. These charges were required to adjust the carrying value of goodwill and other indefinite-lived intangible assets to fair value at December 31, 2009. The 2008 impairment charge was primarily attributable to significant decreases in forecasted future cash flows as Federal-Mogul adjusted to known and anticipated changes in industry production volumes.

In June 2010, Federal-Mogul acquired 100% ownership of the Daros Group, a privately-owned supplier of high technology piston rings for large-bore engines used in industrial energy generation and commercial shipping, with manufacturing operations in China, Germany and Sweden, for $39 million in cash. Federal-Mogul allocated the purchase price in accordance with FASB ASC Topic 805, *Business Combinations*. Federal-Mogul utilized a third party to assist in the fair value determination of certain components of the purchase price allocation, namely fixed assets and intangible assets. Federal-Mogul recorded $18 million, $16 million and $2 million of definite-lived customer relationships, goodwill, and indefinite-lived trademarks and brand names, respectively, associated with this acquisition. These amounts include foreign currency impacts.

Federal-Mogul recorded an impairment charge of $1 million (excluding the $13 million reduction as discussed above) and $130 million for fiscal 2010 and fiscal 2008, respectively, based upon annual impairment tests performed each fiscal year related to their indefinite-lived intangibles as discussed below. There were no impairment charges for indefinite-lived intangibles for fiscal 2009. Federal-Mogul performs its annual indefinite-lived intangibles analysis as of October 1 each year, or more frequently if impairment indicators exist, in accordance with the subsequent measurement provisions of FASB ASC Topic 350, *Intangibles Goodwill and Other*. This impairment analysis compares the fair values of these assets to the related carrying values, and impairment charges are recorded for any excess of carrying values over fair values. These fair values are based upon the prospective stream of hypothetical after-tax royalty cost savings discounted at rates that reflect the rates of return appropriate for these intangible assets.

Food Packaging

As discussed in Note 3, Acquisitions, we acquired a majority interest in Viskase on January 15, 2010. As a result of our acquisition of a controlling interest in Viskase, certain long-term assets have been adjusted as a result of our required utilization of common control parties underlying basis in such assets. As of December 31, 2010, the net balances of such assets were as follows: $3 million for goodwill and $13 million for intangible assets.

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10. Goodwill and Intangible Assets, Net (continued)

Metals

Our Metals segment tests indefinite-lived intangible assets for impairment annually as of September 30 or more frequently if it believes indicators of impairment exist. Our Metals segment determines the fair value of its indefinite-lived intangible assets utilizing discounted cash flows. The resultant fair value is compared to its carrying value and an impairment loss is recorded if the carrying value exceeds its fair value.

Our Metals segment s net sales for the first quarter of fiscal 2009 declined significantly as the demand and prices for scrap fell to extremely low levels due to historically low steel mill capacity utilization rates and declines in other sectors of the economy served by our Metals segment. Given the indication of a potential impairment, our Metals segment completed a valuation utilizing discounted cash flows based on current market conditions. This valuation resulted in an impairment loss for goodwill and other indefinite-lived intangible assets of $13 million which was recorded in the first quarter of fiscal 2009, eliminating all goodwill and indefinite-lived intangibles from our Metals segment s balance sheet.

Real Estate

Acquisitions of real estate properties are accounted for utilizing the purchase method. Our Real Estate operations allocate the purchase price of each acquired property between land, buildings and improvements, and identifiable intangible assets and liabilities such as amounts related to in-place leases, acquired above- and below-market leases, and tenant relationships. The allocation of the purchase price requires judgment and significant estimates. Our Real Estate operations use information contained in independent appraisals as the primary basis for its purchase price allocations. Our Real Estate operations determine whether any rental rates are above or below market based upon comparison to similar financing terms for similar investment properties.

Values of properties are determined on an as-if vacant basis at acquisition date. The estimated fair value of acquired in-place leases are the costs our Real Estate operations would have incurred to lease the properties to the occupancy level of the properties at the date of acquisition. Such estimates include the fair value of leasing commissions, operating costs and other direct costs that would be incurred to lease the properties to such occupancy levels. Additionally, our Real Estate operations evaluates the time period over which such occupancy levels would be achieved. Such evaluation includes an estimate of the net lost market-based rental revenues and net operating costs (primarily consisting of real estate taxes, insurance and utilities) that would have been incurred during the lease-up period. Our Real Estate operations allocate a portion of the purchase price to tenant relationships considering various factors including tenant profile and the credit risk of the tenant. Acquired in-place leases and tenant relationships as of the date of acquisition are amortized over the remaining terms of the respective leases.

In August 2008, our Real Estate operations acquired two net leased properties for $465 million pursuant to a Code Section 1031 exchange. The results of operations of the properties have been included in the consolidated financial statements since the date of acquisition. The aggregate purchase price of $465 million was allocated to the following assets acquired, based on their fair values: land $90 million, buildings and improvements $254 million and $121 million attributable to definite-lived intangible assets relating to values determined for in-place leases and tenant relationships. The definite-lived intangible assets are being amortized over the 12 12.5 year initial term of the respective leases.

Home Fashion

For fiscal 2010, fiscal 2009 and fiscal 2008, WPI recorded an impairment charge of $3 million, $5 million and $6 million, respectively, related to its trademarks. In recording impairment charges related to its trademarks, WPI compared the fair value of the intangible asset with its carrying value. The estimates of fair value of trademarks are determined using a discounted cash flow valuation methodology referred to as the relief from royalty methodology. Significant assumptions inherent in the relief from royalty methodology employed include estimates of appropriate marketplace royalty rates and discount rates.

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11. Property, Plant and Equipment, Net

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

	Useful Life (years)	December 31, 2010	2009
		(in millions)	
Land		$ 456	$ 304
Buildings and improvements	4 40	1,028	700
Machinery, equipment and furniture	1 30	2,371	2,121
Assets leased to others	15 39	482	484
Construction in progress		346	229
		4,683	3,838
Less accumulated depreciation and amortization		(1,228)	(880)
Property, plant and equipment, net		$ 3,455	$ 2,958

Depreciation and amortization expense from continuing operations related to property, plant and equipment for fiscal 2010, fiscal 2009 and fiscal 2008 was $365 million, $344 million and $268 million, respectively.

Total rental expense for continuing operations under operating leases for fiscal 2010, fiscal 2009 and fiscal 2008 was $77 million, $76 million and $70 million, respectively.

12. Debt

Debt consists of the following (in millions of dollars):

	December 31, 2010	2009
8% senior unsecured notes due 2018 Icahn Enterprises	$1,450	$
7.75% senior unsecured notes due 2016 Icahn Enterprises	1,050	
Senior unsecured variable rate convertible notes due 2013 Icahn Enterprises	556	556
Senior unsecured 7.125% notes due 2013 Icahn Enterprises		963
Senior unsecured 8.125% notes due 2012 Icahn Enterprises		352
Debt Facilities Automotive	2,737	2,672
Debt Facilities Gaming	62	
Senior unsecured notes Railcar	275	275
Senior secured notes and revolving credit facility Food Packaging	214	174
Mortgages payable	108	114

Other	57	80
Total debt	$6,509	$ 5,186

Senior Unsecured Notes Icahn Enterprises

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

On January 15, 2010, we and Icahn Enterprises Finance Corp. (Icahn Enterprises Finance) (collectively, the Issuers), issued $850 million aggregate principal amount of 7.75% Senior Unsecured Notes due 2016 (the 2016 Notes) and $1,150 million aggregate principal amount of 8% Senior Unsecured Notes due 2018 (the 2018 Notes and, together with the 2016 Notes, referred to as the Initial New Notes) pursuant to the purchase agreement, dated January 12, 2010 (the Purchase Agreement), by and among the Issuers, Icahn Enterprises Holdings, as guarantor (the Guarantor), and Jefferies & Company, Inc., as initial purchaser (the Initial Purchaser). The gross proceeds from the sale of the Initial New Notes were

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12. Debt (continued)

approximately $1,987 million, a portion of which was used to purchase the approximate $1.28 billion in aggregate principal amount (or approximately 97%) of the 2013 Notes and the 2012 Notes, as defined below, that were tendered pursuant to cash tender offers and consent solicitations. Interest on the New Notes are payable on January 15 and July 15 of each year, commencing July 15, 2010. As described below, the 2012 Notes and 2013 Notes were satisfied and discharged pursuant to their respective indentures on January 15, 2010.

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

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

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

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

In connection with the issuance of the Initial New Notes, the Issuers and the Guarantor entered into a Registration Rights Agreement, dated January 15, 2010, with the Initial Purchaser. On April 16, 2010, we filed an initial registration statement on Form S-4 under the Securities Act of 1933, as amended (the Securities Act) with respect to the Initial New Notes. The SEC declared our exchange offer registration statement on Form S-4 with respect to the Initial New Notes effective on June 21, 2010. Pursuant to the Registration Rights Agreement, we subsequently commenced the exchange offer to exchange the unregistered Initial New Notes

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12. Debt (continued)

for registered Exchange Notes and the exchange offer expired on July 21, 2010. The 2016 Notes in the aggregate principal amount of approximately $849 million and 2018 Notes in the aggregate principal amount of approximately $1,150 million were properly tendered in the exchange offer and accepted by us in exchange for registered Exchange Notes. The 2016 Notes in the principal amount of approximately $1.5 million were not tendered in the exchange offer and remain unregistered.

In connection with the issuance of the Additional New Notes, the Issuers and the Guarantor entered into a registration rights agreement, dated November 12, 2010. On December 3, 2010, we filed an initial registration statement on Form S-4 with respect to the Additional New Notes. The SEC declared our exchange offer registration statement on Form S-4 with respect to the Additional New Notes effective on December 29, 2010. Pursuant to the Registration Rights Agreement, we subsequently commenced the exchange offer to exchange the unregistered Additional New Notes for registered Exchange Notes and the exchange offer expired on February 2, 2011. The 2016 Notes in the aggregate principal amount of $199.5 million and the 2018 Notes in the aggregate principal amount of approximately $299.9 million were properly tendered in the exchange offer and accepted by us in exchange for registered Exchange Notes. The 2016 Notes in the principal amount of approximately $0.5 million and the 2018 Notes in the principal amount of approximately $0.1 million were not tendered in the exchange offer and remain unregistered.

Senior Unsecured 7.125% Notes Due 2013

On February 7, 2005, we and Icahn Enterprises Finance co-issued $480 million aggregate principal amount of 7.125% senior unsecured notes due 2013 (the 2013 Notes), priced at 100% of principal amount. The 2013 Notes were issued pursuant to an indenture dated February 7, 2005 among us, as issuer, Icahn Enterprises Finance, as co-issuer, Icahn Enterprises Holdings, as guarantor, and Wilmington Trust Company, as trustee (referred to herein as the 2013 Notes Indenture). Other than Icahn Enterprises Holdings, no other subsidiaries guaranteed payment on the 2013 Notes.

On January 16, 2007, we issued an additional $500 million aggregate principal amount of 2013 Notes priced at 98.4% of par, or at a discount of 1.6%, pursuant to the 2013 Notes Indenture.

The 2013 Notes had a fixed annual interest rate of 7.125%, which was paid every six months on February 15 and August 15, and was due to mature on February 15, 2013.

The 2013 Notes Indenture restricted the ability of Icahn Enterprises and Icahn Enterprises Holdings, subject to certain exceptions, to, among other things: incur additional debt; pay dividends or make distributions; repurchase units; create liens; and enter into transactions with affiliates.

Effective January 15, 2010, the 2013 Notes Indenture, among the issuers, the guarantor and Wilmington Trust Company, as trustee, has been satisfied and discharged in accordance with its terms by the issuers. The issuers deposited a total of $1,018 million with Wilmington Trust Company as trustee under the 2013 Notes Indenture and depositary for cash tender offer to repay all accounts outstanding under the 2013 Notes and to satisfy and discharge the 2013 Notes Indenture. $939 million was deposited with the depository to purchase the 2013 Notes that were tendered pursuant to the cash tender offer. In connection with the purchase of the tendered 2013 Notes, the issuers paid total consideration of $988 million, which consisted of: (i) $939 million of base consideration for the aggregate principal amount tendered; (ii) $28 million of accrued and unpaid interest on the tendered 2013 Notes; and (iii) $21 million of consent payments in connection with the solicitation of consents from holders of 2013 Notes to eliminate the incurrence of indebtedness and issuance of preferred stock covenant in the 2013 Notes Indenture. The issuers also deposited $29 million with the trustee in connection with the redemption of the remaining 2013 Notes.

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Senior Unsecured 8.125% Notes Due 2012

On May 12, 2004, we and Icahn Enterprises Finance co-issued senior unsecured 8.125% notes due 2012 (the 2012 Notes) in the aggregate principal amount of $353 million. The 2012 Notes were issued pursuant to an indenture, dated as of May 12, 2004, among us, as issuer, Icahn Enterprises Finance, as co-issuer, Icahn Enterprises Holdings, as guarantor, and Wilmington Trust Company, as trustee (the 2012 Notes Indenture). The 2012 Notes were priced at 99.266% of principal amount and had a fixed annual interest rate of 8.125%, which was paid every six months on June 1 and December 1. The 2012 Notes was due to mature on June 1, 2012. Other than Icahn Enterprises Holdings, no other subsidiaries guarantee payment on the 2012 Notes.

The 2012 Notes Indenture restricted Icahn Enterprises Holdings and our ability, subject to certain exceptions, to, among other, things: incur additional debt; pay dividends or make distributions; repurchase units; create liens and enter into transactions with affiliates.

Effective January 15, 2010, the 2012 Notes Indenture, among the issuers, the guarantor and Wilmington Trust Company, as trustee, was satisfied and discharged in accordance with its terms by the issuers. The issuers deposited a total of $364 million with Wilmington Trust Company as trustee under the 2012 Notes Indenture and depositary for a cash tender offer to repay all amounts outstanding under the 2012 Notes and to satisfy and discharge the 2012 Notes Indenture. $345 million was deposited with the depository to purchase the 2012 Notes that were tendered pursuant to the cash tender offer. In connection with the purchase of the tendered 2012 Notes, the issuers paid total consideration of $355 million, which consisted of: (i) $345 million of base consideration for the aggregate principal amount tendered; (ii) $3 million of accrued and unpaid interest on the tendered 2012 Notes; and (iii) $7 million of consent payments in connection with the solicitation of consents from holders of 2012 Notes to eliminate the incurrence of indebtedness and issuance of preferred stock covenant in the 2012 Notes Indenture. The issuers also deposited $8 million with the trustee in connection with the redemption of the remaining 2012 Notes.

Senior Unsecured Variable Rate Convertible Notes Due 2013 Icahn Enterprises

In April 2007, we issued an aggregate of $600 million of variable rate senior convertible notes due 2013 (the variable rate notes). The variable rate notes were sold in a private placement pursuant to Section 4(2) of the Securities Act, and issued pursuant to an indenture dated as of April 5, 2007, by and among us, as issuer, Icahn Enterprises Finance, as co-issuer, and Wilmington Trust Company, as trustee. Other than Icahn Enterprises Holdings, no other subsidiaries guarantee payment on the variable rate notes. The variable rate notes bear interest at a rate of three-month LIBOR minus 125 basis points, but the all-in-rate can be no less than 4.0% nor more than 5.5%, and are convertible into our depositary units at a conversion price of $132.595 per depositary unit per $1,000 principal amount, subject to adjustments in certain circumstances. Pursuant to the indenture governing the variable rate notes, on October 5, 2008, the conversion price was adjusted downward to $105.00 per depositary unit per $1,000 principal amount. As of December 31, 2010, the interest rate was 4.0%. The interest on the variable rate notes is payable quarterly on each January 15, April 15, July 15 and October 15. The variable rate notes mature on August 15, 2013, assuming they have not been converted to depositary units before their maturity date.

In the event that we declare a cash dividend or similar cash distribution in any calendar quarter with respect to our depositary units in an amount in excess of $0.10 per depositary unit (as adjusted for splits, reverse splits and/or stock dividends), the indenture governing the variable rate notes requires that we simultaneously make such distribution to holders of the variable rate notes in accordance with a formula set forth in the indenture. We paid an aggregate cash distribution of approximately $3 million for each of fiscal 2010, fiscal 2009 and fiscal 2008, to holders of our variable rate notes in respect to our distribution payments to our depositary unitholders. Such amounts have been classified as interest expense.

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Senior Unsecured Notes Restrictions and Covenants

The indenture governing the variable rate notes, and the indenture governing both the 2016 Notes and the 2018 Notes, restrict the payment of cash distributions, the purchase of equity interests or the purchase, redemption, defeasance or acquisition of debt subordinated to the senior unsecured notes. The indentures also restrict the incurrence of debt or the issuance of disqualified stock, as defined in the applicable indenture, with certain exceptions. In addition, the indentures require that on each quarterly determination date we and the guarantor of the notes (currently only Icahn Enterprises Holdings) maintain certain minimum financial ratios, as defined therein. The indentures also restrict the creation of liens, mergers, consolidations and sales of substantially all of our assets, and transactions with affiliates. Each of the 2013 Notes Indenture and the 2012 Notes Indenture contained similar restrictions and covenants prior to their termination on January 15, 2010.

As of December 31, 2010 and 2009, we were in compliance with all covenants, including maintaining certain minimum financial ratios, as defined in the applicable indentures. Additionally, as of December 31, 2010, based on covenants in the indenture governing our senior unsecured notes, we are permitted to incur approximately $679 million in additional indebtedness.

Debt Facilities Automotive

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

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

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

The weighted average interest rates for the Debt Facilities were approximately 3.5% as of each of December 31, 2010 and 2009, respectively.

Federal-Mogul had $43 million and $50 million of letters of credit outstanding as of December 31, 2010 and 2009, respectively, pertaining to the term loan credit facility. As of December 31, 2010 and 2009, the borrowing availability under the revolving credit facility was $528 million and $470 million, respectively.

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

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12. Debt (continued)

The Debt Facilities contain certain affirmative and negative covenants and events of default, including, subject to certain exceptions, restrictions on incurring additional indebtedness, mandatory prepayment provisions associated with specified asset sales and dispositions, and limitations on (i) investments; (ii) certain acquisitions, mergers or consolidations; (iii) sale and leaseback transactions; (iv) certain transactions with affiliates and (v) dividends and other payments in respect of capital stock. At December 31, 2010 and December 31, 2009, Federal-Mogul was in compliance with all debt covenants under the Debt Facilities.

Debt Facilities Gaming

In connection with Tropicana s completion of the Restructuring Transactions (see Note 3, Acquisitions Investment in Tropicana), Tropicana entered into the Exit Facility which consists of a (i) $130 million Term Loan Facility issued at a discount of 7%, which was funded on March 8, 2010, the Effective Date, and (ii) $20 million Revolving Facility. Each of the Investment Funds is a lender under the Exit Facility and, in the aggregate, hold over 50% of the loans under the Term Loan Facility and are obligated to provide 100% of any amounts borrowed by Tropicana under the Revolving Facility. The Exit Facility matures on March 8, 2013. All amounts outstanding under the Exit Facility bear interest at a rate per annum of 15% so long as no default or event of default has occurred and is continuing, or at a rate per annum of 17% in the event that a default or event of default has occurred and is continuing. In addition, Tropicana is required to pay an annual administrative fee of $100,000 and an unused line fee equal to 0.75% of the daily average undrawn portion of the Revolving Facility. The Exit Facility is guaranteed by substantially all the existing and future subsidiaries of Tropicana. Tropicana was in compliance with all financial covenants as of December 31, 2010.

Senior Unsecured Notes Railcar

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

The ARI Notes bear a fixed interest rate of 7.5% and are due in 2014. Interest on the ARI Notes is payable semi-annually in arrears on March 1 and September 1. The indenture governing the ARI Notes (the ARI Notes Indenture) contains restrictive covenants that limit ARI s ability to, among other things, incur additional debt, make certain restricted payments and enter into certain significant transactions with stockholders and affiliates. As of December 31, 2010, based on certain financial ratios, certain of these covenants, including ARI s ability to incur additional debt, have become further restricted. ARI was in compliance with all of its covenants under the ARI Notes Indenture as of December 31, 2010.

Commencing on March 1, 2011, the redemption price is set at 103.75% of the principal amount of the ARI Notes plus accrued and unpaid interest, and declines annually until it is reduced to 100.0% of the principal amount of the ARI Notes plus accrued and unpaid interest from and after March 1, 2013. The ARI Notes are due in full plus accrued unpaid interest on March 1, 2014.

Senior Secured Notes and Revolving Credit Facility Food Packaging

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

On May 3, 2010, Viskase issued an additional $40 million aggregate principal amount of Viskase 9.875% Notes under the indenture governing the Viskase 9.875% Notes Indenture (the Viskase 9.875% Notes Indenture). The additional notes constitute the same series of securities as the initial Viskase 9.875% Notes. Holders of the initial and additional Viskase 9.875% Notes will vote together on all matters and the initial and additional Viskase 9.875% Notes will be equally and ratably secured by all collateral. The net proceeds from the issuance of additional notes will be used for general corporate purposes, including working capital, further plant expansion and possible acquisitions.

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

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

In November 2007, Viskase entered into a $25 million secured revolving credit facility (the Viskase Revolving Credit Facility) with Arnos Corporation, an affiliate of Mr. Icahn. In connection with our majority acquisition of Viskase on January 15, 2010, we assumed the Viskase Revolving Credit Facility from Arnos Corporation. On April 27, 2010, we entered into an agreement with Viskase, extending the maturity date of the Viskase Revolving Credit Facility from January 31, 2011 to January 31, 2012. Borrowings under the loan and security agreement governing the Viskase Revolving Credit Facility are subject to a borrowing base formula based on percentages of eligible domestic receivables and eligible domestic inventory. Under the Viskase Revolving Credit Facility, the interest rate is LIBOR plus a margin of 2.00% currently (which margin will be subject to performance based increases up to 2.50%); provided that the minimum interest rate shall be at least equal to 3.00%. The Viskase Revolving Credit facility also provides for an unused line fee of 0.375% per annum. There were no borrowings under the Viskase Revolving Credit Facility at each of December 31, 2010 and 2009.

Indebtedness under the Viskase Revolving Credit Facility is secured by liens on substantially all of Viskase s domestic and Mexican assets, with liens on certain assets that are contractually senior to the Viskase 9.875% Notes and the related guarantees pursuant to an intercreditor agreement and the Viskase 9.875% Notes.

The Viskase Revolving Credit Facility contains various covenants which restrict Viskase s ability to, among other things, incur indebtedness, enter into mergers or consolidation transactions, dispose of assets (other than in the ordinary course of business), acquire assets, make certain restricted payments, create liens on our assets, make investments, create guarantee obligations and enter into sale and leaseback transactions and transactions with affiliates, in each case subject to permitted exceptions. The Viskase Revolving Credit Facility also requires that Viskase complies with various financial covenants. Viskase is in compliance with these requirements as of December 31, 2010 and 2009.

In its foreign operations, Viskase has unsecured lines of credit with various banks providing approximately $8 million of availability. There were no borrowings under the lines of credit at December 31, 2010.

Letters of credit in the amount of $2 million were outstanding under facilities with a commercial bank, and were cash collateralized at December 31, 2010.

Mortgages Payable   Real Estate

Mortgages payable, all of which are non-recourse to us, bear interest at rates between 4.97% and 7.99% and have maturities between June 30, 2011 and October 31, 2028.

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Secured Revolving Credit Agreement Home Fashion

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

The agreement contains covenants including, among others, restrictions on the incurrence of indebtedness, investments, redemption payments, distributions, acquisition of stock, securities or assets of any other entity and capital expenditures. However, WestPoint Home is not precluded from effecting any of these transactions if excess availability, after giving effect to such transaction, meets a minimum threshold.

As of December 31, 2010, there were no borrowings under the agreement, but there were outstanding letters of credit of $10 million. Based upon the eligibility and reserve calculations within the agreement, WestPoint Home had unused borrowing availability of $44 million at December 31, 2010.

As this loan and security agreement expires on June 15, 2011, WestPoint Home is actively exploring its financing options which might include, but are not limited to, extending the loan and security agreement, refinancing or obtaining alternative financing arrangements.

Debt Extinguishment

In connection with the debt extinguishment related to our 2012 Notes and 2013 Notes as discussed above, we recorded a $40 million loss for fiscal 2010.

During the fourth quarter of fiscal 2008, we purchased outstanding debt of entities included in our consolidated financial statements in the principal amount of $352 million and recognized an aggregate gain of $146 million representing the difference between the fair value of the consideration issued and the carrying amount of the debt.

Sale of Previously Purchased Subsidiary Debt

During fiscal 2010, we received proceeds of $65 million from the sale of previously purchased debt of entities included in our consolidated financial statements in the principal amount of $77 million.

During fiscal 2009, we received proceeds of $166 million from the sale of previously purchased debt of entities included in our consolidated financial statements in the principal amount of $215 million.

Maturities

The following is a summary of the maturities of our debt obligations (in millions of dollars):

Year	Amount
2011	$ 110
2012	594
2013	113
2014	2,147
2015	934
Thereafter	2,746
	$ 6,644

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13. Compensation Arrangements

The following are stock-based compensation arrangements of our Investment Management and Automotive segments that are included in our consolidated financial statements:

Investment Management

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

The fair value of unvested and vested amounts that have not been withdrawn by the employee in respect of special profits interest allocations is determined at the end of each reporting period based, in part, on the (i) fair value of the underlying net assets of the Investment Funds, upon which the respective special profits interest allocations are based and (ii) performance of the funds in which such amounts are reinvested. The carrying value of such amounts represents the allocable special profits interest allocation and the appreciation or depreciation thereon. These amounts approximate fair value because the appreciation or depreciation on such amounts is based on the fair value of the Investment Funds investments, which are marked-to-market through earnings on a quarterly basis.

The General Partners recorded compensation expense of $5 million, $13 million and $2 million for fiscal 2010, fiscal 2009 and fiscal 2008, respectively. Compensation expense is included in selling, general and administrative expenses within our consolidated statements of operations. Compensation expense arising from grants in special profits interest allocations and incentive allocations are recognized in our consolidated financial statements over the vesting period. Accordingly, unvested balances of special profits interest allocations and incentive allocations allocated to certain employees are not reflected in our consolidated financial statements. Unvested amounts not yet recognized as compensation expense within our consolidated statements of operations were $8 million and $1 million as of December 31, 2010 and 2009, respectively. Unvested amounts are expected to be recognized over a weighted average of 2.3 years as of December 31, 2010. Cash paid to settle rights that had been withdrawn for fiscal 2010, fiscal 2009 and fiscal 2008 was $11 million, $8 million and $6 million, respectively.

The liabilities incurred by Icahn Management related to the rights granted to certain employees to participate in a portion of the management fees earned by Icahn Management remained with Icahn Management upon the execution of the contribution agreement on August 8, 2007. However, because the employees to whom these rights were granted became employees of Icahn Capital Management LP on August 8, 2007, Icahn Capital Management LP recognized the future compensation expense associated with the unvested portion of rights which were granted by Icahn Management through August 8, 2007, even though such liability will be settled by Icahn Management, with a corresponding increase to partners equity.

As of January 1, 2008, Icahn Capital Management LP distributed its net assets to Icahn Capital. Accordingly, effective January 1, 2008, employees of Icahn Capital Management LP became employees of Icahn Capital and such future compensation expense associated with the unvested portion of rights granted by Icahn Management were recognized by Icahn Capital.

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13. Compensation Arrangements (continued)

Automotive

Stock-Based Compensation

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

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

Federal-Mogul revalued the deferred compensation agreement, which was also amended and restated on March 23, 2010, at December 31, 2010, resulting in a revised fair value of $7 million. Since this agreement provides for net cash settlement at the option of Mr. Alapont, it continues to be treated as a liability award as of December 31, 2010 and through its eventual payout. The amount of the payout shall be equal to the fair value of 500,000 shares of Federal-Mogul s common stock, subject to certain adjustments and offsets. During fiscal, 2010, fiscal 2009 and for the period March 1, 2008 through December 31, 2008, Federal-Mogul recognized $6 million, $25 and $17 million, respectively, in expense associated with Mr. Alapont s stock options and deferred compensation agreement.

Key assumptions and related option-pricing models used by Federal-Mogul are summarized in the following table:

	March 23, 2010		December 31, 2010
	Plain Vanilla Options	Options Connected To Deferred Compensation	Deferred Compensation

Valuation model	Black-Scholes	Black-Scholes	Monte Carlo
Exercise price	$19.50	$19.50	N/A
Expected volatility	58 %	58 %	58 %
Expected dividend yield	0 %	0 %	0 %
Risk-free rate over the estimated expected option life	1.18 %	1.18 %	0.59 %
Expected option life (in years)	2.38	2.38	1.99

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

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

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

On March 23, 2010, the Patient Protection and Affordable Care Act was enacted and, on March 30, 2010, a companion bill, the Health Care and Education Reconciliation Act of 2010, was also enacted. We will continue to assess the accounting implications of these acts. See Note 18, Income Taxes, for further discussion on the impact of these acts.

Components of net periodic benefit cost for Federal-Mogul, ARI and Viskase for the fiscal years ended December 31, 2010, 2009 and 2008 are as follows:

	Pension Benefits			Other Benefits		
	2010	2009	2008	2010	2009	2008
Service cost	$ 30	$ 35	$ 31	$ 1	$ 2	$ 1
Interest cost	85	90	90	21	31	30
Expected return on plan assets	(60)	(53)	(87)			
Amortization of actuarial losses	27	32			(1)	
Amortization of prior service cost (credit)				(12)		
Curtailment gain	(1)	(2)		(29)		
Net periodic cost	$ 81	$ 102	$ 34	$ (19)	$ 32	$ 31

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14. Pensions, Other Post-employment Benefits and Employee Benefit Plans (continued)

a. Automotive

The following provides disclosures for our Automotive segment s benefit obligations, plan assets, funded status, recognition in the consolidated balance sheets and inputs and valuation assumptions:

	Pension Benefits United States Plans		Non-U.S. Plans		Other Postemployment Benefits	
	2010	2009	2010	2009	2010	2009
	(Millions of Dollars)					
Change in benefit obligation:						
Benefit obligation, beginning of year	$1,071	$986	$352	$334	$506	$494
Service cost	21	26	8	8	1	2
Interest cost	61	63	16	18	21	31
Employee contributions					1	2
Benefits paid	(60)	(79)	(21)	(24)	(40)	(50)
Medicare subsidies received					5	3
Curtailment				(2)		
Plan amendments			3		(164)	(7)
Actuarial losses and changes in actuarial assumptions	59	75	13	5	33	28
Net transfers (out) in	(1)			6	1	
Currency translation			(19)	7	2	3
Benefit obligation, end of year	$1,151	$1,071	$352	$352	$366	$506
Change in plan assets:						
Fair value of plan assets, beginning of year	$590	$541	$45	$40	$	$
Actual return on plan assets	75	126	3	2		
Company contributions	57	2	22	23	34	45
Benefits paid	(60)	(79)	(21)	(24)	(40)	(50)
Medicare subsidies received					5	3
Employee contributions					1	2
Net transfers in				3		
Currency translation			(1)	1		
Fair value of plan assets, end of year	$662	$590	$48	$45	$	$
Funded status of the plan	$(489)	$(481)	$(304)	$(307)	$(366)	$(506)

Amounts recognized in the consolidated balance sheets:						
Net liability recognized	$(489)	$(481)	$(304)	$(307)	$(366)	$ (506)
Amounts recognized in accumulated other comprehensive loss, inclusive of tax impacts:						
Net actuarial loss	$328	$319	$20	$6	$45	$ 13
Prior service cost (credit)	1	1	3		(137)	(14)
Total	$329	$320	$23	$6	$(92)	$ (1)

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14. Pensions, Other Post-employment Benefits and Employee Benefit Plans (continued)

On May 6, 2010, Federal-Mogul approved an amendment to its U.S. Welfare Benefit Plan which eliminated Other Postemployment Benefits for certain salaried and non-union hourly employees and retirees effective July 1, 2010. Also during fiscal 2010, as a result of union negotiations, Other Postemployment Benefits were eliminated at one of Federal-Mogul s U.S. manufacturing locations and reduced at another location. The cumulative result of these three events was a reduction in our Automotive segment s accumulated postemployment benefit obligation (APBO) of $164 million, of which $135 million is being amortized over the average remaining service lives of active participants (approximately 9 years). The remaining $29 million resulted in curtailment gains (OPEB curtailment gains), which were recognized in the consolidated statement of operations during fiscal 2010.

On June 25, 2010, the U.S. Government passed a pension funding relief bill in which Federal-Mogul elected to participate. This election reduced Federal-Mogul s 2010 pension contribution by $25 million.

Weighted-average assumptions used to determine the benefit obligation as of December 31, 2010 and 2009:

	Pension Benefits				Other Postemployment Benefits	
	United States Plans		Non-U.S. Plans			
	2010	2009	2010	2009	2010	2009
Discount rate	5.15 %	5.75 %	4.92 %	5.13 %	5.10 %	5.65 %
Rate of compensation increase	3.50 %	3.50 %	3.18 %	3.14 %		

Weighted-average assumptions used to determine net periodic benefit cost (credit) for the years ended December 31, 2010 and 2009:

	Pension Benefits				Other Postemployment Benefits	
	United States Plans		Non-U.S. Plans			
	2010	2009	2010	2009	2010	2009
Discount rate	5.75 %	6.45 %	5.13 %	5.59 %	5.65 %	6.40 %
Expected return on plan assets	8.50 %	8.50 %	5.64 %	5.79 %		
Rate of compensation increase	3.50 %	3.50 %	3.14 %	3.18 %		

Federal-Mogul evaluates its discount rate assumption annually as of December 31 for each of its retirement-related benefit plans based upon the yield of high quality, fixed-income debt instruments, the maturities of which correspond to expected benefit payment dates.

Federal-Mogul s expected return on assets is established annually through analysis of anticipated future long-term investment performance for the plan based upon the asset allocation strategy. While the study gives appropriate consideration to recent fund performance and historical returns, the assumption is primarily a long-term prospective rate.

The U.S. investment strategy mitigates risk by incorporating diversification across appropriate asset classes to meet the plan s objectives. It is intended to reduce risk, provide long-term financial stability for the plan and maintain funded levels that meet long-term plan obligations while preserving sufficient liquidity for near-term benefit payments. Risk assumed is considered appropriate for the return anticipated and consistent with the total diversification of plan assets. Approximately 27.5% of plan assets are invested in actively managed investment funds. The target asset allocation for the U.S. pension plans is 75% equity investments and 25% fixed income investments. The majority of the assets of the non-U.S. plans are invested through insurance contracts. The insurance contracts guarantee a minimum rate of return. Federal-Mogul has no input into the investment strategy of the assets underlying the contracts, but they are typically heavily invested in active bond markets and are highly regulated by local law. The target asset allocation for the non-U.S. pension plans is 70% insurance contracts, 25% debt investments and 5% equity investments.

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Refer to Note 8, Fair Value Measurements, for discussion of the fair value of each major category of plan assets, including the inputs and valuation techniques used to develop the fair value measurements of the plans assets, at December 31, 2010 and 2009.

Information for defined benefit plans with projected benefit obligations in excess of plan assets:

	Pension Benefits				Other Postemployment Benefits	
	United States Plans		Non-U.S. Plans			
	2010	2009	2010	2009	2010	2009
	(Millions of Dollars)					
Projected benefit obligation	$ 1,151	$ 1,071	$ 348	$ 351	$ 366	$ 506
Fair value of plan assets	662	590	41	41		

Information for pension plans with accumulated benefit obligations in excess of plan assets:

	Pension Benefits			
	United States Plans		Non-U.S. Plans	
	2010	2009	2010	2009
	(Millions of Dollars)			
Projected benefit obligation	$ 1,151	$ 1,071	$ 338	$ 327
Accumulated benefit obligation	1,142	1,058	320	313
Fair value of plan assets	662	590	35	22

The accumulated benefit obligation for all pension plans is $1,471 million and $1,391 million as of December 31, 2010 and 2009, respectively.

Amounts in Accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost over the next fiscal year:

	Pension Benefits	Other Postemployment Benefits
	(Millions of Dollars)	
Amortization of actuarial losses	$ 24	$ 1
Amortization of prior service credit		(16)

Total	$ 24	$ (15)

The assumed health care and drug cost trend rates used to measure next year s postemployment healthcare benefits are as follows:

	Other Postemployment Benefits	
	2010	2009
Health care cost trend rate	8.0 %	7.1 %
Ultimate health care cost trend rate	5.0 %	5.0 %
Year ultimate health care cost trend rate reached	2018	2014
Drug cost trend rate	9.5 %	8.5 %
Ultimate drug cost trend rate	5.0 %	5.0 %
Year ultimate drug cost trend rate reached	2018	2014

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The assumed health care cost trend rate has a significant impact on the amounts reported for Other Postemployment Benefits plans. The following table illustrates the sensitivity to a change in the assumed health care cost trend rate:

	Total Service and Interest Cost	APBO
	(Millions of Dollars)	
100 basis point (bp) increase in health care cost trend rate	$ 1	$ 17
100 bp decrease in health care cost trend rate	(1)	(15)

The following table illustrates the sensitivity to a change in certain assumptions for projected benefit obligations (PBO), associated expense and other comprehensive loss (OCL). The changes in these assumptions have no impact on Federal-Mogul s 2010 funding requirements.

Federal-Mogul s projected benefit payments from the plans are estimated as follows:

	Pension Benefits		Other Postemployment Benefits
	United States	Non-U.S. Plans	
	(Millions of Dollars)		
2011	$ 74	$ 21	$ 30
2012	77	21	29
2013	82	23	29
2014	85	24	29
2015	83	26	28
Years 2016 2020	457	128	131

Federal-Mogul expects to contribute approximately $87 million to its pension plans in 2011.

Federal-Mogul also maintains certain defined contribution pension plans for eligible employees. The total expenses attributable to Federal-Mogul s defined contribution savings plan were $23 million, $20 million and $25 million for the fiscal years ended December 31, 2010, 2009 and 2008, respectively. The amounts contributed to defined contribution pension plans include contributions to multi-employer plans of $1 million for fiscal 2010.

Other Benefits

Federal-Mogul accounts for benefits to former or inactive employees paid after employment but before retirement pursuant to FASB ASC Topic 712, *Compensation Nonretirement Postemployment Benefits*. The liabilities for such U.S. and European postemployment benefits were $42 million at both December 31, 2010 and 2009.

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14. Pensions, Other Post-employment Benefits and Employee Benefit Plans (continued)

b. Railcar and Food Packaging

ARI is the sponsor of two defined benefit pension plans that cover certain employees at designated repair facilities. One plan, which covers certain salaried and hourly employees, is frozen and no additional benefits are accruing thereunder. The second plan, which covers only certain of ARI s union employees, is currently active and benefits will continue to accrue thereunder until January 1, 2012, when the plan will be frozen. Viskase and its subsidiaries have defined contribution and defined benefit plans varying by country and subsidiary. Viskase s operations in the United States and Canada have historically offered defined benefit retirement plans and postretirement health care and life insurance benefits to their employees. Most of these benefits have been terminated, resulting in various reductions in liabilities and curtailment gains.

The following provides disclosures for ARI s and Viskase s benefit obligations, plan assets, funded status, and recognition in the consolidated balance sheets. As pension costs for ARI and Viskase are not material to our consolidated financial position and results of operations, we do not provide information regarding their inputs and valuation assumptions.

	Pension Benefits		Postretirement Benefits	
	2010	2009	2010	2009
	(Millions of Dollars)			
Change in benefit obligation:				
Benefit obligation beginning of year	$ 156	$ 140	$	$ 3
Service cost	1	1		
Interest cost	8	9		
Adjustment to benefits				(3)
Actuarial loss	6	15		
Benefits paid	(9)	(9)		
Benefit obligation end of year	$ 162	$ 156	$	$
Change in plan assets:				
Plan assets beginning of year	$ 109	$ 94	$	$
Actual return on plan assets	12	18		
Employer contributions	4	6		
Benefits paid	(9)	(9)		
Plan assets at fair value end of year	$ 116	$ 109	$	$
Funded status of the plans	$ (46)	$ (47)	$	$

	Pension Benefits		Postretirement Benefits	
	2009	2008	2009	2008
	(Millions of Dollars)			
Amounts recognized in the consolidated balance sheets are as follows:				
Net liability recognized	$(46)	$ (47)	$	$
Amounts recognized in accumulated other comprehensive (loss) income pre-tax:				
Net actuarial (loss) gain	$(6)	$ (5)	$	$ 1
Net prior service credit				3
Total	$(6)	$ (5)	$	$ 4

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15. Preferred Limited Partner Units

Pursuant to certain rights offerings consummated in 1995 and 1997, we issued preferred units. Each preferred unit had a liquidation preference of $10.00 and entitled the holder to receive distributions, payable solely in additional preferred units, at the rate of $0.50 per preferred unit per annum (which is equal to a rate of 5% of the liquidation preference thereof), payable annually at the end of March (each referred to herein as a Payment Date). On any Payment Date, we, subject to the approval of the Audit Committee, were able to redeem all of the preferred units for an amount, payable either in all cash or by issuance of our depositary units, equal to the liquidation preference of the preferred units, plus any accrued but unpaid distributions thereon.

On March 31, 2010, we redeemed all of our outstanding preferred units for an amount equal to the liquidation preference of $10.00 per unit, plus any accrued but unpaid distributions thereon. The total liability of our preferred units of $138 million was settled by issuing 2,947,092 of our depositary units, based on an average price of $46.77 per depositary unit, which amount was calculated based on the closing price of our depositary units over the 20-trading days immediately preceding March 31, 2010.

We recorded $2 million, $6 million and $6 million of interest expense for fiscal 2010, fiscal 2009 and fiscal 2008, respectively, in connection with the preferred unit distributions.

16. Net income per LP Unit

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

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16. Net income per LP Unit (continued)

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

	Year Ended December 31, 2010	2009	2008
Net income attributable to Icahn Enterprises from continuing operations	$200	$252	$(511)
Less: Income from common control acquisitions allocated to the general partner		(19)	(57)
	200	233	(568)
Basic income attributable to Icahn Enterprises from continuing operations allocable to limited partners (98.01% share of income or loss)	$196	$228	$(557)
Basic (loss) income attributable to Icahn Enterprises from discontinued operations allocable to limited partners	$(1)	$1	$500 (1)
Basic income (loss) per LP Unit:			
Income (loss) from continuing operations per LP unit	$2.36	$3.04	$(7.84)
(Loss) income from discontinued operations per LP unit	(0.01)	0.01	7.04
	$2.35	$3.05	$(0.80)
Basic weighted average LP units outstanding	83	75	71
Diluted income (loss) per LP Unit:			
Income (loss) from continuing operations per LP unit	$2.35	$2.96	$(7.84)
(Loss) income from discontinued operations per LP unit	(0.01)	0.01	7.04
	$2.34	$2.97	$(0.80)
Diluted weighted average LP units outstanding	84	79	71

(1) Includes a charge of $25 allocated to the general partner relating to the sale of ACEP.

The effect of dilutive securities in computing diluted income (loss) per LP unit is as follows (in millions):

	Year Ended December 31, 2010 Income	Units	2009 Income	Units
Redemption of preferred LP units	$ 2	1	$ 6	4
Variable rate notes				

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

	Year Ended December 31,		
	2010	2009	2008
Redemption of preferred LP units			2
Variable rate notes	5	5	5

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17. Segment and Geographic Reporting

As of December 31, 2010, our eight reportable segments are: (1) Investment Management; (2) Automotive; (3) Gaming; (4) Railcar; (5) Food Packaging; (6) Metals; (7) Real Estate and (8) Home Fashion. Our Investment Management segment provides investment advisory and certain administrative and back office services to the Private Funds, but does not provide such services to any other entities, individuals or accounts. Our Automotive segment consists of Federal-Mogul. Our Gaming segment consists of Tropicana. Our Railcar segment consists of ARI. Our Food Packaging segment consists of Viskase. Our Metals segment consists of PSC Metals. Our Real Estate segment consists of rental real estate, property development and the operation of resort properties. Our Home Fashion segment consists of WPI. In addition to our seven reportable segments, we present the results of the Holding Company which includes the unconsolidated results of Icahn Enterprises and Icahn Enterprises Holdings, and investment activity and expenses associated with the activities of the Holding Company. See Note 4, Operating Units, for a detailed description of each of our operating businesses.

We assess and measure segment operating results based on net income from continuing operations as disclosed below. Certain terms of financings for our Automotive, Railcar, Food Packaging, Home Fashion and Real Estate segments impose restrictions on the segments ability to transfer funds to us, including restrictions on dividends, distributions, loans and other transactions.

As described in Note 3, Acquisitions Acquisition of Controlling Interest in Tropicana Entertainment Inc., we consolidated the results of Tropicana effective November 15, 2010. Our management evaluates the aggregate performance of the Investment Management segment with all of its investments stated on a fair value basis, including its investment in Tropicana. Accordingly, although we are required to consolidate the results of Tropicana effective November 15, 2010 and separately report their results as part of our Gaming segment, the column representing our Investment Management segment s results include the investment in Tropicana on a fair value basis with changes in fair value reflected in earnings. We eliminate the fair value effects of Tropicana in the column labeled elimination.

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17. Segment and Geographic Reporting (continued)

Condensed balance sheets by reportable segment as of December 31, 2010 and 2009 are presented below (in millions of dollars):

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17. Segment and Geographic Reporting (continued)

Total capital expenditures and depreciation and amortization by reportable segment were as follows for the periods indicated:

	Capital Expenditures			Depreciation and Amortization		
	2010(1)	2009	2008(2)	2010(1)	2009	2008(2)
Automotive	$ 251	$ 176	$ 276	$ 333	$ 327	$ 268
Gaming	6			5		
Railcar	6	15	52	23	22	20
Food Packaging	20	24	12	14	15	15
Metals	21	12	38	18	13	16
Real Estate	1	1	468	23	25	9
Home Fashion	2	2	12	11	10	12
Holding Company	115					
	$ 422	$ 230	$ 858	$ 427	$ 412	$ 340

(1) Gaming results are for the period November 15, 2010 through December 31, 2010.
(2) Automotive results are for the period March 1, 2008 through December 31, 2008.

The following table presents our segments geographic net sales from external customers, other revenues from operations and property, plant and equipment, net for the periods indicated:

	Net Sales			Other Revenues From Operations			Property, plant and equipment, net	
	2010	2009	2008	2010	2009	2008	2010	2009
United States	$ 3,880	$ 3,355	$ 4,697	$ 188	$ 101	$ 71	$ 1,992	$ 1,526
Germany	1,068	893	1,133				384	422
Other	2,986	2,542	2,600	6	3	3	1,079	1,010
	$ 7,934	$ 6,790	$ 8,430	$ 194	$ 104	$ 74	$ 3,455	$ 2,958

18. Income Taxes

The difference between the book basis and the tax basis of our net assets, not directly subject to income taxes, is as follows (in millions of dollars):

	Year Ended December 31,	
	2010	2009
Book basis of net assets	$ 3,183	$ 2,834

Book/tax basis difference	(1,017)	(467)
Tax basis of net assets	$ 2,166	$ 2,367

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18. Income Taxes (continued)

Our corporate subsidiaries recorded the following income tax (expense) benefit attributable to operations for our taxable subsidiaries (in millions of dollars):

	Year Ended December 31, 2010	2009	2008
Continuing Operations			
Current			
Domestic	$ 17	$ (14)	$ (55)
International	(54)	(30)	(35)
Total current	(37)	(44)	(90)
Deferred			
Domestic	(15)	49	44
International	43	39	(30)
Total deferred	28	88	14
	$ (9)	$ 44	$ (76)

	Year Ended December 31, 2010	2009	2008
Discontinued Operations			
Current	$	$	$
Deferred			(4)
	$	$	$ (4)

The tax effect of significant differences representing deferred tax assets (liabilities) (the difference between financial statement carrying value and the tax basis of assets and liabilities) is as follows (in millions of dollars):

	Year Ended December 31, 2010	2009
Deferred tax assets:		
Property, plant and equipment	$ 191	$ 10
Net operating loss	866	907
Tax credits	118	103
Postemployment benefits, including pensions	366	406
Reorganization costs	115	100
Other	127	62
Total deferred tax assets	1,783	1,588
Less: Valuation allowance	(1,402)	(1,125)

Net deferred tax assets	$ 381	$ 463
Deferred tax liabilities		
Property, plant and equipment	$ (188)	$ (217)
Intangible assets	(266)	(320)
Investment in U.S. subsidiaries	(367)	(367)
Other	(18)	(50)
Total deferred tax liabilities	(839)	(954)
	$ (458)	$ (491)

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18. Income Taxes (continued)

We recorded deferred tax assets and deferred tax liabilities of $143 million and $601 million as of December 31, 2010, respectively, and $121 million and $612 million, as of December 31, 2009, respectively. Deferred tax assets and deferred tax liabilities are included in other assets and accrued expenses and other liabilities, respectively, in our consolidated balance sheets.

We analyze all positive and negative evidence to consider whether it is more likely than not that all of the deferred tax assets will be realized. Projected future income, tax planning strategies and the expected reversal of deferred tax liabilities are considered in making this assessment. As of December 31, 2010 we had a valuation allowance of $1.4 billion primarily related to tax loss and credit carryforwards, post-retirement benefits, and other deferred tax assets. The current and future provisions for income taxes may be significantly impacted by changes to valuation allowances. These allowances will be maintained until it is more likely than not that the deferred tax assets will be realized. For fiscal 2010, the valuation allowance on deferred tax assets increased $277 million. The increase is attributable to a $240 million increase from our acquisition of a controlling interest in Tropicana, a $24 million increase in valuation allowance recorded by WPI and a $13 million increase in the valuation allowance recorded by our other business segments. For fiscal 2009, the valuation allowance on deferred tax assets increased by $94 million. The increase is primarily attributable to a $78 million increase in the valuation allowance recorded by Federal-Mogul and a $23 million increase in valuation allowance recorded by WPI, offset in part by a $7 million decrease in valuation allowance recorded by Viskase.

A reconciliation of the effective tax rate on continuing operations as shown in the consolidated statements of operations to the federal statutory rate is as follows:

	Years Ended December 31,		
	2010	2009	2008
Federal statutory rate	35.0 %	35.0 %	35.0 %
Foreign Operations	3.0	3.1	(0.4)
Goodwill Impairment			(2.8)
Valuation allowance	(5.7)	(0.4)	(2.5)
Gain on settlement of liabilities subject to compromise		(0.2)	(0.9)
Income not subject to taxation	(30.0)	(38.8)	(31.1)
Other	(1.2)	(2.5)	0.2
	1.1 %	(3.8)%	(2.5)%

Automotive

Federal-Mogul did not record taxes on its undistributed earnings from foreign subsidiaries of $659 million at December 31, 2010 since these earnings are considered to be permanently reinvested. If at some future date, these earnings cease to be permanently reinvested, Federal-Mogul may be subject to U.S. income taxes and foreign withholding taxes on such amounts. Determining the unrecognized deferred tax liability on the potential distribution of these earnings is not practicable as such liability, if any, is dependent on circumstances existing when remittance occurs.

At December 31, 2010, Federal-Mogul had tax loss carryforwards totaling $1.5 billion, including $471 million in the United States with expiration dates from fiscal 2011 through fiscal 2030; $406 million in the United Kingdom with no expiration date; and $585 million in other jurisdictions with various expiration dates. At December 31, 2010, Federal-Mogul also had $99 million of tax credits in the United Kingdom with no expiration date.

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18. Income Taxes (continued)

Home Fashion, Food Packaging and Other

At December 31, 2010, WPI had $570 million of federal net operating loss carryforwards with expiration dates from years 2025 through 2030. WPI evaluated all positive and negative evidence associated with its deferred tax assets and concluded that a valuation allowance on all its deferred tax assets should be established.

At December 31, 2010, Viskase had U.S. federal and state net operating loss carryforwards of $105 million which will begin expiring in the year 2023 and forward, and foreign net operating loss carryforwards of $4 million with an unlimited carryforward period. Viskase did not record taxes on its undistributed earnings from foreign subsidiaries of $42 million at December 31, 2010 since these earnings are considered to be permanently reinvested. If at some future date, these earnings cease to be permanently reinvested, Viskase may be subject to U.S. income taxes and foreign withholding taxes on such amounts. Determining the unrecognized deferred tax liability on the potential distribution of these earnings is not practicable as such liability, if any, is dependent on circumstances existing when remittance occurs.

Tropicana has federal NOL carryforwards pursuant to the purchase of Adamar of New Jersey, Inc. (Adamar). Internal Revenue Code Section 382 (Code 382) places certain limitations on the annual amount of NOL carryforwards that can be utilized when a change of ownership occurs. Tropicana believes its purchase of Adamar was a change in ownership pursuant to Code 382. As a result of the annual limitation, the NOL carryforward amount available to be used in future periods is approximately $113 million and will begin to expire in the year 2027 and forward. As of December 31, 2010, Tropicana could not determine that it was more likely than not that it would utilize its NOL carryforwards before expiration and accordingly has established a full valuation allowance.

At December 31, 2010, Atlantic Coast had a federal net operating loss carryforward of $9 million, which will begin expiring in the year 2025 and forward.

At December 31, 2010, AREH Oil & Gas Corp had a federal net operating loss carryforward of $58 million, which will begin expiring in the year 2029 and forward.

Accounting for Uncertainty in Income Taxes

On March 1, 2008, approximately $252 million of unrecognized tax benefits were added pursuant to our acquisition of a controlling interest in Federal-Mogul, $92 million of which would have affected the annual effective tax rate.

A summary of the changes in the gross amounts of unrecognized tax benefits for the fiscal years ended December 31, 2010, 2009 and 2008 are as follows (in millions of dollars):

	Years Ended December 31,		
	2010	2009	2008
Balance at January 1	$430	$ 467	$ 11
Addition from acquisition of controlling interest in Federal-Mogul			252
Addition based on tax positions related to the current year	7	20	41
Increase for tax positions of prior years	7	13	210
Decrease for tax positions of prior years	(9)	(45)	(18)
Decrease for statute of limitation expiration	(21)	(26)	(19)
Impact of currency translation and other	(7)	1	(10)
Balance at December 31	$407	$ 430	$ 467

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18. Income Taxes (continued)

At December 31, 2010, 2009 and 2008, we had unrecognized tax benefits of $407 million, $430 million and $467 million, respectively. Of these totals, $81 million, $94 million and $94 million represents the amount of unrecognized tax benefits that if recognized, would affect the annual effective tax rate in the respective periods. The total unrecognized tax benefits differ from the amount which would affect the effective tax rate primarily due to the impact of valuation allowances.

During the next 12 months, we believe that it is reasonably possible that unrecognized tax benefits of Federal-Mogul may decrease by approximately $327 million due to audit settlements or statute expirations, of which approximately $52 million, if recognized, could impact the effective tax rate. We do not anticipate any significant changes to the amount of our unrecognized tax benefits in our other business segments during the next 12 months.

We recognize interest and penalties related to unrecognized tax benefits in income tax expense. We recorded $18 million, $15 million and $11 million as of December 31, 2010, 2009 and 2008, respectively, in liabilities for tax related net interest and penalties in our consolidated balance sheets. Income tax expense related to interest and penalties was $3 million, $4 million and $3 million for fiscal 2010, fiscal 2009 and fiscal 2008, respectively. We or certain of our subsidiaries file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and various non-U.S. jurisdictions. We and our subsidiaries are no longer subject to U.S. federal tax examinations for years before fiscal 2007 or state and local examinations for years before the fiscal year ended December 31, 2006, with limited exceptions. We, or our subsidiaries, are currently under various income tax examinations in several states and foreign jurisdictions, but are no longer subject to income tax examinations in Germany and Mexico for years prior to 2003, Belgium and Italy for years prior to 2006, and France and the United Kingdom for years prior to 2008.

On March 23, 2010, the Patient Protection and Affordable Care Act was enacted and, on March 30, 2010, a companion bill, the Health Care and Education Reconciliation Act of 2010, was also enacted. The acts will reduce the tax deduction available to Federal-Mogul to the extent of receipt of Medicare Part D subsidy. Although this legislation does not take effect until 2012, Federal-Mogul is required to recognize the impact in its financial statements in the period in which it is signed. Due to the full valuation allowance recorded against deferred tax assets in the United States, this legislation did not impact Federal-Mogul s 2010 effective tax rate. We believe that the provisions of these laws will not have an effect on our other segments.

19. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists of the following (in millions):

	December 31, 2010	December 31, 2009
Post-employment benefits, net of tax	$ (283)	$ (347)

Hedge instruments, net of tax	(81)	(68)
Translation adjustments and other, net of tax	(233)	(242)
	$ (597)	$ (657)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Other (Loss) Income, Net

Other (loss) income, net consists of the following (in millions):

	Year Ended December 31,		
	2010	2009	2008
Gain on acquisition	$ 16	$	$
(Loss) gain on extinguishment of debt	(40)	(6)	146
Gain on disposition of assets	1	8	12
Equity earnings from non-consolidated affiliates	25	12	18
Foreign currency translation (losses) gains	(26)	3	9
Other	7	44	38
	$ (17)	$ 61	$ 223

21. Commitments and Contingencies

Federal-Mogul

Environmental Matters

Federal-Mogul is a defendant in lawsuits filed, or the recipient of administrative orders issued or demand letters received, in various jurisdictions pursuant to the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA) or other similar national, provincial or state environmental remedial laws. These laws provide that responsible parties may be liable to pay for remediating contamination resulting from hazardous substances that were discharged into the environment by them, by prior owners or occupants of property they currently own or operate, or by others to whom they sent such substances for treatment or other disposition at third party locations. Federal-Mogul has been notified by the United States Environmental Protection Agency, other national environmental agencies, and various provincial and state agencies that it may be a potentially responsible party (PRP) under such laws for the cost of remediating hazardous substances pursuant to CERCLA and other national and state or provincial environmental laws. PRP designation often results in the funding of site investigations and subsequent remedial activities.

Many of the sites that are likely to be the costliest to remediate are often current or former commercial waste disposal facilities to which numerous companies sent wastes. Despite the potential joint and several liability which might be imposed on Federal-Mogul under CERCLA and some of the other laws pertaining to these sites, its share of the total waste sent to these sites has generally been small. Federal-Mogul believes its exposure for liability at these sites is limited.

Federal-Mogul has also identified certain other present and former properties at which it may be responsible for cleaning up or addressing environmental contamination, in some cases as a result of contractual commitments and/or federal or state environmental laws. Federal-Mogul is actively seeking to resolve these actual and potential statutory, regulatory and contractual obligations. Although difficult to quantify based on the complexity of the issues, Federal-Mogul has accrued amounts corresponding to its best estimate of the costs associated with such regulatory and contractual obligations on the basis of available information from site investigations and best professional judgment of consultants.

Total environmental liabilities, determined on an undiscounted basis, were $19 million and $22 million at December 31, 2010 and 2009, respectively, and are included in accrued expenses and other liabilities in our consolidated balance sheets.

Federal-Mogul believes that recorded environmental liabilities will be adequate to cover its estimated liability for its exposure in respect to such matters. In the event that such liabilities were to significantly exceed the amounts recorded by Federal-Mogul, our Automotive segment s results of operations could be materially affected. At December 31, 2010, Federal-Mogul estimates reasonably possible material additional losses, above and beyond its best estimate of required remediation costs as recorded, approximate $44 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Commitments and Contingencies (continued)

Asset Retirement Obligations

Federal-Mogul records ARO in accordance with FASB ASC Topic 410, Asset Retirement and Environmental Obligations. Federal-Mogul s primary ARO activities relate to the removal of hazardous building materials at its facilities. Federal-Mogul records an ARO at fair value upon initial recognition when amounts can be reasonably estimated, typically upon the expectation that an operating site may be closed or sold. ARO fair values are determined based on Federal-Mogul s determination of what a third party would charge to perform the remediation activities, generally using a present value technique. Federal-Mogul has identified sites with contractual obligations and several sites that are closed or expected to be closed and sold. In connection with these sites, Federal-Mogul has accrued $25 million and $30 million as of December 31, 2010 and 2009, respectively, for ARO, primarily related to anticipated costs of removing hazardous building materials, and has considered impairment issues that may result from capitalization of these ARO amounts.

For those sites that Federal-Mogul identifies in the future for closure or sale, or for which it otherwise believes it has a reasonable basis to assign probabilities to a range of potential settlement dates, it will review these sites for both ARO and impairment issues.

Federal-Mogul has conditional asset retirement obligations (CARO), primarily related to removal costs of hazardous materials in buildings, for which it believes reasonable cost estimates cannot be made at this time because it does not believe it has a reasonable basis to assign probabilities to a range of potential settlement dates for these retirement obligations. Accordingly, Federal-Mogul is currently unable to determine amounts to accrue for CARO at such sites.

Tropicana

Trademark Litigation

Certain parties (the Plaintiffs), affiliated with the new owners of Tropicana Hotel & Casino, or Tropicana LV, filed a declaratory judgment action in the District Court, Clark County, Nevada, on July 20, 2009, against Aztar Corporation and Tropicana LLC originally seeking only a declaratory judgment that Tropicana LV had the right to operate a hotel and casino under the name Tropicana without any interference by or payment to Aztar Corporation or Tropicana LLC (together, the Defendants). The Plaintiffs complaint sought no damages or injunctive relief. On August 10, 2009, Defendants removed the action to the District of Nevada and filed an answer and counterclaim asserting Plaintiffs use of Tropicana infringes upon Defendants rights in three federally registered trademarks. The Plaintiffs filed a motion to remand the action to Nevada state court, which was granted on January 21, 2010. The parties are currently engaged in discovery.

During the course of proceedings, the Plaintiffs and Defendants each filed a motion for summary judgment claiming ownership of the Tropicana trademark. Both motions were denied, although the Nevada state court preliminarily found that the Plaintiffs might have an unexercised reversionary ownership interest in the trademark as a result of an agreement that is 30 years old. Nonetheless, because any exercise of this purported reversionary interest by Tropicana LV could potentially deprive Tropicana, as successor to Tropicana LLC, of its asserted ownership of the Tropicana trademark, the Defendants filed a motion in the Chapter 11 Cases for an order rejecting the 1980 trade name agreement. In addition, Tropicana, together with its subsidiary, New Tropicana Holdings, Inc., or New Tropicana, and certain affiliates of Icahn Capital, as secured lenders to Tropicana, filed a complaint in the Chapter 11 Cases against the Plaintiffs, seeking a declaration that, consistent with prior, uncontested orders of the Bankruptcy Court, New Tropicana is the owner of the Tropicana trademark, the Exit Facility lenders have a perfected security interest in that property, and the Nevada state court action, to the extent it seeks to assert ownership over the trademark or question the validity of the security interest, violates the automatic stay. The complaint also demands an injunction against any further efforts by the Plaintiffs to re-litigate the ownership issue, and seeks other remedies on behalf of the Exit Facility lenders. A motion by the Plaintiffs to dismiss the complaint is pending.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Commitments and Contingencies (continued)

If the Plaintiffs are successful in the Nevada State Court action, they would have rights to continued use of the Tropicana trademark in perpetuity in connection with the Las Vegas hotel and associated operations without control by Tropicana or payment of any royalty or license fee to Tropicana. Their continued use of the trademark without restriction could dilute the Tropicana brand and be detrimental to Tropicana s future properties that utilize that brand. Furthermore, if the Plaintiffs are successful in the Nevada state court action and the defendants and Tropicana are not successful in the Bankruptcy Court proceeding, the Plaintiffs may establish ownership rights and Tropicana s right to continued use of the Tropicana name, in a particular geographic area, on an exclusive basis, or at all, could be adversely affected.

WPI

Litigation

During fiscal 2010, there were developments in two lawsuits, one in the federal courts in New York and one in the Delaware state courts, challenging, among other matters, the status of our ownership interests in the common and preferred stock of WPI. We (through Aretex LLC) had acquired ownership of a majority of the WPI common stock through a July 2005 Sale Order entered by the United States Bankruptcy Court for the Southern District of New York. Under that Sale Order, WPI acquired substantially all of the assets of WestPoint Stevens, Inc. The losing bidders at the Bankruptcy Court auction that led to the Sale Order challenged the Sale Order. In November 2005, the United States District Court for the Southern District of New York modified portions of the Sale Order in a manner that could have reduced our ownership of WPI stock below 50%. In its March 26, 2010 decision, the Second Circuit held that we are entitled to own a majority of WPI s common stock, and thus have control of WPI. The Second Circuit ordered the Bankruptcy Court s Sale Order reinstated, to ensure that our percentage ownership of the common stock will be at least 50.5%. The Second Circuit ordered the District Court to remand the matter back to the Bankruptcy Court for further proceedings consistent with its ruling, and the District Court has done so. The Bankruptcy Court entered an Order on December 6, 2010 implementing the Second Circuit s decision. As a result, after exercise of all subscription rights issued pursuant to the asset purchase agreement and the completion of the subscription rights offering, we (including our affiliates) will beneficially own between 13,197,193 and 23,698,806 shares of WPI common stock, which we expect will represent between 50.5% and 79% of WPI s outstanding common stock, depending upon the extent to which the other holders of subscription rights exercise their subscription rights. The WestPoint Stevens, Inc. bankruptcy case remains open and the Bankruptcy Court retains jurisdiction over the parties.

There was also a proceeding in Delaware Chancery Court, brought by the same losing bidders who are parties to the case decided by the Second Circuit. After the ruling by the Second Circuit, the plaintiffs filed a modified third amended complaint in the Delaware case. In that complaint, the plaintiffs pled claims for breach of fiduciary duty (and aiding and abetting such alleged breach) against us, and against Icahn Enterprises Holdings, Carl C. Icahn and others, based on WPI s not having proceeded with a Registration Statement. Plaintiffs also asserted a contractual claim against WPI relating to the Registration Statement alleging that because WPI did not proceed with the Registration Statement, plaintiffs were unable to sell their securities in WPI, and sought to recover the diminution in the value of those securities. Plaintiffs also asserted a claim for unjust enrichment against all defendants, including us, WPI, Icahn Enterprises Holdings, Carl C. Icahn and others, based on claims that defendants were beneficiaries of a stay order improperly entered by the Bankruptcy Court. On November 3, 2010, the Chancery Court dismissed the modified third amended complaint in its entirety. Plaintiffs appealed to the Delaware Supreme Court. On January 31, 2011, the plaintiffs filed their opening brief on the appeal. Among other things, plaintiffs argue that the Chancery Court erred in vacating its earlier granting of summary judgment in plaintiffs favor on a claim for breach of contract that had been asserted in the second amended complaint and in dismissing plaintiffs amended claim for breach of contract asserted in the modified third amended complaint. Both of the contract claims sought an unspecified amount of damages based on WPI s not having proceeded with the registration of its securities. Plaintiffs also argue that the Chancery Court should not have dismissed claims for breach of fiduciary duty

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Commitments and Contingencies (continued)

asserted against us and certain of WPI s officers, directors and shareholders (but not against WPI), also based on not having proceeded with the registration statement. Our brief on the appeal, which was filed on March 2, 2011, argues that the judgement dismissing the complaint is correct and should be affirmed. Plaintiff s reply brief is due March 17, 2011. The Court has not yet scheduled oral argument.

Environmental Matters

WPI is subject to various federal, state and local environmental laws and regulations governing, among other things, the discharge, storage, handling and disposal of a variety of hazardous and nonhazardous substances and wastes used in or resulting from its operations and potential remediation obligations. WPI s operations are also governed by U.S. federal, state, local and foreign laws, rules and regulations relating to employee safety and health which, among other things, establish exposure limitation for cotton dust, formaldehyde, asbestos and noise, and which regulate chemical, physical and ergonomic hazards in the workplace. WPI estimated its environmental reserves to be immaterial at December 31, 2010 and 2009.

National Energy Group, Inc.

National Energy Group, Inc. (NEGI) was a defendant, together with Icahn Enterprises and various individuals, including one of the current directors of Icahn Enterprises GP, as additional defendants, in a purported stockholder derivative and class action lawsuit alleging that among other things, certain of NEGI s current and former officers and directors breached their fiduciary duties to NEGI and its stockholders in connection with NEGI s sale of its 50% interest in an oil and gas holding company. Following such disposition, NEGI had no business and its principal assets consisted of cash and short-term investments which currently aggregate approximately $48 million. In March, 2008, NEGI dissolved and filed a Form 15 with the SEC deregistering its securities with the SEC under the Exchange Act. As a result, NEGI s status as a public company has been suspended.

The lawsuit was settled and the settlement received court approval. No appeal was filed and defendant Icahn Enterprises paid $9.15 million on August 25, 2010 into an escrow account designated by plaintiff and such funds, after the withdrawal of plaintiff s counsel s awarded attorneys fee and plaintiff s awarded fee, were distributed to the class of NEGI stockholders represented by plaintiff. In addition, all claims against all defendants were dismissed.

PSC Metals

Environmental Matters

PSC Metals has been designated as a PRP under U.S. federal and state superfund laws with respect to certain sites with which PSC Metals may have had a direct or indirect involvement. It is alleged that PSC Metals and its subsidiaries or their predecessors transported waste to the sites, disposed of waste at the sites or operated the sites in question. Most recently, PSC Metals has been named as a defendant in an environmental civil action brought by the USEPA, alleging that PSC Metals and one of its subsidiaries, along with several other unrelated defendants, are liable for the recovery of response costs incurred by the USEPA at a superfund site in New York. Management believes that PSC Metals and its subsidiary have valid defenses to all claims.

PSC Metals has reviewed the nature and extent of the allegations, the number, connection and financial ability of other named and unnamed PRPs and the nature and estimated cost of the likely remedy in all pending cases. Based on reviewing the nature and extent of the allegations, PSC Metals has estimated its liability to remediate these sites to be immaterial at each of December 31, 2010 and 2009. If it is determined that PSC Metals has liability to remediate those sites and that more expensive remediation approaches are required in the future, PSC Metals could incur additional obligations, which could be material.

Certain of PSC Metals   facilities are environmentally impaired in part as a result of operating practices at the sites prior to their acquisition by PSC Metals and as a result of PSC Metals   operations. PSC Metals has established procedures to periodically evaluate these sites, giving consideration to the nature and extent of the

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ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Commitments and Contingencies (continued)

contamination. PSC Metals has provided for the remediation of these sites based upon management s judgment and prior experience. PSC Metals has estimated the liability to remediate these sites to be $28 million and $27 million as of December 31, 2010 and 2009, respectively. Management believes, based on past experience, that the vast majority of these environmental liabilities and costs will be assessed and paid over an extended period of time. PSC Metals believes that it will be able to fund such costs in the ordinary course of business.

Estimates of PSC Metals liability for remediation of a particular site and the method and ultimate cost of remediation require a number of assumptions that are inherently difficult to make, and the ultimate outcome may be materially different from current estimates. Moreover, because PSC Metals has disposed of waste materials at numerous third-party disposal facilities, it is possible that PSC Metals will be identified as a PRP at additional sites. The impact of such future events cannot be estimated at the current time.

ARI

Environmental Matters

ARI is subject to comprehensive federal, state, local and international environmental laws and regulations relating to the release or discharge of materials into the environment, the management, use, processing, handling, storage, transport or disposal of hazardous materials and wastes, or otherwise relating to the protection of human health and the environment. These laws and regulations not only expose ARI to liability for the environmental condition of its current or formerly owned or operated facilities, and its own negligent acts, but also may expose ARI to liability for the conduct of others or for ARI s actions that were in compliance with all applicable laws at the time these actions were taken. In addition, these laws may require significant expenditures to achieve compliance, and are frequently modified or revised to impose new obligations. Civil and criminal fines and penalties and other sanctions may be imposed for non-compliance with these environmental laws and regulations. ARI s operations that involve hazardous materials also raise potential risks of liability under common law. Management believes that there are no current environmental issues identified that would have a material adverse effect on ARI. Certain real property ARI acquired from ACF in 1994 has been involved in investigation and remediation activities to address contamination. Substantially all of the issues identified relate to the use of this property prior to its transfer to ARI by ACF and for which ACF has retained liability for environmental contamination that may have existed at the time of transfer to ARI. ACF has also agreed to indemnify ARI for any cost that might be incurred with those existing issues. As of the date of this Annual Report on Form 10-K, ARI does not believe it will incur material costs in connection with any investigation or remediation activities relating to these properties, but it cannot assure that this will be the case. If ACF fails to honor its obligations to ARI, ARI could be responsible for the cost of such remediation. ARI believes that its operations and facilities are in substantial compliance with applicable laws and regulations and that any noncompliance is not likely to have a material adverse effect on its operations or financial condition.

Other Matters

ARI was named the defendant in a wrongful death lawsuit, *Nicole Lerma v. American Railcar Industries, Inc.* The lawsuit was filed on August 17, 2007, in the Circuit Court of Greene County, Arkansas Civil Division. The court reached a verdict in favor of ARI on May 24, 2010. The plaintiff did not appeal the decision within the time frame allowed.

One of ARI s joint ventures entered into a credit agreement in December 2007. Effective August 5, 2009, ARI and the other initial joint venture partner acquired this loan from the lender parties thereto, with each party acquiring a 50% interest in the loan. The total commitment under the term loan is $60 million with an additional $10 million commitment under the revolving loan. ARI is responsible to fund 50% of the loan commitments. The balance outstanding on these loans, due to ARI, was $35 million of principal and accrued interest as of December 31, 2010. ARI s share of the remaining commitment on these loans was $3 million as of December 31, 2010.

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21. Commitments and Contingencies (continued)

Investment Management

In connection with Tropicana s completion of the Restructuring Transactions (see Note 3, Acquisitions Acquisition of Controlling Interest in Tropicana Entertainment Inc.), Tropicana entered into the Exit Facility which consists of a (i) $130 million Term Loan Facility issued at a discount of 7%, which was funded on March 8, 2010, the Effective Date and (ii) $20 million Revolving Facility. Each of the Investment Funds is a lender under the Exit Facility and, in the aggregate, hold over 50% of the loans under the Term Loan Facility and are obligated to provide 100% of any amounts borrowed by Tropicana under the Revolving Facility. As of December 31, 2010, Tropicana has not borrowed any amounts under the Revolving Facility.

On October 28, 2010, Lions Gate filed a lawsuit in the United States District Court for the Southern District of New York against Carl Icahn, Brett Icahn, Icahn Enterprises L.P., Icahn Enterprises Holdings L.P., Icahn Enterprises G.P, certain of our Investment Management entities (collectively, the Icahn Group) and others alleging violations of the Securities Exchange Act of 1934 and state tort law in connection with certain disclosures made during tender offers by the Icahn Group to acquire Lions Gates stock relating to the Icahn Group s acquisition of the debt of Metro-Goldwyn-Meyer, Inc. Lions Gate is seeking preliminary and permanent injunctive relief and unspecified money damages. Management believes that Lions Gate s lawsuit is without merit and will vigorously defend against all claims.

Leases

Future minimum lease payments under operating leases with initial terms of one or more years consist of the following at December 31, 2010 (in millions of dollars):

Year	Operating Leases
2011	$ 58
2012	49
2013	41
2014	35
2015	28
Thereafter	111
	$ 322

22. Subsequent Events

Investment Management

As more fully described in a letter to our investors in the Private Funds filed with the SEC on Form 8-K on March 7, 2011, we have determined to return all fee-paying capital to our investors. Payments will be funded through cash on hand and borrowings under existing credit lines, not through the sale of securities held by the Private Funds.

Declaration of Distribution on Depositary Units

On March 2, 2011, the board of directors approved a payment of a quarterly cash distribution of $0.25 per unit on our depositary units payable in the first quarter of fiscal 2011. The distribution will be paid on March 30, 2011 to depositary unitholders of record at the close of business on March 15, 2011. Under the terms of the indenture dated April 5, 2007 governing our variable rate notes due 2013, we will also be making a $0.15 distribution to holders of these notes in accordance with the formula set forth in the indenture.

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23. Quarterly Financial Data (Unaudited) (In Millions of Dollars, Except per Unit Data)

	For the Three Months Ended[1]							
	March 31,		June 30,		September 30,		December 31,	
	2010	2009	2010	2009	2010	2009	2010[2]	2009
Net sales	$1,870	$1,621	$2,047	$1,635	$1,967	$1,758	$2,050	$1,776
Gross margin	295	180	324	240	275	262	278	264
Total revenues	1,915	1,992	1,891	2,407	2,825	2,343	2,488	1,863
Net (loss) income	(50)	132	(222)	639	765	471	250	(17)
Net (income) loss attributable to non-controlling interests	(15)	(128)	106	(505)	(467)	(355)	(168)	16
Net (loss) income attributable to Icahn Enterprises	(65)	4	(116)	134	298	116	82	(1)
Basic (loss) income per LP unit	(0.80)	0.01	(1.35)	1.70	3.48	1.44	0.94	(0.09)
Diluted (loss) income per LP unit	(0.80)	0.01	(1.35)	1.59	3.35	1.39	0.94	(0.09)

(1) Net income (loss) per LP unit is computed separately for each period and therefore, the sum of such quarterly LP per unit amounts may differ from the total for the year.

(2) We consolidated the results of Tropicana effective November 15, 2010.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

As of December 31, 2010, our management, including our Principal Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to the Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon that evaluation, our Principal Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are currently effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for an assessment of the effectiveness of internal control over financial reporting; as such items are defined in Rule 13a-15f under the Exchange Act.

Our internal control over financial reporting is designed to provide reasonable assurance that our financial reporting and preparation of financial statements is reliable and in accordance with generally accepted accounting principles. Our policies and procedures are designed to provide reasonable assurance that transactions are recorded and records maintained in reasonable detail as necessary to accurately and fairly reflect transactions and that all transactions are properly authorized by management in order to prevent or timely detect unauthorized transactions or misappropriation of assets that could have a material effect on our financial statements.

Management is required to base its assessment on the effectiveness of our internal control over financial reporting on a suitable, recognized control framework. Management has utilized the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to evaluate the effectiveness of internal control over financial reporting, which is a suitable framework as published by the Public Company Accounting Oversight Board (PCAOB).

Our management has performed an assessment according to the guidelines established by COSO. Based on the assessment, management has concluded that our system of internal control over financial reporting, as of December 31, 2010, is effective.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Grant Thornton LLP, our independent registered public accounting firm, has audited and issued their report on Icahn Enterprises internal control over financial reporting, which appears below.

Changes in Internal Control Over Financial Reporting

We made no change in our internal control over financial reporting during the fourth quarter ended December 31, 2010 that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Partners of
Icahn Enterprises L.P.

We have audited Icahn Enterprises L.P. and Subsidiaries (the Partnership) (a Delaware limited partnership) internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Partnership s internal control over financial reporting based on our audit. We did not audit the internal control over financial reporting of Federal-Mogul Corporation, a subsidiary, whose consolidated financial statements reflect total assets and revenues of $7.3 billion and $6.2 billion, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2010. Federal-Mogul Corporation s internal control over financial reporting was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to Federal-Mogul Corporation s internal control over financial reporting in relation to the Partnership taken as a whole, is based solely on the report of the other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, based on our audit and the report of other auditors, Icahn Enterprises L.P. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Icahn Enterprises L.P. and Subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 31, 2010 and our report thereon dated March 7, 2011, expressed an unqualified opinion.

/s/ Grant Thornton

New York, New York
March 7, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Shareholders of
Federal-Mogul Corporation

We have audited Federal-Mogul Corporation s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Federal-Mogul Corporation s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control over Financial Reporting included as Item 8. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Federal-Mogul Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United

States), the consolidated balance sheets of Federal-Mogul Corporation as of December 31, 2010 and 2009, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2010, and our report dated February 23, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Detroit, Michigan
February 23, 2011

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Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The names, offices held and ages of the directors and executive officers of Icahn Enterprises G.P., Inc., or Icahn Enterprises GP, as of March 7, 2011 are as follows:

Name	Age	Position
Carl C. Icahn	75	Chairman of the Board
William A. Leidesdorf	65	Director
Vincent J. Intrieri	54	Director
James L. Nelson	61	Director
Jack G. Wasserman	74	Director
Daniel A. Ninivaggi	46	President and Principal Executive Officer
Dominick Ragone	48	Chief Financial Officer and Principal Accounting Officer

Our directors are selected by Carl C. Icahn, as the controlling stockholder of Icahn Enterprises GP, and are not elected by our limited partners. Individuals who possess characteristics that include integrity, business experience, financial acumen and leadership abilities are qualified to serve on our board of directors. Listed below are our directors and executive officers with their biographies. In addition, we have summarized for each director why such director has been chosen to serve on our board of directors.

Carl C. Icahn has served as Chairman of the Board of Icahn Enterprises GP since 1990. As discussed elsewhere in this Annual Report on Form 10-K in further detail, on August 8, 2007, we acquired the general partnership interests in the General Partners and Icahn Capital Management LP, or Icahn Capital Management. From August 8, 2007 until December 31, 2007, Mr. Icahn served as Chief Executive Officer of Icahn Capital Management and, commencing January 1, 2008, Mr. Icahn serves as Chief Executive Officer of Icahn Capital LP. Mr. Icahn also serves as Chief Executive Officer of the General Partners. Prior to January 1, 2008, the General Partners and Icahn Capital Management provided investment advisory and certain management services to the Private Funds. Effective January 1, 2008, in addition to providing investment advisory services to the Private Funds, the General Partners provide or cause their affiliates to provide certain administrative and back office services to the Private Funds that had been previously provided by Icahn Capital Management. The investment strategy of the General Partners is set and led by Mr. Icahn. See Part I, Item 1, Business Investment Management, in this Annual Report on Form 10-K, for a further description of our Investment Management business. Prior to the acquisition of the general partnership interests on August 8, 2007, Mr. Icahn managed these private investment funds through his entities, CCI Onshore Corp. and CCI Offshore Corp. In addition, from September 2004 to February 2005, Mr. Icahn served as the sole member of the predecessors of CCI Onshore Corp. and CCI Offshore Corp. (CCI Onshore LLC and CCI Offshore LLC, respectively). Mr. Icahn has served as a director of West Point International Inc., or WPI, our Home Fashion segment, since October 2005. Since 1984, Mr. Icahn has also served as Chairman of the Board and a director of Starfire Holding Corporation, or Starfire, a privately held holding company. Mr. Icahn was also Chairman of the Board and president of Icahn & Co., Inc., a registered broker-dealer and a member of the National Association of Securities Dealers, from 1968 to 2005. From 1994, Mr. Icahn has served as chairman of the board and as a director of American Railcar Industries, Inc., or ARI. On January 12, 2010, we acquired an approximate 54.3% controlling interest in ARI from affiliates of Mr. Icahn that currently constitutes our Railcar segment. From October 1998 through May 2004, Mr. Icahn was the president and a director of Stratosphere Corporation, the owner and operator of the Stratosphere Hotel and Casino in Las Vegas, which was sold as part of the sale of our membership interest in American Casino & Entertainment Properties LLC. From September 2000 to February 2007, Mr. Icahn served as the chairman of the board of GB Holdings, Inc., which owned an interest in Atlantic Coast Entertainment Holdings, Inc., or Atlantic Coast, the owner and operator of The Sands Hotel and Casino in Atlantic City until November 2006. Mr. Icahn has been chairman of the board and a director of XO Holdings, Inc., a telecommunications services provider, since February 2006, and of its predecessor from January 2003 to February 2006. From July 1993 to July 2010, Mr. Icahn served as a director of Cadus Corporation, a company engaged in the ownership and licensing of yeast-based drug discovery technologies. From May 2005 through January 2010, Mr. Icahn was a director of Blockbuster Inc., a provider of in-home movie rental and game entertainment. From September 2006 through

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November 21, 2008, Mr. Icahn was a director of ImClone Systems Incorporated, a biopharmaceutical company, or ImClone, and from October 2006 through November 21, 2008, he was the chairman of the board of ImClone. From August 2007 to September 2009, Mr. Icahn was a director of WCI Communities, Inc., or WCI, a homebuilding company and, from September 2007 through September 3, 2009, was the chairman of the board of WCI. In December 2007, Mr. Icahn became a director of Federal-Mogul Corporation, or Federal-Mogul, one of our majority-owned subsidiaries which constitutes our Automotive segment, and, since January 2008, has been the chairman of the board of Federal-Mogul. From April 2008 through January 21, 2010 Mr. Icahn was a director of Motricity, Inc., a company that provides mobile content services and solutions. From August 2008 to October 23, 2009, Mr. Icahn was a director of Yahoo! Inc., an Internet service provider. Since March 2010, Mr. Icahn has served as chairman of the board and a director of Tropicana Entertainment Inc., one of our majority-owned subsidiaries that constitutes our Gaming segment.

Mr. Icahn brings to his role as the Chairman of the Board his significant business experience and leadership role as director in various companies as discussed above, including certain of our subsidiaries. In addition, Mr. Icahn is uniquely qualified based on his historical background for creating value in companies across multiple industries. Mr. Icahn has proven to be a successful investor over the past 40 years.

William A. Leidesdorf has served as a director of Icahn Enterprises GP since March 1991 and is a member of our audit committee. Since December 2003, Mr. Leidesdorf has served as a director and member of the audit committee of American Entertainment Properties Corp. From May 2005 until November 15, 2007, Mr. Leidesdorf served as a director and member of the audit committee of Atlantic Coast Entertainment Holdings, Inc. Mr. Leidesdorf was a director of Renco Steel Group, Inc. and was a director, during its bankruptcy, of its subsidiary, WCI Steel, Inc., a steel producer which filed for Chapter 11 bankruptcy protection in September 2003. From 1996 through 2002, Mr. Leidesdorf was a director of the Simpson Housing Limited Partnership, a privately held real estate investment trust. Since October 2008, Mr. Leidesdorf has been the owner and managing director of Renaissance Hamptons Mayfair, LLC, a company primarily engaged in acquiring multifamily residential properties. Previously, from June 1997 through October 2008, Mr. Leidesdorf was an owner and a managing director of Renaissance Housing, LLC, a company primarily engaged in the acquisition of multifamily housing properties, many of which were subject to various federal and state regulatory requirements. From April 1995 through December 1997, Mr. Leidesdorf acted as an independent real estate investment banker. Mr. Leidesdorf is also a principal in Bedrock Investment Management Group, LLC, a company engaged in the acquisition of troubled residential subdivisions.

Mr. Leidesdorf brings to his service as a director his significant business experience and leadership role as director in various companies as discussed above. In addition, as indicated above, Mr. Leidesdorf is the owner and managing director of Renaissance Hamptons Mayfair, LLC, which experience has enabled him to understand the business and financial issues that companies may face. Mr. Leidesdorf has also had experience with large-scale real estate workouts and has been responsible for managing real estate portfolios for a number of institutions, including responsibility for audits and compliance with various federal and state regulatory authorities.

Vincent J. Intrieri has served as a Director of Icahn Enterprises GP since July 2006. As discussed elsewhere in further detail, (see Item 1, Business Investment Management), on August 8, 2007, we acquired the general partnership interests in the General Partners and Icahn Capital Management. From August 8, 2007 until December 31, 2007, Mr. Intrieri served as a Senior Managing Director of Icahn Capital Management L.P. and, since January 1, 2008, Mr. Intrieri has served as a Senior Managing Director of Icahn Capital. Since November 2004 and continuing after our acquisition of the partnership interests, Mr. Intrieri has been a Senior Managing Director of the General Partners. Since November 2005, Mr. Intrieri has been a director of WPI. Mr. Intrieri also serves on the board of directors of Federal-Mogul, which comprises our Automotive segment. Since December 2007, Mr. Intrieri has been chairman of the board and a director of PSC Metals, Inc., which comprises our Metals segment, and, since December 2006, he has been a director of National Energy Group, Inc., or NEGI. Since January 1, 2005, Mr. Intrieri has been Senior Managing Director of Icahn Associates Corp. and High River Limited Partnership, entities primarily engaged in the business of holding and investing in securities. From April 2005 through September 2008, Mr. Intrieri served as the President and Chief Executive Officer of Philip Services Corporation, an industrial services company. Since August 2005, Mr. Intrieri has served as a director of ARI. From March 2005 to

December 2005, Mr. Intrieri was a Senior Vice President, the Treasurer and the Secretary of ARI. Since April 2003, Mr. Intrieri has been chairman of the board of directors and a director of Viskase Companies, Inc., or Viskase, a producer of cellulosic and plastic casings used in preparing and packaging processed meat products. On January 12, 2010, we acquired an approximate 71.4% controlling interest in Viskase from affiliates of Mr. Icahn that currently constitutes our Food Packaging segment. From November 2006 to November 2008, Mr. Intrieri served on the board of directors of Lear Corporation, a global supplier of automotive seating and electrical power management systems and components. From August 2008 through September 2009, Mr. Intrieri was a director of WCI. Mr. Intrieri also serves on the board of directors of XO Holdings, Inc., a telecommunications company. Since January 4, 2011, Mr. Intrieri has been a director of Motorola Solutions, Inc., a provider of communication products and services. With respect to each company mentioned above, Mr. Icahn, directly or indirectly, either (i) controls such company or (ii) has an interest in such company through the ownership of securities. Mr. Intrieri is a certified public accountant.

Mr. Intrieri brings to his service as a director his significant experience and leadership role as director of various companies as discussed above, including certain of our subsidiaries. In particular, his experience as a director in Icahn Capital, WPI, PSC Metals, Inc., Philip Services Corporation, Federal-Mogul, ARI and Viskase enables him to understand the complex business and financial issues that we may face.

James L. Nelson has served as a director of Icahn Enterprises GP since June 2001 and is a member of our audit committee. Since December 2003, Mr. Nelson has served as a director and member of the audit committee of American Entertainment Properties Corp. From May 2005 until November 15, 2007, Mr. Nelson served as a director and member of the audit committee of Atlantic Coast Entertainment Holdings, Inc. From 1986 until 2009, Mr. Nelson was Chairman and Chief Executive Officer of Eaglescliff Corporation, a specialty investment banking, consulting and wealth management company. From March 1998 through 2003, Mr. Nelson was Chairman and Chief Executive Officer of Orbit Aviation, Inc., a company engaged in the acquisition and completion of Boeing Business Jets for private and corporate clients. From August 1995 until July 1999, Mr. Nelson was Chief Executive Officer and Co-Chairman of Orbitex Management, Inc., a financial services company in the mutual fund sector. From August 1995 until March 2001, he was on the Board of Orbitex Financial Services Group. From April 2003 through April 2010, Mr. Nelson served as a director and Chairman of the audit committee of Viskase Companies, Inc. From January 2008 through June 2008, Mr. Nelson served as a director and member of the audit committee of Shuffle Master, Inc., a gaming manufacturing company. From March 2008 until March 2010, Mr. Nelson was a director and served on the audit committee of Pacific Energy Resources Ltd., an energy producer. Since April 2008, Mr. Nelson has served as a director and currently serves as Chairman of the audit committee of the board of directors of Cequel Communications, an owner and operator of a large cable television system. Since March 2010, Mr. Nelson has served as a director and member of the audit committee of Tropicana Entertainment Inc., one of our majority-owned subsidiaries which constitutes our Gaming segment. Since April 2010, Mr. Nelson has served as a director and member of the audit committee of Take Two Interactive Software, Inc. a publisher, developer, and distributor of video games and video game peripherals, a company in which Mr. Icahn has an interest through the ownership of securities.

Mr. Nelson brings to his service as a director his significant experience and leadership roles serving as Chief Executive Officer, Director and Chairman of the audit committee of various companies as discussed above, including certain of our subsidiaries.

Jack G. Wasserman has served as a director of Icahn Enterprises GP since December 1993 and is chairman of our audit committee. Since December 2003, Mr. Wasserman has served as a director and chairman of the audit committee of American Entertainment Properties Corp., or AEP. From May 2005 until November 15, 2007, Mr. Wasserman has served as a director and chairman of the audit committee of Atlantic Coast Entertainment Holdings, Inc. Mr. Wasserman is an attorney and a member of the Bars of New York, Florida and the District of Columbia. From 1966 until 2001, he was a senior partner of Wasserman, Schneider, Babb & Reed, a New York-based law firm, and its predecessors. Since September 2001, Mr. Wasserman has been engaged in the practice of law as a sole practitioner. Since December 1998, Mr. Wasserman has been a director of NEGI. Mr. Wasserman is also a director of Cadus Corporation, a biotechnology company controlled by Mr. Icahn. Since March 2004, Mr. Wasserman has been a director of Wendy s/Arby s Group, Inc., formerly Triarc Companies, Inc., an owner and franchisor of the Wendy s and Arby s restaurant systems.

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Mr. Wasserman serves as chairman of the ERISA committee and as a member of the audit and compensation committees of Wendy s/Arby s Group, Inc.

Mr. Wasserman brings to his service as a director his significant experience and leadership roles as a director of various companies. In addition, Mr. Wasserman practiced law for almost 40 years with the law firm of Wasserman, Schneider, Babb & Reed of which he was a senior partner; the firm concentrated its practice in international trade and related corporate matters, primarily for Fortune 500-type companies operating in a broad range of industries, and he is familiar with financial statements and domestic and trans-border transactions. In 2007, Mr. Wasserman received a professional Certificate in Financial Analysis from New York University.

Daniel A. Ninivaggi has served as President of Icahn Enterprises and its general partner, Icahn Enterprises GP, since April 5, 2010, and as our Principal Executive Officer, or chief executive, since August 4, 2010. From 2003 until July 2009, Mr. Ninivaggi served in a variety of executive positions at Lear Corporation, a global supplier of automotive seating and electrical power management systems and components, including as General Counsel from 2003 through 2007, as Senior Vice President from 2004 until 2006, and most recently as Executive Vice President and Chief Administrative Officer from 2006. Lear Corporation filed for bankruptcy in July 2009. Prior to joining Lear Corporation, from 1998 to 2003, Mr. Ninivaggi was a partner with the law firm of Winston & Strawn LLP, specializing in corporate finance, mergers and acquisitions, and corporate governance. Mr. Ninivaggi also served as Of Counsel to Winston & Strawn LLP from July 2009 to March 2010. Since December 2009, Mr. Ninivaggi has also served as a director of CIT Group Inc., a bank holding company. Mr. Ninivaggi also serves as a director of Federal-Mogul, one of our majority-owned subsidiaries, which constitutes our Automotive segment, and XO Holdings, Inc. Since December 2010, Mr. Ninivaggi has served as a director of Motorola Mobility Holdings, Inc., a provider of mobile communication devices, video and data delivery solutions. Since January 6, 2011, Mr. Ninivaggi has also served as the Interim President and Interim Chief Executive Officer and a director of Tropicana Entertainment Inc.

Dominick Ragone has served as Chief Financial Officer of Icahn Enterprises GP since July 28, 2008. Prior to his appointment as Chief Financial Officer, from May 2007 to June 2008, Mr. Ragone was the Assistant Controller for Bear Stearns. Mr. Ragone also held positions as a Managing Director for Morgan Stanley from 2004 to 2007 and as a Partner of PricewaterhouseCoopers LLP from 1988 to 2004. During his tenure at PricewaterhouseCoopers LLP, Mr. Ragone served as a Professional Accounting Fellow with the Securities and Exchange Commission s Office of the Chief Accountant from 1999 to 2001.

Audit Committee

James L. Nelson, William A. Leidesdorf and Jack G. Wasserman serve on our audit committee. We believe that the audit committee members are independent as defined in the currently applicable listing standards of the New York Stock Exchange, or NYSE. A copy of the audit committee charter is available on our website at *http://www.ielp.com/files/pdf/audit_committee_charter20100114.pdf* or may be obtained without charge by writing to Icahn Enterprises L.P., 767 Fifth Avenue, Suite 4700, New York, NY 10153, Attention: Investor Relations.

Our audit committee has quarterly, in-person meetings with management, our chief internal auditor and representatives of our independent auditor. The audit committee also holds separate meetings with the independent auditors and with management, including our chief internal auditor. Following these meetings, the committee meets in executive session. In addition, the audit committee, with certain exceptions, has regularly scheduled monthly meetings by telephone at which our senior management and representatives of our independent auditor participate.

The functions of our audit committee include, but are not limited to: (1) the review of our financial and accounting policies and procedures, including oversight; (2) the selection of our independent auditor and the determination of the auditor s fees for audit services; (3) the pre-approval of any non-audit services and the fees to be paid to our independent auditor; (4) the obtaining, at least annually, of a report from our auditors of the adequacy of our internal controls over financial reporting; (5) the review of the results of all audits of our books and records performed by the auditors for, among other reasons, to determine the integrity of our financial statements; (6) discussing our policies with respect to risk assessment and risk management, and

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reporting such policies to the full board of directors; (7) the review of significant earnings press releases prior to release with respect to the types of information disclosed and the manner in which the information is disclosed; and (8) the review and approval of related party transactions and conflicts of interest in accordance with the terms of our partnership agreement. Our audit committee is empowered, in its discretion, to engage such advisors as it might deem necessary, including legal counsel and financial and accounting advisors.

Our board of directors has determined that we do not have an audit committee financial expert, within the meaning of Item 401(h) of Regulation S-K, serving on our audit committee. We believe that each member of the audit committee is financially literate and possesses sufficient experience, both professionally and by virtue of his service as a director and member of the audit committee of Icahn Enterprises GP, to be fully capable of discharging his duties as a member of our audit committee. However, none of the members of our audit committee has a professional background in accounting or preparing, auditing, analyzing or evaluating financial statements. If our audit committee determines that it requires additional financial expertise, it will either engage professional advisors or seek to recruit a member who would qualify as an audit committee financial expert within the meaning of Item 401(h) of Regulation S-K.

Jack G. Wasserman has been chosen to preside and currently presides at executive sessions of our non-management directors.

Interested parties may directly communicate with the presiding director of the audit committee or with the non-management directors of the audit committee as a group by directing all inquiries to our ethics hotline at (877) 888-0002.

Audit Committee Report

The audit committee has confirmed that: (1) the audit committee reviewed and discussed our 2010 audited financial statements with management; (2) the audit committee has discussed with our independent auditors the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU§380); (3) the audit committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1; and (4) based on the review and discussions referred to in clauses (1), (2) and (3) above, the audit committee recommended to the board of directors that our 2010 audited financial statements be included in this Annual Report on Form 10-K.

This report is provided by the following independent directors, who constitute the audit committee:

William A. Leidesdorf
James L. Nelson
Jack G. Wasserman

Code of Ethics

On October 25, 2004, Icahn Enterprises GP s board of directors adopted a Code of Ethics applicable to our principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Ethics is available on our website at *http://www.ielp.com/files/pdf/code_of_ethics20100114.pdf* and may be obtained without charge by writing to Icahn Enterprises L.P., 767 Fifth Avenue, Suite 4700, New York, NY 10153, Attention: Investor Relations.

Corporate Governance Guidelines

On October 25, 2004, Icahn Enterprises GP s board of directors adopted Corporate Governance Guidelines for Icahn Enterprises and its subsidiaries. A copy of the Corporate Governance Guidelines is available on our website at *http://www.ielp.com/files/pdf/corporate_governance20100114.pdf* and may be obtained without charge by writing to Icahn Enterprises L.P., 767 Fifth Avenue, Suite 4700, New York, NY 10153, Attention: Investor Relations.

In March 2010, our Principal Executive Officer submitted to the NYSE a certification under Section 303A.12(a) of the NYSE Corporate Governance rules certifying that he was not aware of any violations by us of the NYSE corporate governance listing standards.

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Board Leadership Structure

Our leadership structure includes the positions of chairman of the board, or Chairman, and Principal Executive Officer. Mr. Icahn serves as our Chairman and Daniel A. Ninivaggi serves as our Principal Executive Officer.

The Chairman is responsible for organizing the board of directors and setting its agenda and priorities. The Chairman does not participate in our day-to-day business operations, other than our Investment Management segment. The Principal Executive Officer is accountable directly to the board of directors, including the Chairman, and has day-to-day responsibility, together with our Chairman, for general oversight of our business segments, the management teams of which are responsible for their day-to-day operations. We believe that this leadership structure is appropriate for our holding company structure as it enhances our corporate governance and company oversight by separating responsibilities between the Principal Executive Officer and Chairman.

Board of Directors Role in Risk Oversight

In connection with its oversight responsibilities the Board, including the Audit Committee, periodically assesses the significant risks that we face. These risks include financial, technological, competitive, macroeconomic and operational risks. The Board administers its risk oversight responsibilities through its Principal Executive Officer and its Chief Financial Officer, who, together with management representatives of the relevant functional areas (*e.g.* chief auditor, operational management, human resources, etc.) and the relevant management representatives of each of our operating subsidiaries, review and assess the operations of the businesses as well as management s identification, assessment and mitigation of the material risks affecting our operations.

Section 16(a) Beneficial Ownership Reporting Compliance

To the best of our knowledge, no director, executive officer or beneficial owner of more than 10% of Icahn Enterprises depositary units failed to file on a timely basis reports required by §16(a) of the Exchange Act, during the fiscal year ended December 31, 2010.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

The following section provides an overview and analysis of our compensation programs, the compensation decisions we have made under those programs, and the factors we considered in making those decisions. Later in this section, under the heading Additional Information Regarding Executive Compensation, we provide a table containing specific information about the compensation earned by the following individuals in fiscal 2010, whom we refer to as our named executive officers:

Carl C. Icahn, Chairman of the Board[(1)]
Daniel A. Ninivaggi, President and Principal Executive Officer[(2)]
Keith A. Meister, former Principal Executive Officer and Vice Chairman[(2)]
Dominick Ragone, Chief Financial Officer and Principal Accounting Officer.

The discussion below is intended to help you understand the detailed information provided in the table and put that information into context within our overall compensation program.

(1) In addition, Mr. Icahn serves as Chief Executive Officer of our subsidiary, Icahn Capital, and of the General Partners.

(2) Mr. Meister voluntarily terminated his employment with us on August 4, 2010. As referenced in Item 10. Directors, Executive Officers and Corporate Governance, on August 4, 2010, Mr. Ninivaggi was appointed to serve as Principal Executive Officer.

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Overview of Compensation Program

Throughout this narrative discussion and in the accompanying table, we refer to our named executive officers. The key compensation package provided to our named executive officers consists of (i) base salary, (ii) incentive compensation and (iii) other benefits. The key compensation provided to our named executive officers for fiscal 2010 consisted of salary and, in the case of Messrs. Ninivaggi and Ragone, bonuses pursuant to employment agreements. In addition, for fiscal 2010, Mr. Ninivaggi received certain options to purchase our depositary units pursuant to the Option Agreements (as defined herein). See Employment Agreements Ninivaggi Employment Agreement. The key compensation provided to Mr. Meister for fiscal 2010 consisted of certain Target Special Profits Interest Amounts (as fully described below). See Additional Information Regarding Executive Compensation Summary Compensation Table for the compensation received by each of our named executive officers for fiscal 2010. Executive compensation levels and bonuses are established based upon the recommendation of our chairman, which are discussed with members of the board. The board of directors does not delegate the authority to establish executive officer compensation to any other person and has not retained any compensation consultants to determine or recommend the amount or form of executive and director compensation.

Compensation Philosophy and Objectives

Our executive compensation philosophy is designed to support our key business objectives while maximizing value to our unitholders. The objectives of our compensation structure are to attract and retain valuable employees, assure fair and internally equitable pay levels and provide a mix of base salary and variable bonuses that provides motivation and rewards performance. At the same time, we seek to optimize and manage compensation costs.

The primary components of our executive compensation are base salary and, except as otherwise indicated, annual bonus, payable in cash. For fiscal 2010, Mr. Meister was only eligible to receive certain target special profit interest amounts and Incentive Allocations, to the extent available, pursuant to the 2010 Meister Employment Agreement (as defined herein). In addition, on February 11, 2010, we entered into Option Agreements with Mr. Ninivaggi pursuant to which he received an option award (as discussed below). The purpose of Mr. Ninivaggi s option grant was to further align his interests with the interests of the unitholders. Except for the Option Agreements, we generally do not pay compensation in options, units or other equity-based awards. For further descriptions, see Additional Information Regarding Executive Compensation Employment Agreements and Compensation Components for Fiscal 2010 Option Awards. Base salary is paid for ongoing performance throughout the year and is determined based on job function and each executive s contribution to our performance and achievement of our overall business objectives. Our annual bonuses are intended to reward particular achievement during the year, motivate future performance and attract and retain highly qualified key employees.

Determination of Appropriate Pay Levels

We compete with many other companies for experienced and talented executives. Market information in general regarding pay practices at peer companies (as provided in the public reports filed by such companies with the Securities and Exchange Commission) may be reviewed and considered in assessing the reasonableness of compensation and ensuring that compensation levels remain competitive in the marketplace. As described elsewhere in this report, each of our named executive officers has entered into employment agreements with us. For a further description of these agreements, see Additional Information Regarding Executive Compensation Employment Agreements.

Each element of compensation is reviewed so that the overall compensation package will attract, motivate and retain our key employees, including our named executive officers, by rewarding superior performance. The following factors are considered to determine the amount of compensation paid to each executive officer:

- overall job performance, including performance against corporate and individual objectives;
- job responsibilities, including unique skills necessary to support our long-term performance, including that of our subsidiaries; and
- teamwork, both contributions as a member of the executive management team and fostering an environment of personal and professional growth for the entire work force.

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Allocation of Compensation

There is no pre-established policy or target for the allocation of compensation, other than the employment agreements with our named executive officers and, in the case of Mr. Ninivaggi, the Option Agreements. The board of directors reviews the factors described above, as well as the overall compensation philosophy, to determine the appropriate level and mix of compensation. As we are a limited partnership and a controlled entity, under NYSE rules we are not required to (and do not) maintain a compensation committee. In fiscal 2010, except for the option awards granted to Mr. Ninivaggi pursuant to the Option Agreements, the total compensation granted to named executive officers was in the form of cash compensation.

Compensation Components for Fiscal 2010

Base Salary

Base salaries for executive officers are determined based on job performance, job responsibilities and teamwork. In addition, we have also entered into employment contracts with Mr. Icahn (referred to as the Icahn Employment Agreement), Daniel A. Ninivaggi (referred to as the Ninivaggi Employment Agreement) and Dominick Ragone (referred to as the Ragone Employment Agreement and, commencing January 1, 2011, the New Ragone Employment Agreement).

During fiscal 2010, pursuant to the Icahn Employment Agreement by and among us, Icahn Capital Management, Mr. Icahn and the other parties referred to therein, Mr. Icahn served as Chairman of the Board of Icahn Enterprises GP and as Chairman and Chief Executive Officer of Icahn Capital and Chief Executive Officer of the General Partners. Pursuant to the Icahn Employment Agreement, Mr. Icahn is entitled to receive an annual base salary of $900,000. For fiscal 2009 and fiscal 2010, Mr. Icahn voluntarily reduced his annual base salary to $400,000.

Keith A. Meister voluntarily terminated his employment with us effective August 4, 2010. As described further herein, pursuant to the terms of the 2010 Meister Employment Agreement, upon his voluntary termination of employment, Mr. Meister received no payment or compensation other than any payment that was past due but not paid as of the date of such cessation of employment.

Prior to Mr. Meister s termination, we entered into a new employment contract with Mr. Meister effective January 1, 2010 (referred to as the 2010 Meister Employment Agreement), that largely terminated the June 2009 Meister Employment Agreement (as defined herein). For purposes of reference herein, the 2010 Meister Employment Agreement, the June 2009 Meister Employment Agreement and the Former Meister Employment Agreement (as defined herein) are collectively referred to as the Meister Employment Agreement. For a further description of these agreements, see Additional Information Regarding Executive Compensation Employment Agreements.

Mr. Meister served as Principal Executive Officer of Icahn Enterprises GP and Senior Managing Director of Icahn Capital and was compensated in such capacities as described below. Since fiscal 2007, Mr. Meister received no compensation from us as Principal Executive Officer and was entitled to an annual fee of $100,000 for serving as the Vice Chairman of the board of directors of Icahn Enterprises GP for fiscal 2008 and fiscal 2009, which amounts are reported under All Other Compensation in the Salary Compensation Table for the applicable years. For fiscal 2010, pursuant to the 2010 Meister Employment Agreement, Mr. Meister was entitled to receive a Target Special Profits Interest Amount of $1,825,174, which was treated as and reported under Salary in the Summary Compensation Table in this Annual Report on Form 10-K. In fiscal 2008 and fiscal 2009, Mr. Meister was also eligible to receive certain special profits interest allocations and incentive allocations. For fiscal 2008, Mr. Meister did not receive either of such allocations because the General Partners did not receive such allocations during fiscal 2008.

Pursuant to the Ninivaggi Employment Agreement by and between us and Mr. Ninivaggi, Mr. Ninivaggi was entitled to a base salary at the per annum rate of $650,000 for fiscal 2010 (prorated from April 5, 2010).

Pursuant to the Ragone Employment Agreement by and between Icahn Enterprises Holdings L.P., or Icahn Enterprises Holdings, and Mr. Ragone, Mr. Ragone was entitled to a base salary of $300,000 for fiscal 2010.

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Generally, total compensation is used in determining the amount of contributions permitted under our 401(k) Plan.

See Additional Information Regarding Executive Compensation Summary Compensation Table for detailed information on the compensation received by each of our named executive officers for fiscal 2010.

Bonus

Mr. Icahn is eligible to receive a discretionary annual bonus, as determined pursuant to the terms of his employment agreement. Pursuant to the Ninivaggi Employment Agreement, for fiscal 2010, Mr. Ninivaggi received a bonus of $550,000 and is entitled to receive a bonus for each of the fiscal years ending December 31, 2011, or fiscal 2011, and 2012, or fiscal 2012, of not less than $450,000 and not more than $650,000. For fiscal 2010, Mr. Ragone received a bonus of $495,925, representing a $300,000 discretionary bonus and an additional special bonus pursuant to the Ragone Employment Agreement in the amount of $195,925. Mr. Ragone will be eligible for future discretionary annual bonuses as well as additional special bonus payments of $193,925 in fiscal 2011, as determined pursuant to the terms of the New Ragone Employment Agreement. For a further description of the employment agreements, including salary and bonuses, see Additional Information Regarding Executive Compensation Employment Agreements.

Option Awards

For fiscal 2010, Mr. Ninivaggi was our only named executive officer eligible to receive option awards pursuant to the Option Agreements. Pursuant to the terms of the Option Agreements and the Ninivaggi Employment Agreement, Mr. Ninivaggi was granted Class A options to purchase 100,000 of our depositary units with an exercise price of $45.60 per depositary unit, and Class B options to purchase 100,000 of our depositary units with an exercise price of $55.60 per depositary unit. Each of the Class A options and the Class B options (collectively, referred to as the options) will vest as to 33,334 options, on December 31, 2010; 33,333 options on December 31, 2011 and the balance of 33,333 options on December 31, 2012. The options will expire on December 31, 2014 except as otherwise set forth in the Ninivaggi Employment Agreement or the Option Agreements.

401(k) Plan and Other Benefits

For fiscal 2010, Mr. Ragone was our only named executive officer participating in our qualified 401(k) Retirement Savings Plan, or the 401(k) Plan, and he received matching contributions for fiscal 2010. The matching contributions for Mr. Ragone in fiscal 2010 are disclosed in our Summary Compensation Table under All Other Compensation and in the related footnote. None of our other named executive officers participated in the 401(k) Plan for fiscal 2010. All of our named executive officers are entitled to receive medical, dental and paid time-off benefits that are offered to all of our employees and are designed to enable us to attract and retain our workforce in a competitive environment. Retirement savings plans help employees save and prepare financially for retirement. Health and paid time-off benefits help ensure that we have a productive and focused workforce.

Our qualified 401(k) Plan allows employees to contribute up to 50% of their eligible compensation, up to the limits imposed by the Code on a pre-tax basis. We currently match, within prescribed limits, 50% of eligible employees contributions up to 6.25% of their eligible compensation. Participants choose to invest their account balances from an array of investment options as selected by plan fiduciaries from time to time. The 401(k) Plan provides distributions in a lump sum. Under certain circumstances, loans and withdrawals are permitted.

Perquisites

The total value of all perquisites and personal benefits (exclusive of 401(k) matching contributions) provided to each of our named executive officers for fiscal 2010, fiscal 2009 and fiscal 2008 was less than $10,000 per person, except for Mr. Icahn, for whom perquisites and other benefits are identified in the Summary Compensation Table under the All Other Compensation column and in related footnotes.

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Compensation Committee Report

As stated above, under NYSE rules, the board of directors is not required to have, and does not have, a standing compensation committee. The board of directors has reviewed and discussed the Compensation Disclosure and Analysis required by Item 402(b) of Regulation S-K with management. Based on that review and discussion, the board of directors recommended that the Compensation Disclosure and Analysis be included in this Annual Report on Form 10-K.

This report is provided by the board of directors:

Carl C. Icahn
Vincent J. Intrieri
William A. Leidesdorf
James L. Nelson
Jack G. Wasserman

Compensation Committee Interlocks and Insider Participation

During fiscal 2010, our entire board of directors, including Mr. Icahn, participated in deliberations concerning executive compensation. Since August 4, 2010, Mr. Ninivaggi has served as our Principal Executive Officer. During fiscal 2010, none of our executive officers served on the compensation committee (or equivalent), or the board of directors, of another entity whose executive officer(s) served on our board of directors.

Additional Information Regarding Executive Compensation

The following table sets forth information in respect of the compensation earned for services to us and/or our subsidiaries by each of our named executive officers for fiscal 2010, fiscal 2009 and fiscal 2008, as applicable.

Summary Compensation Table

	Annual Compensation[1]					
Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Carl C. Icahn[2] Chairman of the Board	2010	400,000			140,066 (3)	540,066
	2009	400,000			254,119 (3)	654,119
	2008	900,000			60,400 (3)	960,400
Daniel A. Ninivaggi[4] President and Principal Executive Officer	2010	425,000	550,000	2,136,332	304,010 (3)(4)	3,415,342
Keith A. Meister[5]	2010	1,825,174			232,907	2,058,081
Former Principal Executive	2009	1,229,743	972,603		3,117,331	5,319,677
Officer and Vice Chairman	2008	1,895,678	1,000,000		106,324	3,002,002
	2010	300,000	495,925		7,859 (3)	803,784

Dominick Ragone[6]	2009	300,000	1,345,925	7,859	(3)	1,653,784
Chief Financial Officer and	2008	126,923	1,150,000	87	(3)	1,277,010
Principal Accounting Officer						

(1) Pursuant to applicable regulations, certain columns of the Summary Compensation Table have been omitted, as there has been no compensation awarded to, earned by or paid to any of the named executive officers by us, any of our subsidiaries or by Icahn Enterprises GP, which was subsequently reimbursed by us, required to be reported in those columns.

(2) The salary indicated above represents compensation paid to Mr. Icahn in each of fiscal 2010, fiscal 2009 and fiscal 2008 for his services as Chief Executive Officer of our subsidiary, Icahn Capital, and of the General Partners pursuant to the Icahn Employment Agreement. For fiscal 2010 and fiscal 2009, Mr. Icahn voluntarily reduced his salary to $400,000. Pursuant to the Icahn Employment Agreement,

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Mr. Icahn is eligible to receive an annual incentive bonus based on a two-component bonus formula, 50% of which bonus, if payable, is subject to mandatory deferral and vesting and treated as though invested in the Private Funds and as though subject to a 2% fee (but no incentive allocation). For each of fiscal 2010, fiscal 2009 and fiscal 2008, Mr. Icahn did not receive an annual incentive bonus. See Employment Agreements Icahn Employment Agreement for a further discussion of the Icahn Employment Agreement. Mr. Icahn does not receive director fees from us.

(3) Represents other compensation paid to the following named executive officers: (i) Carl C. Icahn, $12,535, $11,234 and $10,219 in medical and dental benefits for fiscal 2010, fiscal 2009 and fiscal 2008, respectively; $203 in life insurance premiums paid by us for each of fiscal 2010 and fiscal 2009 and $209 in life insurance premiums paid by us for fiscal 2008, and in his capacity as the Chairman of the Board of Directors of Federal-Mogul, $127,328, $242,682 and $49,972 representing the incremental cost of Mr. Icahn s personal use of Federal-Mogul s corporate aircraft for fiscal 2010, fiscal 2009 and fiscal 2008, respectively. Mr. Icahn received no fees or compensation from Federal-Mogul for fiscal 2010, fiscal 2009 or fiscal 2008 other than the use of the corporate aircraft as discussed above. The calculation of incremental cost for the personal use of Federal-Mogul s corporate aircraft includes the variable costs incurred as a result of personal flight activity, which are comprised of a portion of ongoing maintenance and repairs, aircraft fuel, airport fees, catering, and fees and travel expenses for the flight crew. The use of the aircraft for personal use by Mr. Icahn was approved by the Board of Directors and the Compensation Committee of Federal-Mogul; (ii) Daniel A Ninivaggi, $135 in life insurance premiums for fiscal 2010; and $3,875 in medical and dental benefits paid by us for fiscal 2010; and (iii) Dominick Ragone, $7,656 in matching contributions under our 401(k) Plan for each of fiscal 2010 and 2009; $203 in life insurance premiums paid by us for each of fiscal 2010 and fiscal 2009 and $87 in life insurance premiums paid by us for fiscal 2008. Other than Mr. Icahn, no named executive officer received medical and dental benefits of $10,000 or greater. In each of fiscal 2010, fiscal 2009 and fiscal 2008, to the extent that a named executive officer participated in our 401(k) Plan, we made a matching contribution to his individual 401(k) Plan account in the amount of one-half (1/2) of the first six and one-quarter (6.25%) percent of gross salary contributed by the employee. Messrs. Icahn, Ninivaggi and Meister did not participate in the 401(k) Plan and thus did not receive any matching contributions for fiscal 2010, fiscal 2009 or fiscal 2008. Mr. Ragone did not participate in the 401(k) Plan in fiscal 2008 and thus did not receive any matching contributions for fiscal 2008.

(4) Mr. Ninivaggi has served as President since April 5, 2010 and as Principal Executive Officer since August 4, 2010. For fiscal 2010, the salary indicated above reflects a *pro rata* share of his annual salary from April 5, 2010. For fiscal 2010, Mr. Ninivaggi received a bonus of $550,000 and is entitled to receive a bonus for each of fiscal 2011 and fiscal 2012 of not less than $450,000 and not more than $650,000. Mr. Ninivaggi also received a relocation payment of $300,000 in connection with the commencement of his employment, which is included in All Other Compensation in this Summary Compensation Table for fiscal 2010.

In addition, on February 11, 2010, we and Mr. Ninivaggi entered into a Class A Option Agreement and Class B Option Agreement (together, referred to as the Option Agreements). Pursuant to the terms of the Ninivaggi Employment Agreement and the Option Agreements, Mr. Ninivaggi was granted Class A options to purchase 100,000 of our depositary units with an exercise price of $45.60 per depositary unit and Class B options to purchase 100,000 of our depositary units with an exercise price of $55.60 per depositary unit. Each of the options will vest as to 33,334 options, on December 31, 2010; 33,333 options on December 31, 2011 and the balance of 33,333 options on December 31, 2012. The options will expire on December 31, 2014, except as otherwise set forth in the Ninivaggi Employment Agreement or the Option Agreements. The amount reflected in the table represents the grant date fair value of the options computed in accordance with FASB ASC Topic 718. The fair value of the options on the grant date was estimated using the Black-Scholes option-pricing model. The assumptions used in the model include (i) risk-free interest rates (ranging from 1.43% to 1.91%) determined based upon U.S. treasury rates over the estimated expected option lives, (ii) expected volatility of 38.6% based on the average historical volatility of our depositary units over the estimated expected option lives, (iii) expected dividend yield of 2.2% based on our dividend history and (iv) expected option lives (ranging from 3 to 4 years) which are based on the mid-point between the vesting date and the expiration date of the options.

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(5) Mr. Meister served as Principal Executive Officer and Vice Chairman of the Board of Icahn Enterprises GP from March 2006, in each case through August 4, 2010. Prior to March 2006, Mr. Meister served as Chief Executive Officer and received salary in that capacity. Since fiscal 2007, Mr. Meister received no compensation from us as Principal Executive Officer and was entitled to an annual fee of $100,000 for serving as the Vice Chairman of the board of directors of Icahn Enterprises GP for fiscal 2008 and fiscal 2009, which amounts are included in All Other Compensation in this Summary Compensation Table for the applicable years. The salary and bonus indicated in this Summary Compensation Table, as applicable, represent compensation paid to Mr. Meister in (i) fiscal 2010 pursuant to the 2010 Meister Employment Agreement under Salary, (ii) fiscal 2009 pursuant to the June 2009 Meister Employment Agreement for his services as Senior Managing Director of Icahn Capital and (iii) fiscal 2008 pursuant to the Former Meister Employment Agreement, for his services as a Senior Managing Director for Icahn Capital.

As more fully described below, for fiscal 2010, pursuant to the 2010 Meister Employment Agreement, Mr. Meister would have been entitled to receive an amount equal to (i) 1.25% of the Icahn Excess Profits, (ii) 7% of the Target Special Profits Interests Amounts (as defined in the 2010 Meister Employment Agreement), payable quarterly and (iii) 7% of the incentive allocations. However, because Mr. Meister resigned on August 4, 2010, he was not entitled to receive any payments pursuant to (i) and (iii) above but was entitled to receive payments totaling $1,825,174 pursuant to (ii) above for the first three quarters of fiscal 2010, which are reported under Salary.

For fiscal 2009, pursuant to the June 2009 Meister Employment Agreement, Mr. Meister was entitled to receive (i) an annual salary of $300,000 as Senior Managing Director of Icahn Capital, plus (ii) a Net Target Special Profits Interest Amount of $887,435. In addition to the net Target Special Profits Interest Amount for fiscal 2009, Mr. Meister was eligible to receive certain special profits interest allocations, as applicable. Subsequent to fiscal 2009, Mr. Meister was not eligible to receive additional special profit interest allocations. The bonus for fiscal 2009 reflects a *pro rata* share of Mr. Meister s annual $1 million fixed bonus pursuant to the Former Meister Employment Agreement in the amount of $972,603 that was paid by us through May 31, 2009, pursuant to the June 2009 Meister Employment Agreement effective June 1, 2009. Subsequent to fiscal 2009, Mr. Meister was not eligible to receive an annual bonus. See Employment Agreements Meister Employment Agreement" for further discussion.

For fiscal 2008, Mr. Meister was entitled to receive (i) an annual base salary of $400,000 as Senior Managing Director of Icahn Capital, plus (ii) a net Target Special Profits Interest Amount of $1,495,678 (that replaced a portion of management fee participation that Mr. Meister was eligible to receive in fiscal 2007 and which was terminated subsequent to January 1, 2008). The net Target Special Profits Interest Amount effective January 1, 2008 is reported under Salary" for fiscal 2008 and fiscal 2009. As described below, for fiscal 2008 Mr. Meister did not receive such allocation because the General Partners did not receive allocations during fiscal 2008.

The All Other Compensation paid or allocated to (or deferred by) Mr. Meister for fiscal 2009 includes the following: (i) an amount of $2,306,777 equal to Mr. Meister s share of the special profits interest allocations for fiscal 2009 (the special profits interest allocations for fiscal 2009 included a carryover amount of $1,344,133 from fiscal 2008 as the Investment Funds had losses and therefore did not generate sufficient profits to earn the Target Special Profits Interest Amounts during fiscal 2008, which amounts consisted of $2,353,787 representing Mr. Meister s 2.5% share of the net Target Special Profits Interest Amount for fiscal 2008 of $94,151,493 less an aggregate adjustment of $1,009,654 primarily related to a hypothetical return for fiscal 2008; plus $419,843, representing Mr. Meister s 2.5% share of the net Target Special Profits Interest Amount of $16,793,712 for the period January 1, 2009 through May 31, 2009 plus a hypothetical return and adjustment of $542,801); (ii) earnings in fiscal 2009 on Mr. Meister s share of prior year incentive allocations that were reinvested in the amount of $592,547; and (iii) an amount of $110,304 representing earnings in fiscal 2009 on management fee participations deferred in prior years and deemed invested in the Master Funds. Pursuant to the June 2009 Meister Employment Agreement, all of these amounts are fully vested.

The All Other Compensation paid or allocated to (or deferred by) Mr. Meister for fiscal 2010 includes the following: (i) an adjustment in fiscal 2010 on Mr. Meister s share of prior year incentive allocations that were reinvested in the amount of ($2,769); (ii) an amount of $65,546 representing earnings in fiscal

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2010 on management fee participations deferred in prior years and deemed invested in the Master Funds; and (iii) an amount of $163,440 in fiscal 2010 representing Mr. Meister s pro rata share of certain income received by the General Partners. Pursuant to the June 2009 Meister Employment Agreement, all of these amounts are fully vested.

As referenced above, the All Other Compensation in fiscal 2009 and fiscal 2008 also includes $100,000 for Mr. Meister s serving as the Vice Chairman of the board of directors of Icahn Enterprises GP. In addition, All Other Compensation includes $203 for fiscal 2010 and $209 for each of fiscal 2009 and fiscal 2008 in life insurance premiums paid by us, and $6,488, $7,499 and $6,155 in medical and dental benefits paid by us for fiscal 2010, fiscal 2009 and fiscal 2008, respectively.

(6) Mr. Ragone has served as Chief Financial Officer and Principal Accounting Officer since July 28, 2008. For fiscal 2010, Mr. Ragone received a bonus of $495,925, representing a $300,000 discretionary bonus and an additional special bonus pursuant to the Ragone Employment Agreement in the amount of $195,925. For fiscal 2009, Mr. Ragone received a bonus of $1,345,925, representing a $1,150,000 discretionary bonus and an additional special bonus pursuant to the Ragone Employment Agreement in the amount of $195,925. For fiscal 2008, the salary indicated above reflects a *pro rata* share of his annual salary from July 28, 2008 and the bonus reflects a one-time fixed payment. Mr. Ragone is eligible for future discretionary bonuses.

Each of our executive officers may perform services for affiliates of Mr. Icahn for which we receive reimbursement. See Item 13, Certain Relationships and Related Transactions, and Director Independence.

There are no family relationships between or among any of our directors and/or executive officers.

Employment Agreements

Icahn Employment Agreement

Pursuant to the Icahn Employment Agreement, over a five-year term, Mr. Icahn will serve as the Chairman and Chief Executive Officer of Icahn Capital Management L.P., in addition to his current role as Chairman of Icahn Enterprises. Mr. Icahn also serves as the Chief Executive Officer of the General Partners. Pursuant to the Icahn Employment Agreement, Mr. Icahn is entitled to an annual base salary of $900,000. For fiscal 2009 and fiscal 2010, Mr. Icahn voluntarily reduced his annual base salary to $400,000. Pursuant to the Icahn Employment Agreement, Mr. Icahn is also entitled to an annual incentive bonus based on a bonus formula with two components. The first component is based on the annual return on assets under management by the Private Funds. The second component of the annual bonus payable by us is tied to the growth in our annual net income (other than income or losses resulting from the operations of our Investment Management business).

Fifty percent of all bonus amounts payable by us and Icahn Capital Management to Mr. Icahn are subject to mandatory deferral and treated as though invested in the Private Funds and subject to a 2% annual fee (but no incentive allocation). Such deferred amounts are subject to vesting in equal annual installments over a three-year period commencing from the last day of the year giving rise to the bonus. Amounts deferred generally are not subject to acceleration and unvested deferred amounts will be forfeited if Mr. Icahn ceases to be employed under his employment agreement, provided that all deferred amounts will vest in full and be payable in a lump sum payment thereafter if the employment of Mr. Icahn is terminated by us without Cause, Mr. Icahn terminates his employment for Good Reason (as such terms are defined in the Icahn Employment Agreement), or upon Mr. Icahn s death or disability during the employment term. In addition, upon Mr. Icahn s completion of service through the end of the employment term, Mr. Icahn will also vest in full in any mandatory deferrals. Vested deferred amounts (and all deferred returns, earnings and profits thereon) are payable to Mr. Icahn within 60 days following the vesting date. Returns on amounts subject to deferral also are subject to 2% annual management fees.

Effective January 1, 2008, the Icahn Employment Agreement was amended to provide the following: (i) references to management fee in section 1(a) and section 2(a) in Exhibit A therein were deleted and replaced with special profits interest allocation ; and (ii) notwithstanding the fact that the management fee was terminated, the obligation to pay a 2% fee as set forth in Section 6 of the Icahn Employment Agreement and in Section 3 in Exhibit A therein would remain in effect as an obligation to pay a 2% fee.

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In the event that Mr. Icahn is terminated by us without Cause or he terminates his employment for Good Reason (which is limited to defined events relating to a material adverse change in his position and responsibilities, our material breach of the Icahn Employment Agreement or the relocation of his principal place of work) prior to the end of the term, he will be entitled to a lump sum payment equal to (i) one year of base salary, (ii) the average Annual Bonus Incentive (as defined in the Icahn Employment Agreement) paid to him by us during the three most recently completed years (or the average Annualized Bonus Incentive paid to him for any shorter period during which he has been employed (the Average Bonus) and (iii) a *pro rata* Annual Bonus Incentive for the year of termination. If, within 12 months following the occurrence of a change in control of us, Mr. Icahn is terminated by us without Cause or he resigns for Good Reason, Mr. Icahn will be entitled to a payment equal to two times his base salary and two times the Average Bonus and the *pro rata* Annual Bonus Incentive for the year of termination. If Mr. Icahn is terminated as a result of his death or disability, he (or his estate, if applicable) will receive a lump sum payment equal to the remaining base salary payable through December 31 of the year of termination and one-half of the *pro rata* Annual Bonus Incentive for the year of termination. If Mr. Icahn voluntarily terminates (without Good Reason), he will receive a lump sum payment equal to one-half of the *pro rata* Annual Bonus Incentive for the year of termination. In the event of early termination for any reason, Mr. Icahn would also be entitled to his accrued and unpaid salary, accrued vacation pay and accrued but unpaid Annual Bonus Incentive for the prior year, except if he is terminated by us for Cause or if he voluntarily terminates (without Good Reason) he will only receive 50% of unpaid Annual Bonus Incentive for the prior year. All such payments will be conditioned on Mr. Icahn (or his estate, if applicable) signing a general release in favor of us and our affiliates.

Ninivaggi Employment Agreement

On February 11, 2010, we entered into the Ninivaggi Employment Agreement pursuant to which Mr. Ninivaggi was to serve as the President of Icahn Enterprises, Icahn Enterprises Holdings and Icahn Enterprises GP. Pursuant to the terms of the Ninivaggi Employment Agreement, Mr. Ninivaggi would be (i) principally responsible for overseeing portfolio company operations, generally not including the entities involved with the Private Funds managed and advised by subsidiaries of Icahn Enterprises Holdings and (ii) involved with acquisitions, dispositions and financings engaged in by Icahn Enterprises, Icahn Enterprises Holdings and subsidiaries. Mr. Ninivaggi also agreed to serve as Principal Executive Officer, if requested to do so.

Mr. Ninivaggi commenced his duties as President under the Ninivaggi Employment Agreement on April 5, 2010, and his employment thereunder continues through December 31, 2012, unless otherwise terminated earlier pursuant to the terms of the Ninivaggi Employment Agreement.

Since August 4, 2010, Mr. Ninivaggi has served as Principal Executive Officer and President. Mr. Ninivaggi has agreed to work for any or all of the Icahn Related Entities (as defined herein) for the aggregate consideration described below. In addition to the compensation described below, Mr. Ninivaggi is entitled to an aggregate of 22 days of paid time off (comprised of vacation, personal and sick days) annually and participates in all benefit programs and plans for which he is eligible and that are made available to all senior executive employees of Icahn Related Entities.

Pursuant to the Ninivaggi Employment Agreement, Mr. Ninivaggi is entitled to: (i) a base salary at the per annum rate of $650,000 for fiscal 2010 and for each of fiscal 2011 and fiscal 2012; (ii) a bonus in the amount of $550,000 for fiscal 2010 and (iii) a bonus of not less than $450,000 and not more than $650,000 for each of fiscal 2011 and fiscal 2012. Mr. Ninivaggi also received a relocation payment of $300,000 in fiscal 2010 in connection with the commencement of his employment.

In addition, on February 11, 2010, we and Mr. Ninivaggi entered into the Option Agreements. Pursuant to terms of the Option Agreements and the Ninivaggi Employment Agreement, Mr. Ninivaggi was granted Class A options to purchase 100,000 of our depositary units with an exercise price of $45.60 per unit, and Class B options to purchase 100,000 of our depositary units with an exercise price of $55.60 per unit. Each of the options will vest as to 33,334 options, on December 31, 2010; 33,333 options on December 31, 2011 and the balance of 33,333 options on December 31, 2012. The options will expire on December 31, 2014 except as otherwise set forth in the Ninivaggi Employment Agreement or the Option Agreements.

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Meister Employment Agreement

Keith A. Meister voluntarily terminated his employment with us effective August 4, 2010. Pursuant to the terms of the 2010 Meister Employment Agreement, upon his voluntary termination of employment, Mr. Meister received no payment or compensation of any kind, other than any payment that was past due but not paid as of the date of such cessation of employment.

Prior to his termination with us, Mr. Meister entered into a series of employment agreements as follows:

Mr. Meister initially entered into an agreement dated as of December 31, 2004 (referred to as the Original Agreement) with Icahn Management, the General Partners, Icahn Associates Corp., or IAC, High River Limited Partnership, or High River, and each entity beneficially owned 100% by Mr. Icahn which has its offices at 767 Fifth Avenue, New York, New York 10153, for so long as it remains beneficially owned 100% by Mr. Icahn (referred to as the Icahn Entities) (IAC, High River and the Icahn Entities together being referred to as the Icahn Related Entities).

On August 8, 2007, (i) Icahn Management assigned the Original Agreement (as amended) to Icahn Capital Management, whereby Icahn Capital Management succeeded to Icahn Management s obligations as the Employer thereunder and Icahn Management retained the liabilities and obligations arising prior to August 8, 2007 and (ii) Icahn Enterprises became jointly and severally liable for the obligations of Icahn Capital Management thereunder. On January 1, 2008, the Original Agreement (as amended) was further amended (as amended through such date, referred to as the Former Meister Employment Agreement) to, among other things, (a) substitute Icahn Capital as the Employer thereunder and (b) provide that Icahn Enterprises would be jointly and severally obligated for the obligations of Icahn Capital and the General Partners thereunder. On May 21, 2009, Mr. Meister entered into an employment agreement (referred to as the June 2009 Meister Employment Agreement) with us and Icahn Capital, effective June 1, 2009, terminating the Former Meister Employment Agreement. Pursuant to the June 2009 Meister Employment Agreement, the term of employment as contemplated was from June 1, 2009 until May 31, 2014. As discussed below, the June 2009 Meister Employment Agreement was largely terminated pursuant to an employment agreement, referred to as the 2010 Meister Employment Agreement. For purposes of reference herein, the June 2009 Meister Employment Agreement and the Former Meister Employment Agreement are collectively referred to as the Pre-2010 Meister Employment Agreements. Pursuant to the June 2009 Meister Employment Agreement, Mr. Meister was entitled to receive cash compensation during the term of employment equal to (i) a base salary at the rate of $300,000 per annum as Senior Managing Director of Icahn Capital (earned and payable every two weeks); *plus* (ii) effective June 1, 2009, the net Target Special Profits Interest Amount and new incentive allocations described below; and plus (iii) amounts due, if any, in respect of the New Fund Profit Participation. For fiscal 2009, no such funds were formed. Pursuant to the 2010 Meister Employment Agreement, participation in such funds was no longer available to Mr. Meister. In addition, in fiscal 2009 Mr. Meister was entitled to an annual fee of $100,000 for serving as the Vice Chairman of the board of directors of Icahn Enterprises GP reportable under All Other Compensation in the Salary Compensation Table.

We entered into the 2010 Meister Employment Agreement largely terminating the June 2009 Meister Employment Agreement. In addition, all rights thereunder, including any of Mr. Meister s rights under either of the Pre-2010 Meister Employment Agreements not previously terminated (other than Mr. Meister s right to payment of deferred management fee participation for periods prior to 2008), and the rights and interests of Mr. Meister in all payments, New Fund Profit Participation, interests in any partnership, limited liability company or other entity contemplated in either of the Pre-2010 Meister Employment Agreements, or relating thereto, were extinguished in all respects. The deferred management fee participation continued to be deferred in accordance with the terms of the Pre-2010 Meister Employment Agreements.

Pursuant to the 2010 Meister Employment Agreement, Mr. Meister was entitled to be paid by us an amount equal to: (i) 7% of the Target Special Profits Interests Amounts (as defined in the applicable limited partnership agreements of each of Icahn Partners and each Master Fund) of the fee-paying partners in each Existing Fund minus $122,500 per quarter (provided that any portion of such $122,500 not applied in any quarter may have been carried forward and applied to reduce amounts otherwise payable to Mr. Meister in respect of another; and (ii) 7% of the incentive allocations, made by each Existing Fund, in each case only

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with respect to Target Special Profits Interests Amounts accrued, and incentive allocations allocated, on and after January 1, 2010 and prior to the last day of the employment of Mr. Meister. Target Special Profits Interests Amounts were paid to Mr. Meister in advance on the first day of each calendar quarter beginning with January 1, 2010 (provided that the payment with respect to January 1, 2010 (and any future period, until fully applied) was reduced by the $335,255.49 paid to Mr. Meister in January and February 2010 relating to fiscal 2010. Incentive allocations were to have been paid to Mr. Meister only when allocated to the capital account of the general partner of the applicable Existing Fund, provided that the incentive allocations would be determined and paid to Mr. Meister within 30 days of an earlier termination of his employment by reason of death, disability, termination without cause or resignation following a material breach of the 2010 Meister Employment Agreement, or within 30 days following December 31, 2011, if Mr. Meister remained in employment through such date, none of which were applicable to Mr. Meister upon his termination with us. The gross Target Special Profits Interest Amount for the period from January 1, 2010 to August 4, 2010 (Mr. Meister s last day of employment) was $32,880,413. Mr. Meister s 7% share of this amount less $367,500 ($122,500 per quarter for three quarters)and less an adjustment amount of $108,955 was $1,825,174, which is reportable under Salary in the Summary Compensation Table for fiscal 2010. As a result of Mr. Meister s voluntary termination of his employment on August 4, 2010, he did not earn any incentive allocation for fiscal 2010.

For the period January 1, 2008 through May 31, 2009, the Former Meister Employment Agreement was amended to provide that Mr. Meister s former right to receive an amount equal to 4.0% of the net management fees was terminated, and for the period from and after January 1, 2008 through May 31, 2009 he was entitled to receive: (i) from Icahn Capital as additional cash compensation on the first day of each quarter, 1.5% of the General Partners Target Special Profits Interest Amounts (as defined in the applicable limited partnership agreements of each of the Onshore Fund and the Offshore Master Funds) net of certain expenses of the General Partners and/or their affiliates incurred in providing management services to the Private Funds; and (ii) from the General Partners, 2.5% of their special profits interest allocations, if any, again net of certain of the General Partners and/or their affiliates expenses incurred in providing the management services to the Private Funds.

As noted above, the 1.5% interest in net management fees and incentive allocations added to Mr. Meister s compensation from January 1, 2006, and the net Target Special Profits Interest Amount replacing his 1.5% interest in net management fees for the period January 1, 2008 through May 31, 2009, were payable through May 31, 2009. Mr. Meister s 2.5% interest in net management fees and incentive allocations, and his 2.5% interest in net Special Profits Interest Allocations replacing his 2.5% interest in net management fees from January 1, 2008 (collectively, referred to as his Profit Participation), were subject to vesting. Under the terms of the Former Meister Employment Agreement, amounts equal to Mr. Meister s Profit Participation as earned by or allocated to him were hypothetically or actually invested by the General Partners in the Onshore Fund and Offshore Master Funds and his Profit Participation included all gains and losses earned thereon. As long as Mr. Meister continued to be an employee pursuant to the Former Meister Employment Agreement, Mr. Meister s Profit Participation (including the gains and losses thereon) vested at the rate of 14.285% per annum, vesting ratably on a monthly basis so that on December 31, 2011 the entire Profit Participation would have been fully vested.

In addition, the portion of Mr. Meister s Profit Participation made up of his 2.5% interest in management fees received by Icahn Capital Management through December 31, 2007 (referred to as the Management Fee Participation) was deferred (and continued to be deferred in accordance with the 2010 Meister Employment Agreement). In accordance with the 2010 Meister Employment Agreement, upon the termination of Mr. Meister s employment on August 4, 2010, 100% of the deferred Management Fee Participation was payable to Mr. Meister in a lump sum payment, of which a payment of $493,622, representing approximately 95% of the balance due at January 31, 2011, was paid in February 2011. The remaining balance will be paid upon completion of the 2010 audited financial statements of the Private Funds. Each of Mr. Meister s deferred Management Fee Participation was reported and disclosed in our applicable Summary Compensation Tables in Part III of our Annual Reports on Form 10-K for the years in which the respective

Management Fee Participation was payable to Mr. Meister and deferred by him.

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Effective June 1, 2009, the June 2009 Meister Employment Agreement terminated the Former Meister Employment Agreement (except for Mr. Meister s rights to the deferred Management Fee Participation) and provided that Mr. Meister would be entitled to receive: (i) from Icahn Capital as additional cash compensation on the first day of each quarter, 4.0% of the General Partners Target Special Profits Interest Amounts (as defined in the applicable limited partnership agreements of each of the Onshore Fund and the Offshore Master Funds) net of certain expenses of the General Partners and/ or their affiliates incurred in providing management services to the Private Funds (each net amount being referred to as the Target Special Profits Interest Amount); and (ii) from Icahn Capital as additional cash compensation, 4.0% of the General Partners incentive allocations, if any, again net of the General Partners and/or their affiliates expenses incurred in providing management services to the Private Funds (referred to as the new incentive allocations). In respect of the new incentive allocations, such amounts were generally payable only when such incentive allocations were in fact allocated to the capital accounts of the General Partners (and only if such allocation occurred on or prior to the last day of Mr. Meister s employment hereunder).

Additionally, pursuant to the June 2009 Meister Employment Agreement, Mr. Meister received (i) a one-time lump sum of $3,427,662 (such amount representing 100% of non-deferred incentive allocations and earnings thereon (vested and unvested through May 31, 2009), plus (ii) $972,603 (such amount representing a *pro rata* share of a $1 million annual bonus that Mr. Meister had been previously entitled to receive). Pursuant to the Former Meister Employment Agreement, Mr. Meister was entitled to receive 2.5% of the special profits interest allocations, if any, net of the General Partners expenses, when earned and allocated to the General Partners (such amounts referred to as Accrued Amounts). Such Accrued Amounts were treated as if they were invested in the applicable Onshore Fund and Offshore Master Funds and, accordingly, the Accrued Amounts fluctuated in value in accordance with the performance of the Onshore and Offshore Master Funds. Effective June 1, 2009, Mr. Meister was deemed to be 100% vested in such Accrued Amounts when earned and allocated to the General Partners.

Ragone Employment Agreements

Effective July 28, 2008, Dominick Ragone became Chief Financial Officer of Icahn Enterprises Holdings in accordance with the Ragone Employment Agreement dated as of May 1, 2008, between Mr. Ragone and Icahn Enterprises Holdings. Pursuant to the Ragone Employment Agreement, Mr. Ragone will serve as Chief Financial Officer of Icahn Enterprises Holdings and an officer, director, advisor or agent to Icahn Enterprises Holdings, Icahn Enterprises and/or Icahn Enterprises GP, the general partner of Icahn Enterprises Holdings and Icahn Enterprises, and each of their respective direct and/or indirect subsidiaries. Mr. Ragone commenced full-time employment with Icahn Enterprises Holdings under the Ragone Employment Agreement on July 28, 2008.

Pursuant to the Ragone Employment Agreement, for fiscal 2010 and fiscal 2009, Mr. Ragone was entitled to a base salary of $300,000 and a discretionary bonus. For fiscal 2009, Mr. Ragone received a bonus of $1,345,925, representing a $1,150,000 discretionary bonus and an additional special bonus pursuant to the Ragone Employment Agreement in the amount of $195,925. The special bonus amount is calculated in accordance with the terms of Mr. Ragone s employment agreement, which is $1,200,000 less a transition bonus of $612,225 received by Mr. Ragone from his former employer. The balance of $587,775 is being paid to Mr. Ragone in three equal installments on the first business day in July 2009, July 2010 and July 2011, provided that Mr. Ragone is actively employed on a full-time basis by Icahn Enterprises Holdings on the day such installment is to be paid.

On December 31, 2010, Mr. Ragone entered into a new employment agreement (the New Ragone Employment Agreement) with Icahn Enterprises Holdings, the term of which commences on January 1, 2011. This agreement supersedes and replaces the Ragone Employment Agreement. Pursuant to the New Ragone Employment Agreement, Mr. Ragone serves as Chief Financial Officer of Icahn Enterprises and Icahn Enterprises Holdings. Mr. Ragone s employment period continues through December 31, 2011, unless otherwise terminated earlier pursuant to the terms of the Agreement.

Pursuant to the New Ragone Employment Agreement, Mr. Ragone is entitled to receive (i) a base salary of $425,000 for fiscal 2011 (the Base Salary), (ii) a bonus payment of $250,000 on June 30, 2011 unless Mr. Ragone s employment has terminated prior to such date and (iii) a bonus payment of $425,000 on

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December 31, 2011 unless the employment of Mr. Ragone has terminated prior to such date. Mr. Ragone will also be entitled to receive a special bonus from us in the amount of $193,925 on July 1, 2011 (the Special Payment Date), if and only if, he is actively employed on a full-time basis by us on the Special Payment Date.

For fiscal 2008, Mr. Ragone received a one-time bonus in the amount of $1,150,000.

Stock Award, Option and Non-Equity Incentive Plans

GRANTS OF PLAN-BASED AWARDS(1)

The following table provides information about option awards granted to one of our named executive officers in fiscal 2010: name; the grant date; option award, consisting of the number of depositary units underlying options awarded to the named executive officer in fiscal 2010; the exercise price of the option awards pursuant to the Option Agreements, and the grant date fair value of each option award, computed in accordance with FASB ASC Topic 718.

Name	Grant Date	All Other Option Awards Number of Depositary Units Underlying Options Granted (#)	Exercise or Base Price of Option Awards ($/Unit)(2)	Grant Date Fair Value of Stock and Option Awards(3)
Daniel A. Ninivaggi:				
Class A Options(4)	February 11, 2010	100,000	$ 45.60	$ 1,216,999
Class B Options(4)	February 11, 2010	100,000	$ 55.60	$ 919,333

(1) Pursuant to applicable regulations, certain columns of the Grants of Plan-Based Awards have been omitted, as there have been no awards of estimated potential/future payouts under either a non-equity incentive plan or equity incentive plan by us, any of our subsidiaries or by Icahn Enterprises GP, required to be reported in those columns.

(2) The exercise price for the option awards granted to Mr. Ninivaggi was established pursuant to the terms of the Option Agreements.

(3) The amount reflected in the table represents the grant date fair value of the options computed in accordance with FASB ASC Topic 718. The fair value of the options on the grant date was estimated using the Black-Scholes option-pricing model. The assumptions used in the model include (i) risk-free interest rates (ranging from 1.43% to 1.91%) determined based upon U.S. treasury rates over the estimated expected option lives, (ii) expected volatility of 38.6% based on the average historical volatility of our depositary units over the estimated expected option lives, (iii) expected dividend yield of 2.2% based on our dividend history and (iv) expected option lives (ranging from 3 to 4 years) which are based on the mid-point between the vesting date and the expiration date of the options.

(4) The options were granted by us to Mr. Ninivaggi pursuant to the Option Agreements entered into on February 11, 2010 between us and Mr. Ninivaggi.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information on the current holdings of option awards for our depositary units by one of our named executive officers. Each option award is shown separately for such named executive officer. For additional information about the option awards, see Compensation Components for Fiscal 2010 Option Awards under Compensation Discussion and Analysis.

Name	Option Awards[(1)]			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date
Daniel A. Ninivaggi:	33,334	66,666	$ 45.60	12/31/2014
Daniel A. Ninivaggi:	33,334	66,666	$ 55.60	12/31/2014

(1) Pursuant to applicable regulations, certain columns of the Outstanding Equity Awards at Fiscal Year-End have been omitted, since they are inapplicable.

We do not have any other stock award, option or non-equity incentive plans. There were no exercises of options or other similar awards during fiscal 2010.

Nonqualified Deferred Compensation Table

Name	Executive Contributions in Last Fiscal Year	Company Contributions in Last Fiscal Year	Aggregate Gain in Last Fiscal Year	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year End
Keith A. Meister	$	$	$ 65,546	$	$ 506,721

Pursuant to the Former Meister Employment Agreement, prior to fiscal 2008, a portion of Mr. Meister s participation in annual management fees was deferred (and continued to be deferred in accordance with the 2010 Meister Employment Agreement) until January 30, 2012 and such deferrals were deemed invested in the Investment Funds. Such mandatory deferral arrangements were made on an unfunded nonqualified deferred compensation basis. Effective January 1, 2008, the Former Meister Employment Agreement was amended to provide (and such provisions continued to apply in the 2010 Meister Employment Agreement) that Mr. Meister s former right to receive any further Management Fee Participations was terminated and he was eligible to participate in the special profits interest allocations computed in the same manner as the net Management Fee Participations that Mr. Meister was previously entitled to receive. There were no additional mandatory deferrals. Effective June 1, 2009, pursuant to the June 2009 Meister Employment Agreement, Mr. Meister s deferred Management Fee Participation was deemed to be 100% vested. We have not made any matching contributions in respect of the deferrals.

Upon termination of employment of Mr. Meister with Icahn Capital and its affiliates on August 4, 2010, 100% of the deferred Management Fee Participations was payable to Mr. Meister in a lump sum payment, of which a payment of $493,622, representing approximately 95% of the amount due, was paid in February 2011. Each of Mr. Meister s deferred Management Fee Participation was reported and disclosed in our applicable Summary Compensation Tables in Part III of our Annual Reports on Form 10-K for the years in which the respective Management Fee Participation was payable to Mr. Meister and deferred by him.

See Additional Information Regarding Executive Compensation Employment Agreements for a further discussion of the Meister Employment Agreement, including the deferred Management Fee Participations.

Potential Payments Upon Termination or Change in Control

The following tables summarize the value of the termination payments and benefits that Messrs. Icahn, Ninivaggi and Ragone would receive if they had terminated employment on December 31, 2010 (the last day of fiscal 2010) under the circumstances shown, pursuant to the Icahn Employment Agreement, the Ninivaggi Employment Agreement and the Ragone Employment Agreement, respectively. For a further description of the

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employment agreements, see Employment Agreements. The tables exclude (i) amounts accrued through December 31, 2010 that would be paid in the normal course of continued employment, such as accrued but unpaid salary for fiscal 2010 and reimbursed business expenses and (ii) any vested account balances, as applicable, under our 401(k) Plan that is generally available to all of our employees. The tables include bonuses accrued but not yet paid for fiscal 2010.

We have not entered into any other employment agreements, severance agreements or any other type of termination or change in control agreements with any of our named executive officers, except for the employment agreements referenced above. Mr. Meister did not receive any payments in respect of his termination in the position as Principal Executive Officer on August 4, 2010.

Carl C. Icahn

Benefit	Death or Disability ($)	Termination by Company Without Cause or by Executive with Good Reason ($)	Termination by Company with Cause or by Executive Without Good Reason (Including Retirement) ($)	Termination Without Cause or for Good Reason Within 12 Months Following Change in Control ($)
Cash Severance	(1)	400,000 (2)	(3)	800,000 (4)
Bonus				
Acceleration of unvested mandatory deferrals	(5)	(5)		(5)
Health & Welfare Benefits	(6)	(6)	(6)	(6)
Total		400,000		800,000

(1) Excluding accrued, but unpaid, base salary, executive (or his estate, if applicable) would be entitled to receive a lump sum payment equal to any unpaid bonus relating to prior years. Mr. Icahn did not receive an annual bonus for fiscal 2010. Pursuant to the Icahn Employment Agreement, Mr. Icahn is entitled to receive an annual base salary of $900,000. For fiscal 2010, Mr. Icahn voluntarily reduced his annual base salary to $400,000.

(2) Excluding accrued, but unpaid, base salary, executive would be entitled to receive a lump sum payment equal to one year of base salary, plus the Average Bonus (as defined in the Icahn Employment Agreement). Mr. Icahn did not receive an Average Bonus for fiscal 2010. For fiscal 2010, Mr. Icahn voluntarily reduced his annual base salary to $400,000.

(3) Excluding accrued, but unpaid, base salary, executive would be entitled to receive a lump sum payment equal to one-half of any unpaid bonus relating to prior years. Mr. Icahn did not receive an annual bonus for fiscal 2010.

(4) Excluding accrued, but unpaid, base salary, executive would be entitled to receive a lump sum payment equal to two times his base salary, plus two times the Average Bonus. Mr. Icahn did not receive an Average Bonus for fiscal 2010. For fiscal 2010, Mr. Icahn voluntarily reduced his annual base salary to $400,000.

(5) Reflects amount of any bonus mandatorily deferred that would have been previously subject to vesting but for which vesting would be accelerated upon triggering event payable in a lump sum. Executive would also be fully vested in any mandatorily deferred bonus upon completion of service through the end of his employment term. Mr. Icahn did not receive any bonus for fiscal 2010.

(6)

Executive is entitled to continued participation in our group health plan, assuming he makes a timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation act of 1985, as amended, or COBRA, at the executive s expense.

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Daniel A. Ninivaggi

Benefit	Retirement or Resignation ($)	Death or Disability ($)	Termination by Company Without Cause ($)	Termination by Company with Cause ($)	Termination Following Change in Control ($)
Cash Severance	(1)	(1)	2,200,000 (2)	(1)	(3)
Bonus	550,000	550,000	550,000	550,000	(3)
Health & Welfare Benefits	(4)	(4)	(4)	(4)	(4)
Total	550,000	550,000	2,750,000	550,000	

(1) Executive would not be entitled to receive any payments, excluding accrued, but unpaid, base salary.

(2) Executive would be entitled to the remaining base salary and the minimum applicable bonuses that would have been due through the expiration date of the Ninivaggi Employment Agreement.

(3) Executive would not be entitled to any specific payments upon a change in control, other than such payments that executive would otherwise be entitled to if termination upon a change in control was by reason of a termination by the company without cause or by Executive for Good Reason.

(4) Executive is entitled to continued participation in our group health plan, assuming he makes a timely election of continuation coverage under COBRA, at the executive s expense.

Dominick Ragone

Benefit	Retirement or Resignation ($)	Death or Disability ($)	Termination by Company Without Cause ($)	Termination by Company with Cause ($)	Termination Following Change in Control ($)
Cash Severance	(1)	(1)	75,000 (2)	(1)	(3)
Bonus					
Health & Welfare Benefits	(4)	(4)	(4)	(4)	(4)
Total			75,000 (2)		

(1) Executive would not be entitled to receive any payments, excluding accrued, but unpaid, base salary; executive would not be entitled to any *pro rata* portion of his bonus for fiscal 2010.

(2) Excluding accrued, but unpaid, base salary, executive would be entitled to receive continued payment of amounts of base salary that executive would have earned through the lesser of (A) the period through December 31, 2011 (the expiration date of the agreement) had executive continued to be employed by us through the expiration date or (B) the period ending on the 90th day following the termination date, to be paid on the same schedule as previously paid. Assuming Mr. Ragone s employment terminated on December 31, 2010, he would not be entitled to receive any or all of the remaining portion of the Special Bonus Compensation. Pursuant to the terms of the Ragone Employment Agreement, the remaining portion of the Special Bonus Compensation is payable in two equal installments on the first business day of July 2010 and July 2011, provided that Mr. Ragone is actively employed on a full-time basis by Icahn Enterprises Holdings on the day such installment is to be paid. The second installment of the Special Bonus Compensation was paid to Mr. Ragone on July 1, 2010.

(3) Executive is not entitled to any specific payments upon a change in control, other than such payments that executive would otherwise be entitled to if termination upon a change in control was by reason of a termination by the Company without Cause.

(4) Executive is entitled to continued participation in our group health plan, assuming he makes a timely election of continuation coverage under COBRA, at the executive s expense.

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Director Compensation

The following table provides compensation information for our directors in fiscal 2010, except for Messrs. Icahn and Meister (who served as Vice Chairman of the board of directors of Icahn Enterprises GP until August 4, 2010). Compensation received by Messrs. Icahn and Meister is included in the Summary Compensation Table.

Name	Fees Earned or Paid in Cash ($)	All Other Compensation ($)	Total ($)
Vincent J. Intrieri[1]		3,279,394	3,279,394
William A. Leidesdorf	125,000		125,000
James L. Nelson	125,000		125,000
Jack G. Wasserman	140,000		140,000

(1) Mr. Intrieri did not receive director fees from us in fiscal 2010. Pursuant to an employment agreement by and among us, Icahn Capital, Mr. Intrieri and the other parties referred to therein (referred to as the Intrieri Employment Agreement), during fiscal 2010, Mr. Intrieri served as a Senior Managing Director of Icahn Capital. The All Other Compensation paid or allocated to (or deferred by) Mr. Intrieri for fiscal 2010 pursuant to the Intrieri Employment Agreement includes the following: (i) payments of $400,000 and $1,250,000, representing salary and bonus, respectively, in Mr. Intrieri s capacity as Senior Managing Director of Icahn Capital; (ii) $10,081 in medical and dental benefits; $203 in life insurance premiums paid by us; and $7,656 in matching contributions under our 401(k) Plan; (iii) an amount of $1,130,293 equal to 2.5% of Special Profits Interest Allocations for fiscal 2010; (iv) earnings on Mr. Intrieri s share of prior year incentive allocations and prior year special profits interest allocations that were reinvested in the amount of $330,690 for fiscal 2010; (v) an amount of $3,787 representing earnings in fiscal 2010 on Mr. Intrieri s Management Fee Participation as defined herein that was deferred in prior years and deemed invested in the Master Funds; (vi) incentive awards of $44,534 and (vii) an amount of $102,150 representing Mr. Intrieri s *pro rata* share of certain income received by the General Partners. See Intrieri Employment Agreement below for a further discussion of the Intrieri Employment Agreement.

Each director will hold office until his successor is elected and qualified. For fiscal 2010, Messrs. Wasserman, Leidesdorf and Nelson each received $125,000 in fees for services on board of directors. Mr. Wasserman received an additional $15,000 for services as chairman of the audit committee.

Directors receive only cash compensation, if applicable, and currently are not granted any options, units or other equity-based awards.

Intrieri Employment Agreement

Vincent J. Intrieri entered into an agreement dated as of December 31, 2004 (referred to as the Original Agreement) with Icahn Management, the General Partners, Icahn Associates Corp., or IAC, High River Limited Partnership, or High River, and each entity beneficially owned 100% by Mr. Icahn which has its offices at 767 Fifth Avenue, New York, New York 10153, for so long as it remains beneficially owned 100% by Mr. Icahn (referred to as the Icahn Entities) (IAC, High River and the Icahn Entities together being referred to as the Icahn Related Entities).

On August 8, 2007, (i) Icahn Management assigned the Original Agreement (as amended) to Icahn Management L.P., whereby Icahn Capital Management succeeded to Icahn Management s obligations as the Employer thereunder and Icahn Management retained the liabilities and obligations arising prior to August 8, 2007 and (ii) Icahn Enterprises agreed to pay Mr. Intrieri any amounts that were not paid to him when due. On January 1, 2008, the Original Agreement (as amended) was further amended (as amended through such date, the Intrieri Employment Agreement) to, among other things, (a) substitute Icahn Capital as the Employer thereunder and (b) provide that Icahn Enterprises will be jointly and severally obligated for the obligations of Icahn Capital and the General Partners thereunder.

The term of the Intrieri Employment Agreement runs from January 1, 2005 until December 31, 2011 unless sooner terminated (referred to as the Term). Mr. Intrieri is employed to act as a senior executive officer with the title of Senior Managing Director. Mr. Intrieri has agreed to work for any or all of the Icahn Related

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Entities for the aggregate consideration described below. In addition to the compensation described below, Mr. Intrieri is entitled to three weeks of paid vacation annually and participates in all benefit programs and plans for which he is eligible which are made available to all senior executive employees of Icahn Related Entities.

Mr. Intrieri is entitled to receive cash compensation during the Term equal to (i) a base salary at the rate of $400,000 per annum, which amount is earned and payable every two weeks; plus (ii) a bonus of between $1,000,000 and $1,250,000 per annum, as determined by the Icahn Related Entities, earned on each December 31 during the Term and payable at the end of each calendar year (referred to as the Bonus).

Prior to January 1, 2008, Icahn Management and Icahn Management L.P. provided administrative and back office services (referred to as the Services) to the Private Funds pursuant to management agreements.

Prior to January 1, 2008 Mr. Intrieri was entitled during the Term to receive, in addition to his cash compensation described above, an amount equal to 2.5% of the gross management fees payable by the Onshore Fund and the Feeder Funds under their management agreements and 2.5% of the incentive allocations allocated to the General Partners by the Onshore Fund and the Offshore Master Funds, each subject to vesting.

On January 1, 2008, (i) the management agreements and the management fees payable thereunder were terminated and (ii) the partnership agreements of the Offshore Master Funds and the Onshore Fund were amended to provide that the General Partners will provide, or direct their affiliates to provide, the Management Services to the Private Funds and in consideration thereof the General Partners will receive Special Profits Interest Allocations in the Onshore Fund and the Offshore Master Funds (as such term is defined in their respective limited partnership agreements).

Effective January 1, 2008, the Intrieri Employment Agreement was amended to provide that his former right to receive a 2.5% participation interest in management fees received by Icahn Management and Icahn Capital Management L.P. through December 31, 2007 (referred to as the Management Fee Participation) was terminated, and for all periods during the Term from and after January 1, 2008 he is entitled to receive, from the General Partners, 2.5% of their Special Profits Interest Allocations, if any.

Mr. Intrieri s 2.5% interest in management fees and incentive allocations, and his 2.5% interest in the General Partners Special Profits Interest Allocations that replaced his 2.5% Management Fee Participation from January 1, 2008, (collectively referred to as his Profit Participation) were subject to vesting. Amounts equal to Mr. Intrieri s Profit Participation as earned by or allocated to him are invested by the General Partners in the Onshore Fund and Offshore Master Funds and his Profit Participation includes all gains and losses earned thereon until such time as Mr. Intrieri chooses to receive any or all of the unpaid vested amounts of his Profit Participation. Mr. Intrieri s Profit Participation (including the gains and losses thereon) was fully vested on December 31, 2009.

In addition, the portion of Mr. Intrieri s Profit Participation consisting of his 2.5% Management Fee Participation was deferred until January 30, 2010 and was paid to him in fiscal 2010. The payment from Icahn Capital Management was $699,319. Each of Mr. Intrieri s deferred Management Fee Participation was reported and disclosed in our applicable Director Compensation Tables in Part III of our Annual Reports on Form 10-K for the years in which the respective Management Fee Participation was payable to Mr. Intrieri and deferred by him.

Effective December 2008, the Intrieri Employment Agreement was amended to ensure compliance with Code Section 409A with respect to the deferred Management Fee Participation.

Icahn Capital or any of the Icahn Related Entities may terminate the Term and the employment of Mr. Intrieri under the Intrieri Employment Agreement on behalf of and in respect of all persons employing Mr. Intrieri, at any time, with cause, or in their sole and absolute discretion without cause. In the event that Mr. Intrieri s employment is terminated: (i) for cause (as defined therein) or by his action such as by resignation or retirement, then Mr. Intrieri will be paid the entire amount of the cash compensation earned through the date of termination but not yet paid (no prorated Bonus being payable in respect of a partial calendar year); or (ii) by the Employer or the Icahn Related Entities without cause (or by his death),

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Mr. Intrieri (or his estate) will be paid the entire amount of cash compensation earned through the date of termination (or death) and not yet paid and a *pro rata* portion of a single $1,000,000 Bonus (based upon the number of days elapsed from the most recent January 1 until the date of termination, divided by 365). Upon any termination of Mr. Intrieri s employment he will also be entitled to receive the unpaid vested amounts of his Profit Participation.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Security Holder Matters.

As of March 1, 2011, affiliates of Mr. Icahn, including High Coast Limited Partnership, a Delaware limited partnership, owned 78,454,899 of our depositary units, or approximately 92.6% of our outstanding depositary units. In light of this ownership position, the board of directors of Icahn Enterprises GP has determined that we are a controlled company for the purposes of the NYSE s listing standards and therefore are not required to have a majority of independent directors or to have compensation and nominating committees consisting entirely of independent directors. Icahn Enterprises GP s board of directors presently consists of three independent directors and the audit committee consists entirely of independent directors.

The affirmative vote of unitholders holding more than 75% of the total number of all depositary units then outstanding, including depositary units held by Icahn Enterprises GP and its affiliates, is required to remove Icahn Enterprises GP. Thus, since Mr. Icahn, through affiliates, holds approximately 92.6% of our depositary units outstanding, Icahn Enterprises GP will not be able to be removed pursuant to the terms of our partnership agreement without Mr. Icahn s consent. Moreover, under the partnership agreement, the affirmative vote of Icahn Enterprises GP and unitholders owning more than 50% of the total number of all outstanding depositary units then held by unitholders, including affiliates of Mr. Icahn, is required to approve, among other things, selling or otherwise disposing of all or substantially all of our assets in a single sale or in a related series of multiple sales, our dissolution or electing to continue Icahn Enterprises in certain instances, electing a successor general partner, making certain amendments to the partnership agreement or causing us, in our capacity as sole limited partner of Icahn Enterprises Holdings, to consent to certain proposals submitted for the approval of the limited partners of Icahn Enterprises Holdings. Accordingly, as affiliates of Mr. Icahn hold in excess of 50% of the depositary units outstanding, Mr. Icahn, through affiliates, will have effective control over such approval rights.

The following table provides information, as of March 1, 2011, as to the beneficial ownership of the depositary units for each director of Icahn Enterprises GP and all directors and executive officers of Icahn Enterprises GP, as a group. Except for Messrs. Icahn and Ninivaggi, none of our named executive officers or directors beneficially owns any of our depositary units.

Name of Beneficial Owner	Beneficial Ownership of Depositary Units		Percent of Class	
Carl C. Icahn[1]	78,454,899		92.6	%
Daniel A. Ninivaggi	66,668	(2)	*	
All directors and executive officers as a group (seven persons)	78,521,567		92.6	%

(1) Carl C. Icahn, through affiliates, is the beneficial owner of the 78,454,899 depositary units set forth above. The foregoing is exclusive of a 1.99% ownership interest which Icahn Enterprises GP holds by virtue of its 1% general partner interest in each of us and Icahn Enterprises Holdings.

(2) Represents depositary units that Daniel A. Ninivaggi has the right to acquire upon the exercise of Class A options (33,334 depositary units) and Class B options (33,334 depositary units) within 60 days of March 1, 2011.

* Less than one percent (1%)

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Related Party Transaction Policy

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

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partner and any of its affiliates, subject to the 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.

Related Party Transactions with Our General Partner and Its Affiliates

Mr. Icahn, in his capacity as majority unitholder, will not receive any additional benefit with respect to distributions and allocations of profits and losses not shared on a *pro rata* basis by all other unitholders. In addition, Mr. Icahn has confirmed to us that neither he nor any of his affiliates will receive any fees from us in consideration for services rendered in connection with non-real estate related investments by us other than compensation pursuant to his employment agreement and as otherwise disclosed herein. We have and in the future may determine to make investments in entities in which Mr. Icahn or his affiliates also have investments. We may enter into other transactions with Mr. Icahn and his affiliates, including, without limitation, buying and selling assets from or to affiliates of Mr. Icahn and participating in joint venture investments in assets with affiliates of Mr. Icahn, whether real estate or non-real estate related. Furthermore, it should be noted that our partnership agreement provides that Icahn Enterprises GP and its affiliates are permitted to have other business interests and may engage in other business ventures of any nature whatsoever, and may compete directly or indirectly with our business. Mr. Icahn and his affiliates currently invest in assets that may be similar to those in which we may invest and Mr. Icahn and his affiliates intend to continue to do so. Pursuant to the partnership agreement, however, we will not have any right to participate therein or receive or share in any income or profits derived therefrom.

During fiscal 2009, we paid four quarterly distributions to holders of our depositary units, each in the amount of $0.25 per depositary unit. Icahn Enterprises GP, as general partner, received its proportionate share of each distribution. On March 2, 2011, the board of directors approved a payment of a quarterly cash distribution of $0.25 per unit on our depositary units payable in the first quarter of fiscal 2011. The distribution will be paid on March 30, 2011 to depositary unitholders of record at the close of business on March 15, 2011.

The payment of future distributions will be determined by Icahn Enterprises GP s board. In fiscal 2010, Icahn Enterprises GP was allocated approximately $4 million of our net earnings as a result of its combined 1.99% general partner interests in us and Icahn Enterprises Holdings.

Pursuant to registration rights agreements, Mr. Icahn and Mr. Ninivaggi have certain registration rights with regard to the depositary units beneficially owned by them.

Investments in the Private Funds

We may, on occasion, invest in securities in which entities affiliated with Mr. Icahn are also investing. Additionally, Mr. Icahn and his affiliated entities may also invest in securities in which Icahn Enterprises and its consolidated subsidiaries invest. Mr. Icahn and his affiliates (other than Icahn Enterprises and its affiliates), make investments in the Private Funds. These investments are not subject to special profits interest allocations or incentive allocations. As of December 31, 2010, the total of these investments were $2.1 billion.

Acquisition of Controlling Interests in American Railcar Industries, Inc.

On January 15, 2010, pursuant to a Contribution and Exchange Agreement (referred to as the ARI Contribution and Exchange Agreement) among Icahn Enterprises, Beckton Corp., a Delaware corporation (referred to as Beckton), Barberry Corp. (referred to as Barberry), Modal LLC, a Delaware limited liability company (referred to as Modal), and Caboose Holding LLC, a Delaware limited liability company (referred to as Caboose and, together with Beckton, Barberry and Modal, referred to collectively as the ARI Contributing Parties), the ARI Contributing Parties contributed to Icahn Enterprises 11,564,145 shares of common stock of ARI collectively owned by the ARI Contributing Parties for aggregate consideration consisting of 3,116,537 of our depositary units, subject to certain post-closing adjustments. On August 10, 2010, we issued 973,498 additional shares of our depositary units to the ARI Contributing Parties based on a post-closing adjustment formula. The transactions contemplated by the ARI Contribution and Exchange Agreement were authorized by the audit committee of the board of directors of Icahn Enterprises GP, our general partner, on January 11, 2010. The audit committee was advised by independent counsel and retained an independent financial advisor, which rendered a fairness opinion.

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Acquisition of Controlling Interests in Viskase Companies, Inc.

On January 15, 2010, pursuant to a Contribution and Exchange Agreement (referred to as the Viskase Contribution and Exchange Agreement) among Icahn Enterprises, Beckton, Barberry, Koala Holding Limited Partnership, a Delaware limited partnership (referred to as Koala), High River Limited Partnership, a Delaware limited partnership (referred to as High River), and Meadow Walk Limited Partnership, a Delaware limited partnership (referred to as Meadow Walk and, together with Beckton, Barberry, Koala and High River, referred to collectively as the Viskase Contributing Parties, the Viskase Contributing Parties contributed to Icahn Enterprises 25,560,929 shares of common stock of Viskase collectively owned by the Viskase Contributing Parties for aggregate consideration consisting of 2,915,695 of our depositary units. The transactions contemplated by the Viskase Contribution and Exchange Agreement were authorized by the audit committee of the board of directors of Icahn Enterprises GP, on January 11, 2010. The Audit Committee was advised by independent counsel and retained an independent financial advisor, which rendered a fairness opinion.

Other Related Party Transactions

On April 1, 2010, Icahn Capital entered into a Co-Manager Agreement (the Agreement) with Brett Icahn, the son of Carl C. Icahn. As described elsewhere in this Annual Report on Form 10-K, Icahn Capital owns general partnership interests in the General Partners, acting as general partners of the Onshore Fund and the Offshore Master Funds managed and controlled by Carl C. Icahn. Pursuant to the Agreement, Brett Icahn serves as a Portfolio Manager of the Sargon Portfolio , functioning as a Co-Manager of a designated portfolio of assets of funds that are funded by the Existing Funds, as described therein. Subject to the terms of the Agreement, as of the earlier of Brett Icahn s termination of employment for any reason, or March 31, 2013, if Brett Icahn continues to be employed on such date, he will be entitled to a one-time lump sum payment equal to 5.1% of the profit (as defined in the Agreement) generated by the portfolio over certain thresholds minus the cost of employee medical and other benefits paid by us on Brett Icahn s behalf (the Final Payment). The term of the Agreement continues through March 31, 2013 unless terminated earlier pursuant to the terms of the Agreement. Other than the Final Payment, Brett Icahn is not entitled to receive from us any other compensation (including any salary or bonus) in respect of services provided pursuant to the Agreement.

Prior to August 8, 2007, Icahn Management, an affiliate of ours, elected to defer most of the management fees from the Private Funds and such amounts remain invested in the Offshore Funds. At December 31, 2010, the balance of the deferred management fees payable by Icahn Fund Ltd. to Icahn Management was $143 million.

In fiscal 2010, we paid for salaries and benefits of certain employees who may also perform various functions on behalf of certain other entities beneficially owned by Carl C. Icahn (collectively, Icahn Affiliates), including accounting, administrative, investment, legal and tax services. Under a separate expense-sharing agreement, we have charged Icahn Affiliates $3 million for such services in fiscal 2010.

In addition, effective January 1, 2008, certain expenses borne by Icahn Capital are reimbursed by Icahn Affiliates, as appropriate, when such expenses are incurred. The expenses include investment-specific expenses for investments acquired by both the Private Funds and Icahn Affiliates that are allocated based on the amounts invested by each party, as well as investment management-related expenses that are allocated based on estimated usage agreed upon by Icahn Capital and Icahn Affiliates. For fiscal 2010, these reimbursement amounts were $2 million.

In fiscal 2010, we paid Icahn Associates Corp., an affiliate of ours, approximately $2 million for the non-exclusive use of office space.

In fiscal 2010, we paid approximately $1 million to XO Holdings, Inc., an affiliate of ours, for telecommunication services.

In fiscal 2010, ARI had certain agreements with ACF Industries LLC, or ACF, a company controlled by Mr. Icahn. Pursuant to such agreements, during fiscal 2010 ARI purchased $1.0 million of railcar components and $0.9 million of certain assets from ACF.

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In fiscal 2010, ARI had certain agreements with American Railcar Leasing LLC, or ARL, a company controlled by Mr. Icahn. Pursuant to such agreements, revenues recorded by ARI for fiscal 2010 were $81.9 million for railcars sold to and $15 million for fleet services provided to ARL. During fiscal 2010, ARI paid ARL $0.6 million for certain information technology and administrative services.

As of December 31, 2010, ARI had accounts receivable of $5 million due from ACF and ARL.

We may also enter into other transactions with Icahn Enterprises GP and its affiliates, including, without limitation, buying and selling properties and borrowing and lending funds from or to Icahn Enterprises GP or its affiliates, joint venture developments and issuing securities to Icahn Enterprises GP or its affiliates in exchange for, among other things, assets that they now own or may acquire in the future. Icahn Enterprises GP is also entitled to reimbursement by us for all allocable direct and indirect overhead expenses, including, but not limited to, salaries and rent, incurred in connection with the conduct of our business.

Icahn Sourcing, LLC, or Icahn Sourcing, is an entity formed and controlled by Carl C. 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. We are a member of the buying group and, as such, are afforded the opportunity to purchase goods, services and property from vendors with whom Icahn Sourcing has negotiated rates and terms. Icahn Sourcing does not guarantee that we will purchase any goods, services or property from any such vendors, and we are under no obligation to do so. We do not pay Icahn Sourcing any fees or other amounts with respect to the buying group arrangement. We have purchased a variety of goods and services as members of the buying group at prices and on terms that we believe are more favorable than those which would be achieved on a stand-alone basis.

Partnership Provisions Concerning Property Management

Icahn Enterprises GP and its affiliates may receive fees in connection with the acquisition, sale, financing, development, construction, marketing and management of new properties acquired by us. As development and other new properties are acquired, developed, constructed, operated, leased and financed, Icahn Enterprises GP or its affiliates may perform acquisition functions, including the review, verification and analysis of data and documentation with respect to potential acquisitions, and perform development and construction oversight and other land development services, property management and leasing services, either on a day-to-day basis or on an asset management basis, and may perform other services and be entitled to fees and reimbursement of expenses relating thereto, provided the terms of such transactions are in accordance with our partnership agreement. It is not possible to state precisely what role, if any, Icahn Enterprises GP or any of its affiliates may have in the acquisition, development or management of any new investments. Consequently, it is not possible to state the amount of the income, fees or commissions Icahn Enterprises GP or its affiliates might be paid in connection therewith since the amount thereof is dependent upon the specific circumstances of each investment, including the nature of the services provided, the location of the investment and the amount customarily paid in such locality for such services. Subject to the specific circumstances surrounding each transaction and the overall fairness and reasonableness thereof to us, the fees charged by Icahn Enterprises GP and its affiliates for the services described below generally will be within the ranges set forth below:

Property Management and Asset Management Services. To the extent that we acquire any properties requiring active management (e.g., operating properties that are not net-leased) or asset management services, including on-site services, we may enter into fee-paying management or other arrangements with Icahn Enterprises GP or its affiliates.

Brokerage and Leasing Commissions. We also may pay affiliates of Icahn Enterprises GP real estate brokerage and leasing commissions (which generally may range from 2% to 6% of the purchase price or rentals depending on location; this range may be somewhat higher for problem properties or lesser-valued properties).

Lending Arrangements. Icahn Enterprises GP or its affiliates may lend money to, or arrange loans for, us. Fees payable to Icahn Enterprises GP or its affiliates in connection with such activities

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include mortgage brokerage fees (generally .5% to 3% of the loan amount), mortgage origination fees (generally .5% to 1.5% of the loan amount) and loan servicing fees (generally .10% to .12% of the loan amount), as well as interest on any amounts loaned by Icahn Enterprises GP or its affiliates to us.

Development and Construction Services. Icahn Enterprises GP or its affiliates may also receive fees for development services, generally 1% to 4% of development costs, and general contracting services or construction management services, generally 4% to 6% of construction costs.

No fees were paid under these provisions during fiscal 2010.

Director Independence

We believe that Messrs Leidesdorf, Nelson and Wasserman are independent as defined in the currently applicable listing standards of the NYSE. Messrs Leidesdorf, Nelson and Wasserman serve as members of our audit committee. The board of directors of Icahn Enterprises GP has determined that we are a controlled company for the purposes of the NYSE s listing standards and therefore are not required to have a majority of independent directors or to have compensation and nominating committees consisting entirely of independent directors. A majority of the members of Icahn Enterprises GP s board of directors are independent and the audit committee consists entirely of these independent directors.

Item 14. Principal Accountant Fees and Services.

We incurred $4,709,000 and $2,707,000 in audit fees and expenses from Grant Thornton LLP for fiscal 2010 and fiscal 2009, respectively. We include in the category of audit fees services such services related to audit of annual consolidated financial statements and internal controls, review of quarterly financial statements, review of reports filed with the SEC and other services, including services related to consents and registration statements filed with the SEC.

We incurred $230,000 in audit-related fees and expenses from Grant Thornton LLP for fiscal 2010 relating primarily to services provided in connection with offering memorandums. We did not incur any audit-related fees in fiscal 2009.

In accordance with Icahn Enterprises Amended and Restated Audit Committee Charter adopted on March 12, 2004, the audit committee is required to approve in advance any and all audit services and permitted non-audit services provided to Icahn Enterprises and its consolidated subsidiaries by its independent auditors (subject to the de minimis exception of Section 10A (i) (1) (B) of the 34 Act), all as required by applicable law or listing standards. All of the fees in fiscal 2010 and fiscal 2009 were pre-approved by the audit committee.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements:

The following financial statements of Icahn Enterprises L.P., and subsidiaries, are included in Part II, Item 8 of this report:

(a)(2) Financial Statement Schedules:

All other financial statement schedules have been omitted because the required financial information is not applicable, immaterial or the information is shown in the financial statements or notes thereto.

(a)(3) Exhibits:

The list of exhibits required by Item 601 of Regulation S-K and filed as part of this Annual Report on Form 10-K is set forth in the Exhibit Index.

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SCHEDULE I

ICAHN ENTERPRISES, L.P.
(Parent Company)

CONDENSED BALANCE SHEETS
December 31, 2010 and 2009

	December 31,	
	2010	2009
	(In Millions, Except Unit Amounts)	
ASSETS		
Investments in subsidiaries, net	$6,367	$ 4,926
Deferred financing costs	12	7
Total Assets	$6,379	$ 4,933
LIABILITIES AND EQUITY		
Accrued interest expense	$96	$ 34
Debt	3,100	1,929
Preferred limited partner units		136
	3,196	2,099
Commitments and contingencies (Note 3)		
Equity:		
Limited partners:		
Depositary units: 92,400,000 authorized; issued 85,865,619 and 75,912,797 at December 31, 2010 and 2009, respectively; outstanding 84,728,419 and 74,775,597 at December 31, 2010 and 2009, respectively	3,477	2,828
General partner	(282)	18
Treasury units, at cost	(12)	(12)
Total equity	3,183	2,834
Total Liabilities and Equity	$6,379	$ 4,933

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SCHEDULE I

ICAHN ENTERPRISES, L.P.
(Parent Company)

CONDENSED STATEMENTS OF OPERATIONS
Years Ended December 31, 2010, 2009 and 2008

	Year Ended December 31,		
	2010	2009	2008
	(In Millions)		
Interest expense	$ (192)	$ (136)	$ (136)
Other expense	(40)	(1)	
Equity in earnings of subsidiaries	431	390	110
Net income (loss)	$ 199	$ 253	$ (26)
Net income (loss) allocable to:			
Limited partners	$ 195	$ 229	$ (57)
General partner	4	24	31
	$ 199	$ 253	$ (26)

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SCHEDULE I

ICAHN ENTERPRISES, L.P.
(Parent Company)

CONDENSED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010, 2009 and 2008

	Year Ended December 31,		
	2010	2009	2008
	(In Millions)		
Cash flows from operating activities:			
Net income (loss)	$ 199	$ 253	$ (26)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Preferred LP unit interest expense	2	6	6
Amortization of deferred financing costs	2	2	2
Amortization of debt discount	1	2	2
Equity in earnings of subsidiary	(431)	(390)	(110)
Net cash used in operating activities	(227)	(127)	(126)
Cash flows from investing activities:			
Net investment in and advances from subsidiary	(871)	203	195
Net cash (used in) provided by investing activities	(871)	203	195
Cash flows from financing activities:			
Partnership distributions	(84)	(76)	(71)
General partner contribution	3		2
Proceeds from borrowings	2,499		
Repayments of borrowings	(1,320)		
Net cash provided by (used in) financing activities	1,098	(76)	(69)
Net change in cash and cash equivalents			
Cash and cash equivalents, beginning of period			
Cash and cash equivalents, end of period	$	$	$

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1. Description of Business and Basis of Presentation

Icahn Enterprises, L.P. (Icahn Enterprises) is a master limited partnership formed in Delaware on February 17, 1987. We own a 99% limited partner interest in Icahn Enterprises Holdings L.P. (Icahn Enterprises Holdings). Icahn Enterprises Holdings and its subsidiaries own substantially all of our assets and liabilities and conduct substantially all of our operations. Icahn Enterprises G.P. Inc. (Icahn Enterprises GP), our sole general partner, which is owned and controlled by Carl C. Icahn, owns a 1% general partner interest in both us and Icahn Enterprises Holdings, representing an aggregate 1.99% general partner interest in us and Icahn Enterprises Holdings. As of December 31, 2010, Icahn Enterprises Holdings is engaged in the following continuing operating businesses: Investment Management, Automotive, Gaming, Railcar, Food Packaging, Metals, Real Estate and Home Fashion.

The condensed financial statements of Icahn Enterprises should be read in conjunction with the consolidated financial statements and notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K.

2. Long-Term Debt

See Note 12, Debt, to the consolidated financial statements located in Part II, Item 8 of this Annual Report on Form 10-K. Parent company debt is reported gross in the condensed financial statements whereas it appears in our Annual Report on Form 10-K for fiscal 2010 net of $44 million as of December 31, 2010 and 2009, of principal amount purchased in fiscal 2008 that is held by an Icahn Enterprises subsidiary.

Debt consists of the following (in millions):

	December 31,	
	2010	2009
Senior unsecured variable rate convertible notes due 2013	$ 600	$ 600
Senior unsecured 8% notes due 2018	1,450	
Senior unsecured 7.75% notes due 2016	1,050	
Senior unsecured 7.125% notes due 2013		977
Senior unsecured 8.125% notes due 2012		352
Total debt	$ 3,100	$ 1,929

3. Commitments and Contingencies

See Note 21, Commitments and Contingencies, to the consolidated financial statements located in Part II, Item 8 of this Annual Report on Form 10-K.

4. Preferred Limited Partner Units

See Note 15, Preferred Limited Partner Units, to the consolidated financial statements located in Part II, Item 8 of this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Icahn Enterprises L.P.
By:

Icahn Enterprises G.P. Inc., its
General Partner
By

/s/ Daniel A. Ninivaggi
Daniel A. Ninivaggi
President and Principal Executive Officer

Date: March 7, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated with respect to Icahn Enterprises G.P. Inc., the general partner of Icahn Enterprises L.P., and on behalf of the registrant and on the dates indicated below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Daniel A. Ninivaggi Daniel A. Ninivaggi	President and Principal Executive Officer	March 7, 2011
/s/ Dominick Ragone Dominick Ragone	Chief Financial Officer	March 7, 2011
/s/ Jack G. Wasserman Jack G. Wasserman	Director	March 7, 2011
/s/ William A. Leidesdorf William A. Leidesdorf	Director	March 7, 2011
/s/ James L. Nelson James L. Nelson	Director	March 7, 2011
/s/ Vincent J. Intrieri Vincent J. Intrieri	Director	March 7, 2011
/s/ Carl C. Icahn Carl C. Icahn	Chairman of the Board	March 7, 2011

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EXHIBIT INDEX

2.1	Agreement and Plan of Merger, dated as of December 15, 2010, by and among Dynegy, Inc., IEH Merger Sub LLC and IEP Merger Sub Inc. (incorporated by reference to Exhibit 2.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on December 17, 2010.
3.1	Certificate of Limited Partnership of Icahn Enterprises L.P., f/k/a American Real Estate Partners, L.P. (Icahn Enterprises) dated February 17, 1987, as thereafter amended from time to time (incorporated by reference to Exhibit 3.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on September 20, 2007).
3.2	Amended and Restated Agreement of Limited Partnership of Icahn Enterprises, dated May 12, 1987 (incorporated by reference to Exhibit 3.2 to Icahn Enterprises Form 10-Q for the quarter ended March 31, 2004 (SEC File No. 1-9516), filed on May 10, 2004).
3.3	Amendment No. 6 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises, dated December 17, 2007 (incorporated by reference to Exhibit 99.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on December 21, 2007).
3.4	Amendment No. 5 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises, dated September 17, 2007 (incorporated by reference to Exhibit 99.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on December 21, 2007).
3.5	Amendment No. 4 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises, dated June 29, 2005 (incorporated by reference to Exhibit 3.1 to Icahn Enterprises Form 10-Q for the quarter ended March 31, 2005 (SEC File No. 1-9516), filed on June 30, 2005).
3.6	Amendment No. 3 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises, dated May 9, 2002 (incorporated by reference to Exhibit 3.8 to Icahn Enterprises Form 10-K for the year ended December 31, 2002 (SEC File No. 1-9516), filed on March 31, 2003).
3.7	Amendment No. 2 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises, dated August 16, 1996 (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K SEC Filene. 1-9516), filed on August 16, 1996).
3.8	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises, dated February 22, 1995 (incorporated by reference to Exhibit 3.3 to Icahn Enterprises Form 10-K for the year ended December 31, 1994 (SEC File No. 1-9516), filed on March 31, 1995).
3.9	Certificate of Limited Partnership of Icahn Enterprises Holdings L.P., f/k/a American Real Estate Holdings Limited Partnership (Icahn Enterprises Holdings), dated February 17, 1987, as amended pursuant to the First Amendment thereto, dated March 10, 1987 (incorporated by reference to Exhibit 3.5 to Icahn Enterprises Form 10-Q for the quarter ended March 31, 2004 (SEC File No. 1-9516), filed on May 10, 2004, as further amended pursuant to the Certificate of Amendment thereto, dated September 17, 2007 (incorporated by reference to Exhibit 3.9 to Icahn Enterprises Form 10-K for the year ended December 31, 2007 (SEC File No. 1-9516), filed on March 17, 2008).
3.10	Amended and Restated Agreement of Limited Partnership of Icahn Enterprises Holdings, dated as of July 1, 1987 (incorporated by reference to Exhibit 3.5 to Icahn Enterprises Form 10-Q for the quarter ended March 31, 2004 (SEC File No. 1-9516), filed on May 10, 2004).
3.11	Amendment No. 4 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises Holdings, dated September 17, 2007 (incorporated by reference to Exhibit 3.11 to

Icahn Enterprises Form 10-K for the year ended December 31, 2007 (SEC File No. 1-9516), filed on March 17, 2008).

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3.12	Amendment No. 3 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises Holdings, dated June 29, 2005 (incorporated by reference to Exhibit 3.2 to Icahn Enterprises Form 10-Q for the quarter ended March 31, 2005 (SEC File No. 1-9516), filed on June 30, 2005).
3.13	Amendment No. 2 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises Holdings, dated June 14, 2002 (incorporated by reference to Exhibit 3.9 to Icahn Enterprises Form 10-K for the year ended December 31, 2002 (SEC File No. 1-9516), filed on March 31, 2003).
3.14	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Icahn Enterprises Holdings, dated August 16, 1996 (incorporated by reference to Exhibit 10.2 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on August 16, 1996).
4.1	Depositary Agreement among Icahn Enterprises, Icahn Enterprises G.P. Inc., f/k/a American Property Investors, Inc. (Icahn Enterprises GP) and Registrar and Transfer Company, dated as of July 1, 1987 (incorporated by reference to Exhibit 4.1 to Icahn Enterprises Form 10-Q for the quarter ended March 31, 2004 (SEC File No. 1-9516), filed on May 10, 2004).
4.2	Amendment No. 1 to the Depositary Agreement dated as of February 22, 1995 (incorporated by reference to Exhibit 4.2 to Icahn Enterprises Form 10-K for the year ended December 31, 1994 (SEC File No. 1-9516), filed on March 31, 1995).
4.3	Form of Transfer Application (incorporated by reference to Exhibit 4.4 to Icahn Enterprises Form 10-K for the year ended December 31, 2004 (SEC File No. 1-9516), filed on March 16, 2005).
4.4	Specimen Depositary Receipt (incorporated by reference to Exhibit 4.3 to Icahn Enterprises Form 10-K for the year ended December 31, 2004 (SEC File No. 1-9516), filed on March 16, 2005).
4.5	Specimen Certificate representing preferred units (incorporated by reference to Exhibit 4.9 to Icahn Enterprises Form S-3 (SEC File No. 33-54767), filed on February 22, 1995).
4.6	Registration Rights Agreement between Icahn Enterprises and X LP (now known as High Coast Limited Partnership) (incorporated by reference to Exhibit 10.2 to Icahn Enterprises Form 10-K for the year ended December 31, 2004 (SEC File No. 1-9516), filed on March 16, 2005).
4.7	Registration Rights Agreement, dated June 30, 2005 between Icahn Enterprises and Highcrest Investors Corp., Amos Corp., Cyprus, LLC and Gascon Partners (incorporated by reference to Exhibit 10.6 to Icahn Enterprises Form 10-Q (SEC File No. 1-9516), filed on August 9, 2005), as amended by Amendment No. 1 thereto, dated as of August 8, 2007 (incorporated by reference to Exhibit 10.5 to Icahn Enterprises Form 10-Q for the quarter ended June 30, 2007 (SEC File No. 1-9516), filed on August 9, 2007).
10.1	Amended and Restated Agency Agreement (incorporated by reference to Exhibit 10.12 to Icahn Enterprises Form 10-K for the year ended December 31, 1994 (SEC File No. 1-9516), filed on March 31, 1995).
10.2	Indenture, dated as of January 15, 2010, among Icahn Enterprises, Icahn Enterprises Finance Corp., (Icahn Enterprises Finance), Icahn Enterprises Holdings, as Guarantor, and Wilmington Trust Company, as Trustee relating to the 7¾% Senior Notes Due 2016 and the 8% Senior Notes Due 2018 (incorporated by reference to Exhibit 4.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 15, 2010).
10.3	Registration Rights Agreement, dated January 15, 2010, among Icahn Enterprises, Icahn Enterprises Finance, Icahn Enterprises Holdings and Jefferies & Company, Inc. (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on

January 15, 2010).

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10.4	Contribution and Exchange Agreement, dated January 12, 2010, among Icahn Enterprises, Beckton Corp., Barberry Corp., Modal LLC and Caboose Holding, LLC (incorporated by reference to Exhibit 10.2 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 15, 2010).
10.5	Contribution and Exchange Agreement, dated January 12, 2010, among Icahn Enterprises, Beckton Corp., Barberry Corp., Koala Holding Limited Partnership, High River Limited Partnership and Meadow Walk Limited Partnership (incorporated by reference to Exhibit 10.3 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 15, 2010).
10.6	Equity Commitment Agreement, dated June 23, 2005, by and among WS Textile Co., Inc., Textile Holding, Icahn Enterprises Holdings and Aretex LLC (incorporated by reference to Exhibit 10.2 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on July 1, 2005).
10.7	Rights Offering Sponsor Agreement, dated June 23, 2005, by and between WS Textile Co., Inc. and Icahn Enterprises Holdings (incorporated by reference to Exhibit 10.3 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on July 1, 2005).
10.8	Undertaking, dated November 20, 1998, by Starfire Holding Corporation, for the benefit of Icahn Enterprises and its subsidiaries (incorporated by reference to Exhibit 10.42 to Icahn Enterprises Form 10-K for the year ended December 31, 2005 (SEC File No. 1-9516), filed on March 16, 2006).
10.9	Loan and Security Agreement, dated as of June 16, 2006, among WestPoint Home, Inc., as the Borrower, the Lenders from time to time party thereto, and Bank of America, N.A., as the Administrative Agent (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9156), filed on June 22, 2006).
10.10	Exclusivity Agreement and Letter of Intent, dated September 7, 2006, by and among Icahn Enterprises, Icahn Enterprises Holdings and Riata Energy, Inc. (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on September 8, 2006).
10.11	Subscription and Standby Commitment Agreement, dated as of December 7, 2006, by and among WestPoint International, Inc. and Icahn Enterprises Holdings (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on December 8, 2006).
10.12	Registration Rights Agreement, dated January 17, 2007, among Icahn Enterprises, Icahn Enterprises Finance, Icahn Enterprises Holdings, as Guarantor, and Jefferies & Company, Inc., as the Initial Purchaser (incorporated by reference to Exhibit 4.3 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 19, 2007).
10.13	Securities Purchase Agreement, dated April 4, 2007, by and among Icahn Enterprises and the Initial Buyers (incorporated by reference to Exhibit 10.41 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on April 5, 2007).
10.14	Registration Rights Agreement, dated April 4, 2007, by and among Icahn Enterprises and the Initial Buyers (incorporated by reference to Exhibit 10.42 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on April 5, 2007).
10.15	Form of Indenture, dated April 5, 2007, by and among Icahn Enterprises, Icahn Enterprises Finance, Icahn Enterprises Holdings and Wilmington Trust Company, as Trustee (incorporated by reference to Exhibit 10.43 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on April 5, 2007).
10.16	Form of Variable Rate Senior Convertible Notes due 2013 (incorporated by reference to Exhibit 10.44 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on April 17, 2007).
10.17	

Membership Interest Purchase Agreement, dated April 22, 2007, by and between W2007/ACEP Holdings, LLC and American Entertainment Properties Corp. (incorporated by reference to Exhibit 10.45 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on April 24, 2007), as amended by the Second Amendment thereto, dated February 8, 2008 (incorporated by reference to Exhibit 10.46 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on February 11, 2008).

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10.18	Contribution and Exchange Agreement by and among Icahn Enterprises, CCI Offshore Corp., CCI Onshore Corp., Icahn Management LP and Carl C. Icahn (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 10-Q for the quarter ended June 30, 2007 (SEC File No. 1-9516), filed on August 9, 2007).
10.19	Employment Agreement by and among Icahn Enterprises, Icahn Capital Management LP and Carl C. Icahn (incorporated by reference to Exhibit 10.2 to Icahn Enterprises Form 10-Q for the quarter ended June 30, 2007 (SEC File No. 1-9516), filed on August 9, 2007).
10.20	Non-Competition Agreement by and between Icahn Enterprises and Carl C. Icahn (incorporated by reference to Exhibit 10.3 to Icahn Enterprises Form 10-Q for the quarter ended June 30, 2007 (SEC File No. 1-9516), filed on August 9, 2007).
10.21	Covered Affiliate and Shared Expenses Agreement by and among Icahn Enterprises, Icahn Partners LP, Icahn Fund Ltd., Icahn Fund II Ltd., Icahn Fund III Ltd., Icahn Partners Master Fund L.P., Icahn Partners Master Fund II L.P., Icahn Partners Master Fund III L.P., Icahn Cayman Partners, L.P. and Icahn Partners Master Fund II Feeder LP (incorporated by reference to Exhibit 10.4 to Icahn Enterprises Form 10-Q for the quarter ended June 30, 2007 (SEC File No. 1-9516), filed on August 9, 2007).
10.22	Stock Purchase Agreement, dated as of November 5, 2007, by and among Cloud Holding LLC, Icahn Enterprises Holdings, Arnos Corp, Philip Services Corporation and PSC Metals Inc. (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 10-Q for the quarter ended September 30, 2007 (SEC File No. 1-9516), filed on November 9, 2007).
10.23	Carl C. Icahn Amendment Agreement (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008).
10.24	Keith A. Meister Employment Agreement effective as of January 1, 2010 by and between Icahn Enterprises, Icahn Capital L.P. and Keith Meister (incorporated by reference to Exhibit 10.32 to Icahn Enterprises Form 10-K (SEC File No. 1-9516), filed on March 3, 2010).
10.25	Keith A. Meister Employment Agreement effective as of June 1, 2009 by and between Icahn Enterprises, Icahn Capital L.P. and Keith Meister (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on May 22, 2009), as amended March 1, 2010 effective as of January 1, 2010.
10.26	Amended Keith A. Meister Employment Agreement (incorporated by reference to Exhibit 10.2 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008); June 1, 2005 Keith A. Meister Amendment (incorporated by reference to Exhibit 10.3 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008); January 1, 2006 Keith A. Meister Amendment (incorporated by reference to Exhibit 10.4 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008); March 14, 2006 Keith A. Meister Amendment (incorporated by reference to Exhibit 10.5 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008); April 11, 2006 Keith A. Meister Amendment (incorporated by reference to Exhibit 10.6 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008); February 1, 2007 Keith A. Meister Amendment (incorporated by reference to Exhibit 10.7 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008; April 19, 2007 Keith A. Meister Amendment (incorporated by reference to Exhibit 10.8 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008); First August 8, 2007 Keith A. Meister Amendment (incorporated by reference to Exhibit 10.9 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008); Second August 8, 2007 Keith A. Meister Amendment (incorporated by reference to Exhibit 10.10 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008); Keith A. Meister Amendment Agreement (incorporated by reference to Exhibit 10.11 to Icahn Enterprises Form

	8-K (SEC File No. 1-9516), filed on January 7, 2008).
10.27	Amended Vincent J. Intrieri Employment Agreement (incorporated by reference to Exhibit 10.12 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008).

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10.28	February 1, 2007 Vincent J. Intrieri Amendment (incorporated by reference to Exhibit 10.13 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008).
10.29	April 19, 2007 Vincent J. Intrieri Amendment (incorporated by reference to Exhibit 10.14 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008).
10.30	First August 8, 2007 Vincent J. Intrieri Amendment (incorporated by reference to Exhibit 10.15 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008).
10.31	Second August 8, 2007 Vincent J. Intrieri Amendment (incorporated by reference to Exhibit 10.16 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008).
10.32	Vincent J. Intrieri Amendment Agreement (incorporated by reference to Exhibit 10.17 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 7, 2008).
10.33	Stock Purchase Agreement by and among Icahn Enterprises Holdings, IEH FM Holdings LLC, Barberry Corp. and Thornwood Associates Limited Partnership, dated July 3, 2008 (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on July 3, 2008).
10.34	Employment Agreement of Dominick Ragone, dated as of May 1, 2008 (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on July 29, 2008). Employment Agreement of Dominick Ragone, dated December 31, 2010 (effective January 1, 2011), superseding and replacing the employment agreement entered into by the parties thereto dated May 1, 2008 (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on January 3, 2011).
10.35	Tender and Support Agreement, dated as of October 6, 2008, by and among Icahn Enterprises Holdings L.P. and Eli Lilly and Company (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on October 9, 2008).
10.36	Contribution and Exchange Agreement by and among Icahn Enterprises, Barberry Corp. and Thornwood Associates Limited Partnership, dated December 2, 2008 (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on December 3, 2008).
10.37	Employment Agreement of Daniel A. Ninivaggi, dated as of February 11, 2010 (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on February 18, 2010).
10.38	Class A Option Agreement of Daniel A. Ninivaggi (incorporated by reference to Exhibit 10.2 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on February 18, 2010).
10.39	Class B Option Agreement of Daniel A. Ninivaggi (incorporated by reference to Exhibit 10.3 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on February 18, 2010).
10.40	Support Agreement, dated as of December 15, 2010, by and among Dynegy Inc., High River Limited Partnership, Icahn Partners LP, Icahn Partners Master Fund LP, Icahn Partners Master Fund II LP and Icahn Partners Master Fund III LP (incorporated by reference to Exhibit 10.1 to Icahn Enterprises Form 8-K (SEC File No. 1-9516), filed on December 7, 2010).
12.1	Ratio of earnings to fixed charges.
14.1	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 99.2 to Icahn Enterprises Form 10-Q for the quarter ended September 30, 2004 (SEC File No. 1-9516), filed on November 9, 2004).
18.1	Preferability letter received from Grant Thornton LLP, dated November 7, 2007 (incorporated by reference to Exhibit 18.1 to Icahn Enterprises Form 10-Q for the quarter ended September 30, 2007 (SEC File No. 1-9516), filed on November 9, 2007).
21.1	Subsidiaries of the Registrant.
23.1	Consent of Grant Thornton LLP.

23.2 Consent of Ernst & Young LLP.

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31.1	Certification of Principal Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 and Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002 and Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and Rule 13a-14(b) of the Securities Exchange Act of 1934.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and Rule 13a-14(b) of the Securities Exchange Act of 1934.

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