

Huntsman CORP
 Form 10-Q
 October 29, 2013

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**UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

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	Exact Name of Registrant as Specified in its Charter, Principal Office Address and Telephone Number	State of Incorporation or Organization	I.R.S. Employer Identification No.
001-32427	Huntsman Corporation 500 Huntsman Way Salt Lake City, Utah 84108 (801) 584-5700	Delaware	42-1648585
333-85141	Huntsman International LLC 500 Huntsman Way Salt Lake City, Utah 84108 (801) 584-5700	Delaware	87-0630358

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

Huntsman Corporation YES NO
 Huntsman International LLC YES NO

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

Huntsman Corporation YES NO

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**HUNTSMAN CORPORATION AND SUBSIDIARIES
HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD
ENDED SEPTEMBER 30, 2013**

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

HUNTSMAN CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in Millions, Except Share and Per Share Amounts)

	September 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents(a)	\$ 397	\$ 387
Restricted cash(a)	9	9
Accounts and notes receivable (net of allowance for doubtful accounts of \$43 and \$47, respectively), (\$594 and \$520 pledged as collateral, respectively)(a)	1,674	1,534
Accounts receivable from affiliates	29	49
Inventories(a)	1,695	1,819
Prepaid expenses	66	48
Deferred income taxes	51	51
Other current assets(a)	205	222
Total current assets	4,126	4,119
Property, plant and equipment, net(a)	3,745	3,745
Investment in unconsolidated affiliates	274	238
Intangible assets, net(a)	55	68
Goodwill	131	117
Deferred income taxes	238	229
Notes receivable from affiliates	1	2
Other noncurrent assets(a)	451	366
Total assets	\$ 9,021	\$ 8,884
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	\$ 1,034	\$ 1,102
Accounts payable to affiliates	41	48
Accrued liabilities(a)	689	705
Deferred income taxes	38	38
Current portion of debt(a)	295	288
Total current liabilities	2,097	2,181
Long-term debt(a)	3,574	3,414
Notes payable to affiliates	5	4
Deferred income taxes	267	228
Other noncurrent liabilities(a)	1,115	1,161
Total liabilities	7,058	6,988
Commitments and contingencies (Notes 13 and 14)		
Equity		
Huntsman Corporation stockholders' equity:		
Common stock \$0.01 par value, 1,200,000,000 shares authorized, 245,423,677 and 243,813,779 issued and 239,890,799 and 238,273,422 outstanding in 2013 and 2012, respectively	2	2
Additional paid-in capital	3,297	3,264
Treasury stock, 4,043,526 shares at both September 30, 2013 and December 31, 2012	(50)	(50)
Unearned stock-based compensation	(16)	(12)

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Accumulated deficit	(698)	(687)
Accumulated other comprehensive loss	(714)	(744)
Total Huntsman Corporation stockholders' equity	1,821	1,773
Noncontrolling interests in subsidiaries	142	123
Total equity	1,963	1,896
Total liabilities and equity	\$ 9,021	\$ 8,884

(a) At September 30, 2013 and December 31, 2012, respectively, \$45 and \$28 of cash and cash equivalents, \$9 each of restricted cash, \$46 and \$38 of accounts and notes receivable (net), \$49 and \$55 of inventories, \$2 and nil of other current assets, \$367 and \$378 of property, plant and equipment (net), \$17 and \$19 of intangible assets (net), \$28 each of other noncurrent assets, \$134 and \$76 of accounts payable, \$28 and \$26 of accrued liabilities, \$186 and \$193 of current portion of debt, \$70 and \$77 of long-term debt, and \$88 and \$101 of other noncurrent liabilities from consolidated variable interest entities are included in the respective Balance Sheet captions above. See "Note 5. Variable Interest Entities."

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

(in Millions, Except Per Share Amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Revenues:				
Trade sales, services and fees, net	\$ 2,789	\$ 2,691	\$ 8,198	\$ 8,406
Related party sales	53	50	176	162
Total revenues	2,842	2,741	8,374	8,568
Cost of goods sold	2,335	2,204	7,067	6,954
Gross profit	507	537	1,307	1,614
Operating expenses:				
Selling, general and administrative	238	220	697	673
Research and development	35	35	105	112
Other operating (income) expense	(1)		6	7
Restructuring, impairment and plant closing costs	37	47	110	52
Total expenses	309	302	918	844
Operating income	198	235	389	770
Interest expense, net	(48)	(56)	(146)	(172)
Equity in income of investment in unconsolidated affiliates	3	2	6	5
Loss on early extinguishment of debt		(1)	(35)	(2)
Other income		1	2	2
Income from continuing operations before income taxes	153	181	216	603
Income tax expense	(81)	(61)	(105)	(186)
Income from continuing operations	72	120	111	417
Loss from discontinued operations, net of tax	(2)	(1)	(4)	(7)
Income before extraordinary gain	70	119	107	410
Extraordinary gain on the acquisition of a business, net of tax of nil		1		1
Net income	70	120	107	411
Net income attributable to noncontrolling interests	(6)	(4)	(20)	(8)
Net income attributable to Huntsman Corporation	\$ 64	\$ 116	\$ 87	\$ 403
Basic income (loss) per share:				
Income from continuing operations attributable to Huntsman Corporation common stockholders	\$ 0.28	\$ 0.49	\$ 0.38	\$ 1.72
Loss from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax	(0.01)		(0.02)	(0.02)
Extraordinary gain on the acquisition of a business attributable to Huntsman Corporation common stockholders, net of tax				
Net income attributable to Huntsman Corporation common stockholders	\$ 0.27	\$ 0.49	\$ 0.36	\$ 1.70
Weighted average shares	239.8	237.9	239.5	237.4
Diluted income (loss) per share:				
Income from continuing operations attributable to Huntsman Corporation common stockholders	\$ 0.27	\$ 0.48	\$ 0.38	\$ 1.70

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Loss from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax	(0.01)	(0.02)	(0.02)	
Extraordinary gain on the acquisition of a business attributable to Huntsman Corporation common stockholders, net of tax				
Net income attributable to Huntsman Corporation common stockholders	\$ 0.26	\$ 0.48	\$ 0.36	\$ 1.68
 Weighted average shares	 242.5	 240.8	 242.1	 240.3
Amounts attributable to Huntsman Corporation common stockholders:				
Income from continuing operations	\$ 66	\$ 116	\$ 91	\$ 409
Loss from discontinued operations, net of tax	(2)	(1)	(4)	(7)
Extraordinary gain on the acquisition of a business, net of tax		1		1
 Net income	 \$ 64	 \$ 116	 \$ 87	 \$ 403
 Dividends per share	 \$ 0.125	 \$ 0.10	 \$ 0.375	 \$ 0.30

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)****(Dollars in Millions)**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net income	\$ 70	\$ 120	\$ 107	\$ 411
Other comprehensive income, net of tax:				
Foreign currency translations adjustments, net of tax of \$3 and nil for the three months ended, respectively, and \$2 and \$1 for the nine months ended, respectively	53	94	(44)	25
Pension and other postretirement benefits adjustments, net of tax \$(6) and \$3 for the three months ended, respectively, and \$(21) and \$(15) for the nine months ended, respectively	18	14	68	55
Other, net	3		5	(2)
Other comprehensive income, net of tax:	74	108	29	78
Comprehensive income	144	228	136	489
Comprehensive income attributable to noncontrolling interests	(8)	(6)	(19)	(10)
Comprehensive income attributable to Huntsman Corporation	\$ 136	\$ 222	\$ 117	\$ 479

See accompanying notes to condensed consolidated financial statements (unaudited).

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HUNTSMAN CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in Millions)

	Nine months ended September 30,	
	2013	2012
Operating Activities:		
Net income	\$ 107	\$ 411
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on the consolidation of a business		4
Equity in income of investment in unconsolidated affiliates	(6)	(5)
Depreciation and amortization	326	324
Loss on disposal of businesses/assets, net	4	2
Loss on early extinguishment of debt	35	2
Noncash interest expense	7	27
Noncash restructuring and impairment charges	7	10
Deferred income taxes	31	47
Noncash loss on foreign currency transactions	23	9
Stock-based compensation	21	21
Other, net	1	3
Changes in operating assets and liabilities:		
Accounts and notes receivable	(146)	(102)
Inventories	118	(252)
Prepaid expenses	(16)	(17)
Other current assets	17	12
Other noncurrent assets	(108)	(8)
Accounts payable	(18)	122
Accrued liabilities	(45)	15
Other noncurrent liabilities	30	(69)
Net cash provided by operating activities	388	556
Investing Activities:		
Capital expenditures	(295)	(248)
Investment in unconsolidated affiliates	(76)	(84)
Proceeds from sale of businesses/assets	(1)	
Cash received from unconsolidated affiliates	48	51
Acquisition of a business	(66)	(18)
Increase in restricted cash		(2)
Other, net	2	2
Net cash used in investing activities	(388)	(299)

(Continued)

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)**

(Dollars in Millions)

	Nine months ended September 30,	
	2013	2012
Financing Activities:		
Net repayments under revolving loan facilities	\$ (3)	\$ (16)
Net borrowings on overdraft facilities	(2)	2
Repayments of short-term debt	(18)	(40)
Borrowings on short-term debt	14	
Repayments of long-term debt	(459)	(242)
Proceeds from issuance of long-term debt	572	3
Repayments of notes payable	(30)	(33)
Borrowings on notes payable	34	34
Debt issuance costs paid	(4)	(4)
Call premiums and other costs related to early extinguishment of debt	(4)	(2)
Dividends paid to common stockholders	(90)	(72)
Repurchase and cancellation of stock awards	(6)	(7)
Proceeds from issuance of common stock	4	2
Excess tax benefit related to stock-based compensation	4	4
Other, net		(7)
Net cash provided by (used in) financing activities	12	(378)
Effect of exchange rate changes on cash	(2)	2
Increase (decrease) in cash and cash equivalents	10	(119)
Cash and cash equivalents at beginning of period	387	554
Cash and cash equivalents at end of period	\$ 397	\$ 435
Supplemental cash flow information:		
Cash paid for interest	\$ 152	\$ 177
Cash paid for income taxes	60	153

During the nine months ended September 30, 2013 and 2012, the amount of capital expenditures in accounts payable decreased by \$41 million and \$1 million, respectively.

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)****(Dollars in Millions)****Huntsman Corporation Stockholders**

	Common stock		Additional paid-in capital	Treasury stock	Unearned stock-based compensation	Accumulated deficit	Accumulated other comprehensive (loss) income	Noncontrolling interests in subsidiaries	Total equity
	Shares	Amount							
Balance, January 1, 2013	238,273,422	\$ 2	\$ 3,264	\$ (50)	\$ (12)	\$ (687)	\$ (744)	\$ 123	\$ 1,896
Net income (loss)						87		20	107
Other comprehensive income							30	(1)	29
Issuance of nonvested stock awards			14		(14)				
Vesting of stock awards	1,067,888		5						5
Recognition of stock-based compensation			6		10				16
Repurchase and cancellation of stock awards	(304,209)					(6)			(6)
Stock options exercised	853,698		4						4
Excess tax benefit related to stock- based compensation			4						4
Accrued and unpaid dividends						(2)			(2)
Dividends paid on common stock						(90)			(90)
Balance, September 30, 2013	239,890,799	\$ 2	\$ 3,297	\$ (50)	\$ (16)	\$ (698)	\$ (714)	\$ 142	\$ 1,963
Balance, January 1, 2012	235,746,087	\$ 2	\$ 3,228	\$ (50)	\$ (12)	\$ (947)	\$ (559)	\$ 114	\$ 1,776
Net income						403		8	411
Other comprehensive income							76	2	78
Issuance of nonvested stock awards			12		(12)				
Vesting of stock awards	2,155,549		10						10
Recognition of stock-based compensation			6		10				16
Repurchase and cancellation of stock awards	(534,996)					(7)			(7)
	661,299		2						2

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Stock options exercised																	
Excess tax benefit related to stock-based compensation			4								4						
Dividends paid on common stock							(72)				(72)						
Acquisition of a business			(2)								(2)						
Balance, September 30, 2012	238,027,939	\$	2	\$	3,260	\$	(50)	\$	(14)	\$	(623)	\$	(483)	\$	124	\$	2,216

See accompanying notes to condensed consolidated financial statements (unaudited).

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in Millions)

	September 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents(a)	\$ 378	\$ 210
Restricted cash(a)	9	9
Accounts and notes receivable (net of allowance for doubtful accounts of \$43 and \$47, respectively), (\$594 and \$520 pledged as collateral, respectively)(a)	1,673	1,534
Accounts receivable from affiliates	286	299
Inventories(a)	1,695	1,819
Prepaid expenses	66	48
Deferred income taxes	51	51
Other current assets(a)	205	222
Total current assets	4,363	4,192
Property, plant and equipment, net(a)	3,675	3,656
Investment in unconsolidated affiliates	274	238
Intangible assets, net(a)	57	70
Goodwill	131	117
Deferred income taxes	237	229
Notes receivable from affiliates	1	2
Other noncurrent assets(a)	451	366
Total assets	\$ 9,189	\$ 8,870
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	\$ 1,034	\$ 1,101
Accounts payable to affiliates	45	62
Accrued liabilities(a)	733	723
Deferred income taxes	38	39
Note payable to affiliate	100	100
Current portion of debt(a)	295	288
Total current liabilities	2,245	2,313
Long-term debt(a)	3,574	3,414
Notes payable to affiliates	777	599
Deferred income taxes	184	170
Other noncurrent liabilities(a)	1,112	1,157
Total liabilities	7,892	7,653
Commitments and contingencies (Notes 13 and 14)		
Equity		
Huntsman International LLC members' equity:		
Members' equity, 2,728 units issued and outstanding	3,133	3,109
Accumulated deficit	(1,220)	(1,224)
Accumulated other comprehensive loss	(758)	(791)
Total Huntsman International LLC members' equity	1,155	1,094
Noncontrolling interests in subsidiaries	142	123
Total equity	1,297	1,217
Total liabilities and equity	\$ 9,189	\$ 8,870

(a)

At September 30, 2013 and December 31, 2012, respectively, \$45 and \$28 of cash and cash equivalents, \$9 each of restricted cash, \$46 and \$38 of accounts and notes receivable (net), \$49 and \$55 of inventories, \$2 and nil of other current assets, \$367 and \$378 of property, plant and equipment (net), \$17 and \$19 of intangible assets (net), \$28 each of other noncurrent assets, \$134 and \$76 of accounts payable, \$28 and \$26 of accrued liabilities, \$186 and \$193 of current portion of debt, \$70 and \$77 of long-term debt, and \$88 and \$101 of other noncurrent liabilities from consolidated variable interest entities are included in the respective Balance Sheet captions above. See "Note 5. Variable Interest Entities."

See accompanying notes to condensed consolidated financial statements (unaudited).

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Dollars in Millions)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Revenues:				
Trade sales, services and fees, net	\$ 2,789	\$ 2,691	\$ 8,198	\$ 8,406
Related party sales	53	50	176	162
Total revenues	2,842	2,741	8,374	8,568
Cost of goods sold	2,331	2,199	7,054	6,940
Gross profit	511	542	1,320	1,628
Operating expenses:				
Selling, general and administrative	236	220	692	669
Research and development	35	35	105	112
Other operating (income) expense	(1)		6	7
Restructuring, impairment and plant closing costs	37	47	110	52
Total expenses	307	302	913	840
Operating income	204	240	407	788
Interest expense, net	(51)	(59)	(156)	(181)
Equity in income of investment in unconsolidated affiliates	3	2	6	5
Loss on early extinguishment of debt		(1)	(35)	(2)
Other income		1	2	2
Income from continuing operations before income taxes	156	183	224	612
Income tax expense	(80)	(62)	(106)	(188)
Income from continuing operations	76	121	118	424
Loss from discontinued operations, net of tax	(2)	(1)	(4)	(7)
Income before extraordinary gain	74	120	114	417
Extraordinary gain on the acquisition of a business, net of tax of nil		1		1
Net income	74	121	114	418
Net income attributable to noncontrolling interests	(6)	(4)	(20)	(8)
Net income attributable to Huntsman International LLC	\$ 68	\$ 117	\$ 94	\$ 410

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)****(Dollars in Millions)**

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Net income	\$ 74	\$ 121	\$ 114	\$ 418
Other comprehensive income, net of tax:				
Foreign currency translations adjustments, net of tax of \$3 and nil for the three months ended, respectively, and \$2 and \$1 for the nine months ended, respectively	53	94	(44)	25
Pension and other postretirement benefits adjustments, net of tax \$(7) and \$(3) for the three months ended, respectively, and \$(22) and \$(16) for the nine months ended, respectively	19	15	71	58
Other, net	2		5	(1)
Other comprehensive income, net of tax:	74	109	32	82
Comprehensive income	148	230	146	500
Comprehensive income attributable to noncontrolling interests	(8)	(6)	(19)	(10)
Comprehensive income attributable to Huntsman International LLC	\$ 140	\$ 224	\$ 127	\$ 490

See accompanying notes to condensed consolidated financial statements (unaudited).

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in Millions)

	Nine months ended September 30,	
	2013	2012
Operating Activities:		
Net income	\$ 114	\$ 418
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on the consolidation of a business		4
Equity in income of investment in unconsolidated affiliates	(6)	(5)
Depreciation and amortization	308	306
Loss on disposal of businesses/assets, net	4	2
Loss on early extinguishment of debt	35	2
Noncash interest (income) expense	(1)	36
Noncash restructuring and impairment charges	7	10
Deferred income taxes	6	127
Noncash loss on foreign currency transactions	23	9
Noncash compensation	20	20
Other, net	3	5
Changes in operating assets and liabilities:		
Accounts and notes receivable	(146)	(102)
Inventories	118	(252)
Prepaid expenses	(16)	(17)
Other current assets	17	(14)
Other noncurrent assets	(108)	(8)
Accounts payable	(9)	112
Accrued liabilities	(20)	45
Other noncurrent liabilities	33	(65)
Net cash provided by operating activities	382	633
Investing Activities:		
Capital expenditures	(295)	(248)
Increase in receivable from affiliate	(16)	(97)
Investment in unconsolidated affiliates	(76)	(84)
Proceeds from sale of businesses/assets	(1)	
Cash received from unconsolidated affiliates	48	51
Acquisition of a business	(66)	(18)
Increase in restricted cash		(2)
Other, net	2	2
Net cash used in investing activities	(404)	(396)

(Continued)

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)

(Dollars in Millions)

	Nine months ended September 30,	
	2013	2012
Financing Activities:		
Net repayments under revolving loan facilities	\$ (3)	\$ (16)
Net borrowings on overdraft facilities	(2)	2
Repayments of short-term debt	(18)	(40)
Borrowings on short-term debt	14	
Repayments of long-term debt	(459)	(242)
Proceeds from issuance of long-term debt	572	3
Proceeds from notes payable to affiliate	177	172
Repayments of notes payable	(30)	(33)
Borrowings on notes payable	34	34
Debt issuance costs paid	(4)	(4)
Call premiums and other costs related to early extinguishment of debt	(4)	(2)
Dividends paid to parent	(90)	(72)
Excess tax benefit related to stock-based compensation	4	4
Other, net	1	(5)
Net cash provided by (used in) financing activities	192	(199)
Effect of exchange rate changes on cash	(2)	2
Increase in cash and cash equivalents	168	40
Cash and cash equivalents at beginning of period	210	231
Cash and cash equivalents at end of period	\$ 378	\$ 271
Supplemental cash flow information:		
Cash paid for interest	\$ 170	\$ 177
Cash paid for income taxes	60	70

During the nine months ended September 30, 2013 and 2012, the amount of capital expenditures in accounts payable decreased by \$41 million and \$1 million, respectively. During the nine months ended September 30, 2013 and 2012, Huntsman Corporation contributed \$20 million related to stock-based compensation each.

See accompanying notes to condensed consolidated financial statements (unaudited).

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

(Dollars in Millions)

	Huntsman International LLC Members		Accumulated deficit	Accumulated other comprehensive (loss) income	Noncontrolling interests in subsidiaries	Total equity
	Members' equity Units	Amount				
Balance, January 1, 2013	2,728	\$ 3,109	\$ (1,224)	\$ (791)	\$ 123	\$ 1,217
Net income			94		20	114
Other comprehensive income (loss)				33	(1)	32
Dividends paid to parent			(90)			(90)
Contribution from parent		20				20
Excess tax benefit related to stock-based compensation		4				4
Balance, September 30, 2013	2,728	\$ 3,133	\$ (1,220)	\$ (758)	\$ 142	\$ 1,297
Balance, January 1, 2012	2,728	\$ 3,081	\$ (1,493)	\$ (611)	\$ 114	\$ 1,091
Net income			410		8	418
Other comprehensive income				80	2	82
Dividends paid to parent			(72)			(72)
Acquisition of a business		(2)				(2)
Contribution from parent		20				20
Excess tax benefit related to stock-based compensation		4				4
Balance, September 30, 2012	2,728	\$ 3,103	\$ (1,155)	\$ (531)	\$ 124	\$ 1,541

See accompanying notes to condensed consolidated financial statements (unaudited).

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL

CERTAIN DEFINITIONS

For convenience in this report, the terms "Company," "our," "us" or "we" may be used to refer to Huntsman Corporation and, unless the context otherwise requires, its subsidiaries and predecessors. In this report, "Huntsman International" refers to Huntsman International LLC (our 100% owned subsidiary) and, unless the context otherwise requires, its subsidiaries.

In this report, we may use, without definition, the common names of competitors or other industry participants. We may also use the common names or abbreviations for certain chemicals or products.

INTERIM FINANCIAL STATEMENTS

Our interim condensed consolidated financial statements (unaudited) and Huntsman International's interim condensed consolidated financial statements (unaudited) were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP" or "U.S. GAAP") and in management's opinion reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of results of operations, comprehensive income, financial position and cash flows for the periods presented. Results for interim periods are not necessarily indicative of those to be expected for the full year. These condensed consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes to consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2012 for our Company and Huntsman International.

DESCRIPTION OF BUSINESS

We are a global manufacturer of differentiated organic chemical products and of inorganic chemical products. Our products comprise a broad range of chemicals and formulations, which we market globally to a diversified group of consumer and industrial customers. Our products are used in a wide range of applications, including those in the adhesives, aerospace, automotive, construction products, personal care and hygiene, durable and non-durable consumer products, electronics, medical, packaging, paints and coatings, power generation, refining, synthetic fiber, textile chemicals and dye industries. We are a leading global producer in many of our key product lines, including MDI, amines, surfactants, maleic anhydride, epoxy-based polymer formulations, textile chemicals, dyes and titanium dioxide.

We operate in five segments: Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments. Our Polyurethanes, Performance Products, Advanced Materials and Textile Effects segments produce differentiated organic chemical products and our Pigments segment produces inorganic chemical products. In a series of transactions beginning in 2006, we sold or shutdown substantially all of our Australian styrenics operations and our North American polymers and base chemicals operations. We report the results of these businesses as discontinued operations.

COMPANY

Our Company, a Delaware corporation, was formed in 2004 to hold the Huntsman businesses. Jon M. Huntsman founded the predecessor to our Company in 1970 as a small packaging company.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

1. GENERAL (Continued)

Since then, we have grown through a series of acquisitions and now own a global portfolio of businesses.

We operate all of our businesses through Huntsman International, our 100% owned subsidiary. Huntsman International is a Delaware limited liability company.

HUNTSMAN CORPORATION AND HUNTSMAN INTERNATIONAL FINANCIAL STATEMENTS

Except where otherwise indicated, these notes relate to the condensed consolidated financial statements (unaudited) for both our Company and Huntsman International. The differences between our financial statements and Huntsman International's financial statements relate primarily to the following:

purchase accounting recorded at our Company for the 2003 step-acquisition of Huntsman International Holdings LLC, the former parent company of Huntsman International that was merged into Huntsman International in 2005;

the different capital structures; and

a note payable from Huntsman International to us.

PRINCIPLES OF CONSOLIDATION

Our condensed consolidated financial statements (unaudited) include the accounts of our wholly-owned and majority-owned subsidiaries and any variable interest entities for which we are the primary beneficiary. All intercompany accounts and transactions have been eliminated, except for intercompany sales between continuing and discontinued operations.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

RECENT DEVELOPMENTS

On September 17, 2013, we entered into a definitive agreement to acquire the Performance Additives and Titanium Dioxide businesses of Rockwood Holdings, Inc. The transaction remains subject to regulatory approvals and customary closing conditions and is expected to close during the first half of 2014. For more information, see "Note 3. Business Combinations Performance Additives and Titanium Dioxide Acquisition."

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Adopted During 2013

In July 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2012-02, *Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. The guidance in this ASU is intended to reduce complexity and costs of the annual impairment tests for indefinite-lived intangible assets by providing entities with the option of performing a qualitative assessment to determine whether further impairment testing is necessary. The amendments in this ASU include examples of events and circumstances that might indicate that an asset's fair value is less than its carrying value. The amendments in this ASU were effective prospectively for annual and interim indefinite-lived intangible assets impairment tests performed for fiscal years beginning after September 15, 2012. We adopted the amendments in this ASU effective January 1, 2013, and the initial adoption of the amendments in this ASU did not have a significant impact on our condensed consolidated financial statements (unaudited).

In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*, requiring entities to disclose information about the amounts reclassified out of accumulated other comprehensive income by component, as well as report, either on the face of the income statement where net income is presented or in the notes, the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items of net income. The amendments in this ASU were effective prospectively for interim and annual periods beginning after December 15, 2012. We adopted the amendments of this ASU effective January 1, 2013 and have disclosed the above additional information about reclassifications out of accumulated other comprehensive (loss) income in the notes to our condensed consolidated financial statements (unaudited). See "Note 12. Other Comprehensive Income."

In July 2013, the FASB issued ASU No. 2013-10, *Derivatives and Hedging (Topic 815): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes*, permitting entities to use the Fed Funds Effective Swap Rate (OIS) as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, in addition to the U.S. Treasury rate and the London Interbank Offered Rate (LIBOR). The amendments also remove the restriction on using different benchmark rates for similar hedges. The amendments in this ASU were effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. We adopted the amendments in this ASU effective July 17, 2013, and the initial adoption of the amendments in this ASU did not have a significant impact on our condensed consolidated financial statements (unaudited).

Accounting Pronouncements Pending Adoption in Future Periods

In February 2013, the FASB issued ASU No. 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date*, requiring entities to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments in this ASU should be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements that exist at the beginning of an entity's fiscal year of adoption. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

In March 2013, the FASB issued ASU No. 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*, resolving diversity in practice and clarifying the applicable guidance for the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or business within a foreign entity. The amendments in this ASU are effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

In July 2013, the FASB issued ASU No. 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*, providing guidance on the presentation of unrecognized tax benefits in the financial statements as either a reduction to a deferred tax asset or as a liability to better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses or tax credit carryforwards exist. The amendments in this ASU do not require new recurring disclosures. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments in this ASU should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

3. BUSINESS COMBINATIONS

PERFORMANCE ADDITIVES AND TITANIUM DIOXIDE ACQUISITION

On September 17, 2013, we entered into a definitive agreement to acquire the Performance Additives and Titanium Dioxide businesses of Rockwood Holdings, Inc. for approximately \$1.1 billion in cash and the assumption of approximately \$225 million in unfunded pension liabilities as of June 30, 2013. The transaction remains subject to regulatory approvals and customary closing conditions and is expected to close during the first half of 2014.

OXID ACQUISITION

On August 29, 2013, we completed the acquisition of the chemical business of Oxid L.P. (the "Oxid Acquisition"), a privately-held manufacturer and marketer of specialty urethane polyols based in

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Houston, Texas. The acquisition cost of approximately \$76 million consisted of cash payments of approximately \$66 million and contingent consideration of \$10 million. The contingent consideration relates to an earn-out agreement which will be paid over two years if certain conditions are met. The acquired business has been integrated into our Polyurethanes segment. Transaction costs charged to expense related to this acquisition were not significant.

We have accounted for the Oxid Acquisition using the acquisition method. As such, we analyzed the fair value of tangible and intangible assets acquired and liabilities assumed. The preliminary allocation of acquisition cost to the assets acquired and liabilities assumed is summarized as follows (dollars in millions):

Cash paid for acquisition	\$ 66
Contingent consideration	10
Acquisition cost	\$ 76
Fair value of assets acquired and liabilities assumed:	
Accounts receivable	\$ 9
Inventories	13
Property, plant and equipment	59
Accounts payable	(4)
Accrued liabilities	(1)
Total fair value of net assets acquired	\$ 76

The acquisition cost allocation is preliminary pending final determination of the fair value of assets acquired and liabilities assumed, including final valuation of property, plant and equipment, intangible assets and the determination of related deferred taxes. For purposes of this preliminary allocation of fair value, we have assigned any excess of the acquisition cost of historical carrying values to property, plant and equipment and no amounts have been allocated to goodwill. It is possible that changes to this allocation could occur.

If this acquisition were to have occurred on January 1, 2012, the following estimated pro forma revenues and net income attributable to Huntsman Corporation and Huntsman International would have been reported (dollars in millions):

Huntsman Corporation

	Pro Forma			
	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Revenues	\$ 2,868	\$ 2,764	\$ 8,446	\$ 8,628
Net income attributable to Huntsman Corporation	67	118	94	409

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

3. BUSINESS COMBINATIONS (Continued)

Huntsman International

Pro Forma