HUNTSMAN INTERNATIONAL LLC
Form 10-Q
November 02, 2012

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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 September 30, 2012

OR

o **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 ý	NO o
Huntsman International LLC	YES ý	NO o

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

Huntsman Corporation	YES ý	NO o
Huntsman International LLC	YES ý	NO o

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

Huntsman Corporation	Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
Huntsman International LLC	Large accelerated filer o	Accelerated filer o	Non-accelerated filer ý	Smaller reporting company o

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

Huntsman Corporation	YES o	NO ý
Huntsman International LLC	YES o	NO ý

On October 23, 2012, 239,536,429 shares of common stock of Huntsman Corporation were outstanding and 2,728 units of membership interests of Huntsman International LLC were outstanding. There is no trading market for Huntsman International LLC's units of membership interests. All of Huntsman International LLC's units of membership interests are held by Huntsman Corporation.

This Quarterly Report on Form 10-Q presents information for two registrants: Huntsman Corporation and Huntsman International LLC. Huntsman International LLC is a wholly owned subsidiary of Huntsman Corporation and is the principal operating company of Huntsman Corporation. The information reflected in this Quarterly Report on Form 10-Q is equally applicable to both Huntsman Corporation and Huntsman International LLC, except where otherwise indicated. Huntsman International LLC meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and, to the extent applicable, is therefore filing this form with a reduced disclosure format.

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QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD
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ITEM 1. FINANCIAL STATEMENTS

HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

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

	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents(a)	$ 435	$ 554
Restricted cash(a)	9	8
Accounts and notes receivable (net of allowance for doubtful accounts of $46, each), ($592 and $659 pledged as collateral, respectively)(a)	1,626	1,529
Accounts receivable from affiliates	27	5
Inventories(a)	1,807	1,539
Prepaid expenses	64	46
Deferred income taxes	40	20
Other current assets(a)	234	245
Total current assets	4,242	3,946
Property, plant and equipment, net(a)	3,626	3,622
Investment in unconsolidated affiliates	223	202
Intangible assets, net(a)	74	91
Goodwill	107	114
Deferred income taxes	190	195
Notes receivable from affiliates	2	5
Other noncurrent assets(a)	482	482
Total assets	$ 8,946	$ 8,657
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	$ 1,017	$ 862
Accounts payable to affiliates	40	50
Accrued liabilities(a)	690	695
Deferred income taxes	28	7
Current portion of debt(a)	130	212
Total current liabilities	1,905	1,826
Long-term debt(a)	3,550	3,730
Notes payable to affiliates	3	4
Deferred income taxes	362	309
Other noncurrent liabilities(a)	910	1,012
Total liabilities	6,730	6,881
Commitments and contingencies (Notes 13 and 14)		
Equity		
Huntsman Corporation stockholders' equity:		
Common stock $0.01 par value, 1,200,000,000 shares authorized, 243,579,955 and 241,836,001 issued and 238,027,939 and 235,746,087 outstanding in 2012 and 2011, respectively	2	2
Additional paid-in capital	3,260	3,228
Treasury stock, 4,043,526 shares at 2012 and 2011	(50)	(50)

Unearned stock-based compensation	(14)	(12)
Accumulated deficit	(623)	(947)
Accumulated other comprehensive loss	(483)	(559)
Total Huntsman Corporation stockholders' equity	2,092	1,662
Noncontrolling interests in subsidiaries	124	114
Total equity	2,216	1,776
Total liabilities and equity	$ 8,946	$ 8,657

(a)
At September 30, 2012 and December 31, 2011, respectively, $31 and $44 of cash and cash equivalents, $9 and $2 of restricted cash, $40 and $29 of accounts and notes receivable (net), $42 and $47 of inventories, $1 each of other current assets, $382 and $403 of property, plant and equipment (net), $20 and $23 of intangible assets (net), $27 and $21 of other noncurrent assets, $63 and $55 of accounts payable, $25 and $21 of accrued liabilities, $25 and $16 of current portion of debt, $241 and $264 of long-term debt, and $72 and $111 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 CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(Dollars in Millions, Except Per Share Amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Revenues:				
Trade sales, services and fees, net	$ 2,691	$ 2,923	$ 8,406	$ 8,445
Related party sales	50	53	162	144
Total revenues	2,741	2,976	8,568	8,589
Cost of goods sold	2,204	2,486	6,954	7,138
Gross profit	537	490	1,614	1,451
Operating expenses:				
Selling, general and administrative	220	217	673	691
Research and development	35	42	112	123
Other operating (income) expense		(1)	7	7
Restructuring, impairment and plant closing costs	47	155	52	171
Total expenses	302	413	844	992
Operating income	235	77	770	459
Interest expense, net	(56)	(63)	(172)	(187)
Equity in income of investment in unconsolidated affiliates	2	2	5	6
Loss on early extinguishment of debt	(1)	(2)	(2)	(5)
Other income (expense)	1	(1)	2	
Income from continuing operations before income taxes	181	13	603	273
Income tax expense	(61)	(55)	(186)	(111)
Income (loss) from continuing operations	120	(42)	417	162
(Loss) income from discontinued operations, net of tax	(1)	10	(7)	(5)
Income (loss) before extraordinary gain	119	(32)	410	157
Extraordinary gain on the acquisition of a business, net of tax of nil	1		1	2
Net income (loss)	120	(32)	411	159
Net income attributable to noncontrolling interests	(4)	(2)	(8)	(17)
Net income (loss) attributable to Huntsman Corporation	$ 116	$ (34)	$ 403	$ 142
Basic income (loss) per share:				
Income (loss) from continuing operations attributable to Huntsman Corporation common stockholders	$ 0.49	$ (0.19)	$ 1.72	$ 0.61
Income (loss) from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax		0.05	(0.02)	(0.02)
Extraordinary gain on the acquisition of a business attributable to Huntsman Corporation common stockholders, net of tax				0.01
Net income (loss) attributable to Huntsman Corporation common stockholders	$ 0.49	$ (0.14)	$ 1.70	$ 0.60
Weighted average shares	237.9	237.6	237.4	238.2
Diluted income (loss) per share:				

Income (loss) from continuing operations attributable to Huntsman Corporation common stockholders	$ 0.48	$ (0.19)	$ 1.70	$ 0.60
Income (loss) from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax		0.05	(0.02)	(0.02)
Extraordinary gain on the acquisition of a business attributable to Huntsman Corporation common stockholders, net of tax				0.01
Net income (loss) attributable to Huntsman Corporation common stockholders	$ 0.48	$ (0.14)	$ 1.68	$ 0.59
Weighted average shares	240.8	237.6	240.3	242.6
Amounts attributable to Huntsman Corporation common stockholders:				
Income (loss) from continuing operations	$ 116	$ (44)	$ 409	$ 145
(Loss) income from discontinued operations, net of tax	(1)	10	(7)	(5)
Extraordinary gain on the acquisition of a business, net of tax	1		1	2
Net income (loss)	$ 116	$ (34)	$ 403	$ 142
Dividends per share	$ 0.10	$ 0.10	$ 0.30	$ 0.30

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

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(Dollars in Millions)

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Net income (loss)	$ 120	$ (32)	$ 411	$ 159
Other comprehensive income (loss), net of tax:				
Foreign currency translations adjustments	94	(117)	25	30
Pension and other postretirement benefits adjustments	14	(78)	55	(70)
Other, net			(2)	1
Other comprehensive income (loss)	108	(195)	78	(39)
Comprehensive income (loss)	228	(227)	489	120
Comprehensive income attributable to noncontrolling interests	(6)	(2)	(10)	(18)
Comprehensive income (loss) attributable to Huntsman Corporation	$ 222	$ (229)	$ 479	$ 102

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,	
	2012	**2011**
Operating Activities:		
Net income	$ 411	$ 159
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on the consolidation of a variable interest entity		(12)
Loss on the consolidation of a business	4	
Equity in income of investment in unconsolidated affiliates	(5)	(6)
Depreciation and amortization	324	327
Loss (gain) on disposal of businesses/assets, net	2	(5)
Loss on early extinguishment of debt	2	5
Noncash interest expense	27	28
Noncash restructuring and impairment charges	10	53
Deferred income taxes	47	(4)
Noncash loss (gain) on foreign currency transactions	9	(15)
Stock-based compensation	21	19
Other, net	3	
Changes in operating assets and liabilities:		
Accounts and notes receivable	(102)	(314)
Inventories	(252)	(273)
Prepaid expenses	(17)	(15)
Other current assets	12	(150)
Other noncurrent assets	(8)	20
Accounts payable	122	81
Accrued liabilities	15	123
Other noncurrent liabilities	(69)	4
Net cash provided by operating activities	556	25
Investing Activities:		
Capital expenditures	(248)	(217)
Proceeds from settlements treated as reimbursement of capital expenditures		3
Cash assumed in connection with the initial consolidation of a variable interest entity		28
Cash paid for acquisition of a business	(18)	(23)
Proceeds from sale of business/assets		7
Investment in unconsolidated affiliates	(84)	(17)
Cash received from unconsolidated affiliates	51	19
Increase in restricted cash	(2)	
Other, net	2	
Net cash used in investing activities	(299)	(200)

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HUNTSMAN CORPORATION AND SUBSIDIARIES

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

(Dollars in Millions)

	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Financing Activities:		
Net repayments under revolving loan facilities	$ (16)	$
Net borrowings on overdraft facilities	2	10
Repayments of short-term debt	(40)	(151)
Borrowings on short-term debt		126
Repayments of long-term debt	(242)	(287)
Proceeds from issuance of long-term debt	3	89
Repayments of notes payable	(33)	(24)
Borrowings on notes payable	34	35
Debt issuance costs paid	(4)	(7)
Call premiums related to early extinguishment of debt	(2)	(5)
Dividends paid to common stockholders	(72)	(72)
Dividends paid to noncontrolling interest		(5)
Repurchase and cancellation of stock awards	(7)	(9)
Repurchase of common stock		(50)
Proceeds from issuance of common stock	2	4
Excess tax benefit related to stock-based compensation	4	10
Other, net	(7)	1
Net cash used in financing activities	(378)	(335)
Effect of exchange rate changes on cash	2	(3)
Decrease in cash and cash equivalents	(119)	(513)
Cash and cash equivalents at beginning of period	554	966
Cash and cash equivalents at end of period	$ 435	$ 453
Supplemental cash flow information:		
Cash paid for interest	$ 177	$ 178
Cash paid for income taxes	153	84

During the nine months ended September 30, 2012 and 2011, the amount of capital expenditures in accounts payable decreased by $1 million and $12 million, respectively.

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

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

(Dollars in Millions)

	Huntsman Corporation Stockholders								
	Shares								
	Common stock	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
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)
Stock options exercised	661,299		2						2
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
Balance, January 1, 2011	236,799,455	$ 2	$ 3,186	$	$ (11)	$ (1,090)	$ (297)	$ 60	$ 1,850
Net income						142		17	159
Dividends paid to noncontrolling interest								(5)	(5)
Other comprehensive (loss) income							(40)	1	(39)
Consolidation of a variable								61	61

interest entity									
Issuance of nonvested stock awards			11		(11)				
Vesting of stock awards	2,222,925		13						13
Recognition of stock-based compensation			4		8				12
Repurchase of common stock	(4,043,526)			(50)					(50)
Repurchase and cancellation of stock awards	(505,517)					(9)			(9)
Stock options exercised	1,246,936		4						4
Excess tax benefit related to stock-based compensation			10						10
Dividends paid on common stock						(72)			(72)
Balance, September 30, 2011	235,720,273	$ 2	$ 3,228	$ (50)	$ (14)	$ (1,029)	$ (337)	$ 134	$ 1,934

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, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents(a)	$ 271	$ 231
Restricted cash(a)	9	8
Accounts and notes receivable (net of allowance for doubtful accounts of $46, each), ($592 and $659 pledged as collateral, respectively)(a)	1,626	1,529
Accounts receivable from affiliates	263	148
Inventories(a)	1,807	1,539
Prepaid expenses	63	46
Deferred income taxes	40	40
Other current assets(a)	234	220
Total current assets	4,313	3,761
Property, plant and equipment, net(a)	3,531	3,510
Investment in unconsolidated affiliates	223	202
Intangible assets, net(a)	75	93
Goodwill	107	114
Deferred income taxes	190	163
Notes receivable from affiliates	2	5
Other noncurrent assets(a)	484	482
Total assets	$ 8,925	$ 8,330
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	$ 1,017	$ 862
Accounts payable to affiliates	51	64
Accrued liabilities(a)	718	694
Deferred income taxes	29	29
Note payable to affiliate	100	100
Current portion of debt(a)	130	212
Total current liabilities	2,045	1,961
Long-term debt(a)	3,550	3,730
Notes payable to affiliates	610	439
Deferred income taxes	272	106
Other noncurrent liabilities(a)	907	1,003
Total liabilities	7,384	7,239
Commitments and contingencies (Notes 13 and 14)		
Equity		
Huntsman International LLC members' equity:		
Members' equity, 2,728 units issued and outstanding	3,103	3,081
Accumulated deficit	(1,155)	(1,493)
Accumulated other comprehensive loss	(531)	(611)
Total Huntsman International LLC members' equity	1,417	977
Noncontrolling interests in subsidiaries	124	114
Total equity	1,541	1,091
Total liabilities and equity	$ 8,925	$ 8,330

(a) At September 30, 2012 and December 31, 2011, respectively, $31 and $44 of cash and cash equivalents, $9 and $2 of restricted cash, $40 and $29 of accounts and notes receivable (net), $42 and $47 of inventories, $1 each of other current assets, $382 and $403 of property, plant and equipment (net), $20 and $23 of intangible assets (net), $27 and $21 of other noncurrent assets, $63 and $55 of accounts payable, $25 and $21 of accrued liabilities, $25 and $16 of current portion of debt, $241 and $264 of long-term debt, and $72 and $111 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,	
	2012	**2011**	**2012**	**2011**
Revenues:				
Trade sales, services and fees, net	$ 2,691	$ 2,923	$ 8,406	$ 8,445
Related party sales	50	53	162	144
Total revenues	2,741	2,976	8,568	8,589
Cost of goods sold	2,199	2,481	6,940	7,124
Gross profit	542	495	1,628	1,465
Operating expenses:				
Selling, general and administrative	220	216	669	688
Research and development	35	42	112	123
Other operating (income) expense		(1)	7	7
Restructuring, impairment and plant closing costs	47	155	52	171
Total expenses	302	412	840	989
Operating income	240	83	788	476
Interest expense, net	(59)	(66)	(181)	(197)
Equity in income of investment in unconsolidated affiliates	2	2	5	6
Loss on early extinguishment of debt	(1)	(2)	(2)	(5)
Other income (expense)	1	(1)	2	
Income from continuing operations before income taxes	183	16	612	280
Income tax expense	(62)	(55)	(188)	(111)
Income (loss) from continuing operations	121	(39)	424	169
(Loss) income from discontinued operations, net of tax	(1)	10	(7)	(5)
Income (loss) before extraordinary gain	120	(29)	417	164
Extraordinary gain on the acquisition of a business, net of tax of nil	1		1	2
Net income (loss)	121	(29)	418	166
Net income attributable to noncontrolling interests	(4)	(2)	(8)	(17)
Net income (loss) attributable to Huntsman International LLC	$ 117	$ (31)	$ 410	$ 149

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

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(Dollars in Millions)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Net income (loss)	$ 121	$ (29)	$ 418	$ 166
Other comprehensive income (loss), net of tax:				
Foreign currency translations adjustments	94	(118)	25	30
Pension and other postretirement benefits adjustments	15	(77)	58	(66)
Other, net		1	(1)	1
Other comprehensive income (loss)	109	(194)	82	(35)
Comprehensive income (loss)	230	(223)	500	131
Comprehensive income attributable to noncontrolling interests	(6)	(2)	(10)	(18)
Comprehensive income (loss) attributable to Huntsman International LLC	$ 224	$ (225)	$ 490	$ 113

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,	
	2012	**2011**
Operating Activities:		
Net income	$ 418	$ 166
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on the consolidation of a variable interest entity		(12)
Loss on the consolidation of a business	4	
Equity in income of investment in unconsolidated affiliates	(5)	(6)
Depreciation and amortization	306	310
Loss (gain) on disposal of businesses/assets, net	2	(5)
Loss on early extinguishment of debt	2	5
Noncash interest expense	36	38
Noncash restructuring and impairment charges	10	53
Deferred income taxes	127	47
Noncash loss (gain) on foreign currency transactions	9	(15)
Noncash compensation	20	17
Other, net	5	(1)
Changes in operating assets and liabilities:		
Accounts and notes receivable	(102)	(314)
Inventories	(252)	(273)
Prepaid expenses	(17)	(14)
Other current assets	(14)	(150)
Other noncurrent assets	(8)	20
Accounts payable	112	72
Accrued liabilities	45	122
Other noncurrent liabilities	(65)	8
Net cash provided by operating activities	633	68
Investing Activities:		
Capital expenditures	(248)	(217)
Proceeds from settlements treated as reimbursement of capital expenditures		3
Cash assumed in connection with the initial consolidation of a variable interest entity		28
Cash paid for acquisition of a business	(18)	(23)
Proceeds from sale of business/assets		7
Increase in receivable from affiliate	(97)	(35)
Investment in unconsolidated affiliates	(84)	(17)
Cash received from unconsolidated affiliates	51	19
Increase in restricted cash	(2)	
Other, net	2	
Net cash used in investing activities	(396)	(235)

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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,	
	2012	**2011**
Financing Activities:		
Net repayments under revolving loan facilities	$ (16)	$
Net borrowings on overdraft facilities	2	10
Repayments of short-term debt	(40)	(151)
Borrowings on short-term debt		126
Repayments of long-term debt	(242)	(287)
Proceeds from issuance of long-term debt	3	89
Proceeds from notes payable to affiliate	172	105
Repayments of notes payable	(33)	(24)
Borrowings on notes payable	34	35
Debt issuance costs paid	(4)	(7)
Call premiums related to early extinguishment of debt	(2)	(5)
Dividends paid to noncontrolling interest		(5)
Dividends paid to parent	(72)	(56)
Excess tax benefit related to stock-based compensation	4	10
Other, net	(5)	3
Net cash used in financing activities	(199)	(157)
Effect of exchange rate changes on cash	2	(3)
Increase (decrease) in cash and cash equivalents	40	(327)
Cash and cash equivalents at beginning of period	231	561
Cash and cash equivalents at end of period	$ 271	$ 234
Supplemental cash flow information:		
Cash paid for interest	$ 177	$ 179
Cash paid for income taxes	70	34

During the nine months ended September 30, 2012 and 2011, the amount of capital expenditures in accounts payable decreased by $1 million and $12 million, respectively. During the nine months ended September 30, 2012 and 2011, Huntsman Corporation contributed $20 million and $17 million related to stock-based compensation, respectively.

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					
	Members' equity					
	Units	Amount	Accumulated deficit	Accumulated other comprehensive (loss) income	Noncontrolling interests in subsidiaries	Total equity
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
Contribution from parent		20				20
Dividends paid to parent			(72)			(72)
Acquisition of a business		(2)				(2)
Excess tax benefit related to stock-based compensation		4				4
Balance, September 30, 2012	2,728	$ 3,103	$ (1,155)	$ (531)	$ 124	$ 1,541
Balance, January 1, 2011	2,728	$ 3,049	$ (1,667)	$ (354)	$ 60	$ 1,088
Net income			149		17	166
Dividends paid to noncontrolling interest					(5)	(5)
Other comprehensive (loss) income				(36)	1	(35)
Consolidation of a variable interest entity					61	61
Contribution from parent		17				17
Dividends paid to parent			(56)			(56)
Excess tax benefit related to stock-based compensation		10				10
Balance, September 30, 2011	2,728	$ 3,076	$ (1,574)	$ (390)	$ 134	$ 1,246

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; "HPS" refers to Huntsman Polyurethanes Shanghai Ltd. (our consolidated splitting joint venture with Shanghai Chlor-Alkali Chemical Company, Ltd); "Sasol-Huntsman" refers to Sasol-Huntsman GmbH and Co. KG (our consolidated joint venture with Sasol that owns and operates a maleic anhydride facility in Moers, Germany); and "HCCA" refers to Huntsman Chemical Company Australia Pty Limited (our 100% owned subsidiary).

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, 2011 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.

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

1. GENERAL (Continued)

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. 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 (the "Intercompany Note").

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.

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

ACCOUNTING PRONOUNCEMENTS ADOPTED DURING 2012

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, providing a consistent definition of fair value between U.S. GAAP and International Financial Reporting Standards ("IFRSs") as well as developing common requirements for measuring fair value and for disclosing information

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

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

about fair value measurements in accordance with U.S. GAAP and IFRSs. The amendments in this ASU were effective prospectively for interim and annual periods beginning after December 15, 2011. We adopted the amendments of this ASU effective January 1, 2012, and the initial adoption of the amendments in this ASU did not have a significant impact on our condensed consolidated financial statements (unaudited).

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, requiring entities to present net income and other comprehensive income in either a single continuous statement of comprehensive income or in two separate, but consecutive, statements of net income and other comprehensive income. The option to present components of other comprehensive income as part of the statement of equity is eliminated. The amendments do not change the option to present components of other comprehensive income either net of related tax effects or before related tax effects, with one amount shown for the aggregate income tax expense or benefit related to the total of other comprehensive income components. The amendments in this ASU were effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2011. We adopted this ASU effective January 1, 2012 and have presented our consolidated net income and consolidated comprehensive income in two separate, but consecutive, statements.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. The guidance in this ASU is intended to reduce complexity and costs of the annual goodwill impairment test 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 a reporting unit's fair value is less than its carrying value. The amendments in this ASU were effective prospectively for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We adopted the amendments in this ASU effective January 1, 2012, 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 July 2012, the FASB issued 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 are effective for annual and interim indefinite-lived intangible assets impairment tests performed for fiscal years beginning after September 15, 2012 with early adoption 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).

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

3. BUSINESS COMBINATIONS

RUSSIAN MDI, COATINGS AND SYSTEMS ACQUISITION

On July 3, 2012, we completed our acquisition of the remaining 55% ownership interest in International Polyurethane Investment B.V. (the "Russian Systems House Acquisition"). This company's wholly owned subsidiary, Huntsman NMG Zao, is a leading supplier of polyurethane systems to the adhesives, coatings and footwear markets in Russia, Ukraine and Belarus and is headquartered in Obninsk, Russia. The acquisition cost was approximately €13 million (approximately $16 million). The acquired business was integrated into our Polyurethanes segment. Transaction costs charged to expense related to this acquisition were not significant. The fair value of our existing 45% ownership interest immediately prior to the acquisition was $13 million, valued by applying the income approach. Key assumptions include a discount rate of 17% and a terminal growth rate of 4%. In connection with this transaction, we recorded a noncash pretax loss of approximately $4 million in other operating (income) expense on the consolidation of this investment. The long-term debt of approximately $7 million that was assumed as part of this transaction was repaid shortly after the acquisition date.

We have accounted for the Russian Systems House 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):

Fair value of original 45% ownership interest acquired in 2007	$ 13
Acquisition cost of 55% ownership interest acquired in 2012	16
Total fair value of net assets acquired	$ 29
Fair value of assets acquired and liabilities assumed:	
Accounts receivable	$ 2
Inventories	9
Other current assets	1
Property, plant and equipment	31
Accounts payable	(4)
Accrued liabilities	(1)
Deferred income taxes	(2)
Long-term debt	(7)
Total fair value of net assets acquired	$ 29

The acquisition cost allocation is preliminary pending final determination of the fair value of assets acquired and liabilities assumed, including final valuation of working capital, 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 over historical carrying values to property, plant and equipment and no amounts have been allocated to goodwill. It is possible that changes to this preliminary allocation could occur.

International Polyurethane Investment B.V. had revenues and earnings of $16 million and $3 million, respectively, for the period from the date of acquisition to September 30, 2012. If this

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

3. BUSINESS COMBINATIONS (Continued)

acquisition were to have occurred on January 1, 2011, there would have been no significant impact to the combined earnings attributable to our Company or Huntsman International and the following estimated pro forma revenues attributable to our Company and Huntsman International would have been reported (dollars in millions):

	Pro Forma		
	Three months ended September 30,	Nine months ended September 30,	
	2011	2012	2011
Revenues	$ 2,987	$ 8,601	$ 8,614

EMA ACQUISITION

On December 30, 2011, we completed the acquisition of EMA Kimya Sistemleri Sanayi ve Ticaret A.S. (the "EMA Acquisition"), an MDI-based polyurethanes systems house in Istanbul, Turkey for approximately $11 million, net of cash acquired and including the repayment of assumed debt. The acquired business was integrated into our Polyurethanes segment. We have accounted for the EMA Acquisition using the acquisition method and transaction costs charged to expense associated with this acquisition were not significant. For purposes of a preliminary allocation of the acquisition cost to assets acquired and liabilities assumed, we have assigned the excess of the acquisition cost over historical carrying values of $7 million to property, plant and equipment. At December 31, 2011, the excess of the acquisition cost over historical carrying values had been assigned as goodwill. This preliminary purchase price allocation is likely to change once we complete the analysis of the fair value of tangible and intangible assets acquired and liabilities assumed during the fourth quarter of 2012. Net sales for the three and nine months ended September 30, 2011 related to the business acquired were approximately $7 million and $19 million, respectively. Net losses for the three and nine months ended September 30, 2011 related to the business acquired were approximately $(1) million and $(3) million, respectively.

LAFFANS ACQUISITION

On April 2, 2011, we completed the acquisition of the chemical business of Laffans Petrochemicals Limited, an amines and surfactants manufacturer located in Ankleshwar, India (the "Laffans Acquisition") at a cost of approximately $23 million. The acquired business has been integrated into our Performance Products segment. Transaction costs charged to expense related to this acquisition were not significant.

We have accounted for the Laffans Acquisition using the acquisition method. As such, we analyzed the fair value of tangible and intangible assets acquired and liabilities assumed. The allocation of

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

3. BUSINESS COMBINATIONS (Continued)

acquisition cost to the assets acquired and liabilities assumed is summarized as follows (dollars in millions):

Acquisition cost	$	23
Fair value of assets acquired and liabilities assumed:		
Accounts receivable	$	9
Inventories		2
Other current assets		2
Property, plant and equipment		12
Intangibles		3
Accounts payable		(3)
Accrued liabilities		(1)
Other noncurrent liabilities		(1)
Total fair value of net assets acquired	$	23

If this acquisition were to have occurred on January 1, 2011, 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 Nine months ended September 30, 2011	
Revenues	$	8,603
Net income attributable to Huntsman Corporation		143

Huntsman International

	Pro Forma Nine months ended September 30, 2011	
Revenues	$	8,603
Net income attributable to Huntsman International		150

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

4. INVENTORIES

Inventories are stated at the lower of cost or market, with cost determined using last-in first-out ("LIFO"), first-in first-out, and average costs methods for different components of inventory. Inventories consisted of the following (dollars in millions):

	September 30, 2012	December 31, 2011
Raw materials and supplies	$ 471	$ 374
Work in progress	96	92
Finished goods	1,314	1,162
Total	1,881	1,628
LIFO reserves	(74)	(89)
Net	$ 1,807	$ 1,539

For September 30, 2012 and December 31, 2011, approximately 10% and 12%, respectively, of inventories were recorded using the LIFO cost method.

In the normal course of operations we, at times, exchange raw materials and finished goods with other companies for the purpose of reducing transportation costs. The net nonmonetary open exchange positions are valued at cost. The amounts included in inventory under nonmonetary open exchange agreements receivable by us as of September 30, 2012 and December 31, 2011 were $12 million and $3 million, respectively. Other open exchanges are settled in cash and result in a net deferred profit margin. The amount payable under these open exchange agreements as of September 30, 2012 and December 31, 2011 was $2 million and nil, respectively.

5. VARIABLE INTEREST ENTITIES

We evaluate our investments and transactions to identify variable interest entities ("VIEs") for which we are the primary beneficiary. We hold a variable interest in the following four joint ventures for which we are the primary beneficiary:

Rubicon LLC manufactures products for our Polyurethanes and Performance Products segments. The joint venture is structured such that the total equity investment at risk is not sufficient to permit it to finance its activities without additional financial support. Under the Rubicon LLC operating agreement, we are entitled to a majority of the output, absorb a majority of the operating costs and provide a majority of the additional funding.

Pacific Iron Products Sdn Bhd manufactures products for our Pigments segment. In this joint venture, we supply all the raw materials through a fixed cost supply agreement, operate the manufacturing facility and market the products. Under the fixed cost supply agreement, we are exposed to the risks related to the fluctuation of raw material prices.

Arabian Amines Company manufactures ethyleneamines products for our Performance Products segment. Prior to July 1, 2010, this joint venture was accounted for under the equity method. In July 2010, Arabian Amines Company exited the development stage, which triggered its reconsideration as a VIE. As required in the Arabian Amines Company operating agreement,

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

5. VARIABLE INTEREST ENTITIES (Continued)

we purchase all of its production and sell it to our customers. Substantially all of the joint venture's activities are conducted on our behalf.

Sasol-Huntsman is our joint venture with Sasol that owns and operates a maleic anhydride facility in Moers, Germany. This joint venture manufactures products for our Performance Products segment. Prior to April 1, 2011, we accounted for Sasol-Huntsman using the equity method. In April 2011, an expansion at this facility began production, which triggered the reconsideration of this joint venture as a VIE. The joint venture uses our technology and expertise, and we bear a disproportionate amount of risk of loss due to a related-party loan to Sasol-Huntsman for which we bear the default risk. As a result, we concluded that we were the primary beneficiary and began consolidating Sasol-Huntsman beginning April 1, 2011.

Creditors of these VIEs have no recourse to our general credit, except in the event that we offer guarantees of specified indebtedness. As the primary beneficiary, the joint ventures' assets, liabilities and results of operations are included in our condensed consolidated financial statements (unaudited).

The following table summarizes the carrying amount of our variable interest entities' assets and liabilities included in our condensed consolidated balance sheets (unaudited), before intercompany eliminations (dollars in millions):

	September 30, 2012	December 31, 2011
Current assets	$ 166	$ 140
Property, plant and equipment, net	382	403
Other noncurrent assets	58	61
Deferred income taxes	45	45
Intangible assets	20	23
Goodwill	15	15
Total assets	$ 686	$ 687
Current liabilities	$ 187	$ 145
Long-term debt	245	269
Deferred income taxes	9	9
Other noncurrent liabilities	72	110
Total liabilities	$ 513	$ 533

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

5. VARIABLE INTEREST ENTITIES (Continued)

The following table summarizes the fair value of Sasol-Huntsman's assets and liabilities recorded upon initial consolidation in our condensed consolidated balance sheets (unaudited), before intercompany eliminations (dollars in millions):

	April 1, 2011
Current assets	$ 61
Property, plant and equipment, net	155
Intangible assets	16
Goodwill	17
Total assets	$ 249
Current liabilities	$ 23
Long-term debt	93
Deferred income taxes	8
Other noncurrent liabilities	7
Total liabilities	$ 131

Goodwill of $17 million was recognized upon consolidation of Sasol-Huntsman, of which approximately $12 million is deductible for income tax purposes. The total amount recorded as goodwill decreased by approximately $2 million from the date of consolidation to December 31, 2011 due to a change in the foreign currency exchange rate. The net change to goodwill in response to changes in the foreign currency exchange rates from December 31, 2011 to September 30, 2012 was nil. All intangible assets other than goodwill are being amortized over an average useful life of 18 years.

If consolidation of Sasol-Huntsman had occurred on January 1, 2011, the approximate pro forma revenues attributable to both our Company and Huntsman International would have been $8,618 million for the nine months ended September 30, 2011. There would have been no impact to the combined earnings attributable to us or Huntsman International, excluding a one-time noncash gain of approximately $12 million recognized upon consolidation included in other operating expense in the condensed consolidated statements of operations (unaudited). Upon consolidation, we also recognized a one-time noncash income tax expense of approximately $2 million. The fair value of the noncontrolling interest was estimated to be $61 million at April 1, 2011. The noncontrolling interest was valued at 50% of the fair value of the net assets as of April 1, 2011, as dictated by the ownership interest percentages, adjusted for certain tax consequences only applicable to one parent.

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

6. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS

As of September 30, 2012 and December 31, 2011, accrued restructuring costs by type of cost and initiative consisted of the following (dollars in millions):

	Workforce reductions(1)	Demolition and decommissioning	Non-cancelable lease costs	Other restructuring costs	Total(2)
Accrued liabilities as of January 1, 2012	$ 73	$	$ 11	$ 8	$ 92
2012 charges for 2007 and prior initiatives	2				2
2012 charges for 2009 initiatives	1			4	5
2012 charges for 2010 initiatives				1	1
2012 charges for 2011 initiatives	4	1		4	9
2012 charges for 2012 initiatives	33			6	39
Reversal of reserves no longer required	(13)			(1)	(14)
2012 payments for 2007 and prior initiatives	(1)		(1)	(1)	(3)
2012 payments for 2009 initiatives	(2)			(4)	(6)
2012 payments for 2010 initiatives	(2)		(1)		(3)
2012 payments for 2011 initiatives	(19)	(1)		(4)	(24)
2012 payments for 2012 initiatives	(4)			(5)	(9)
Foreign currency effect on liability balance	1				1
Accrued liabilities as of September 30, 2012	$ 73	$	$ 9	$ 8	$ 90

(1) The total workforce reduction reserves of $73 million relate to the termination of 581 positions, of which 544 positions had not been terminated as of September 30, 2012.

(2) Accrued liabilities by initiatives were as follows (dollars in millions):

	September 30, 2012	December 31, 2011
2007 initiatives and prior	$ 2	$ 2
2009 initiatives	7	11
2010 initiatives	9	16
2011 initiatives	42	63
2012 initiatives	30	
Total	$ 90	$ 92

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

6. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS (Continued)

Details with respect to our reserves for restructuring, impairment and plant closing costs are provided below by segment and initiative (dollars in millions):

	Polyurethanes	Performance Products	Advanced Materials	Textile Effects	Pigments	Discontinued Operations	Corporate and Other	Total
Accrued liabilities as of January 1, 2012	$	$ 1	$ 12	$ 69	$ 3	$ 6	$ 1	$ 92
2012 charges for 2007 and prior initiatives				2				2
2012 charges for 2009 initiatives			1		4			5
2012 charges for 2010 initiatives							1	1
2012 charges for 2011 initiatives			3	6				9
2012 charges for 2012 initiatives	37		2					39
Reversal of reserves no longer required				(14)				(14)
2012 payments for 2007 and prior initiatives				(2)	(1)			(3)
2012 payments for 2009 initiatives			(1)		(5)			(6)
2012 payments for 2010 initiatives		(1)		(1)			(1)	(3)
2012 payments for 2011 initiatives			(12)	(12)				(24)
2012 payments for 2012 initiatives	(7)		(2)					(9)
Foreign currency effect on liability balance				1	1		(1)	1
Accrued liabilities as of September 30, 2012	$ 30	$	$ 3	$ 49	$ 2	$ 6	$	$ 90
Current portion of restructuring reserves	$ 18	$	$ 2	$ 28	$ 2	$ 6	$	$ 56
Long-term portion of restructuring reserve	12		1	21				34
Estimated additional future charges for current restructuring projects								
Estimated additional charges within one year	1			15				16
Estimated additional charges beyond one year				4				4

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

6. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS (Continued)

Details with respect to cash and noncash restructuring charges for the three and nine months ended September 30, 2012 and 2011 by initiative are provided below (dollars in millions):

	Three months ended September 30, 2012	Nine months ended September 30, 2012
Cash charges:		
2012 charges for 2007 and prior initiatives	$	$ 2
2012 charges for 2009 initiatives	1	5
2012 charges for 2010 initiatives		1
2012 charges for 2011 initiatives	5	9
2012 charges for 2012 initiatives	33	39
Reversal of reserves no longer required	(1)	(14)
Noncash charges	9	10
Total 2012 Restructuring, Impairment and Plant Closing Costs	$ 47	$ 52

	Three months ended September 30, 2011	Nine months ended September 30, 2011
Cash charges:		
2011 charges for 2007 and prior initiatives	$	$ 2
2011 charges for 2009 initiatives	2	5
2011 charges for 2010 initiatives	2	5
2011 charges for 2011 initiatives	99	110
Reversal of reserves no longer required	(1)	(4)
Noncash charges	53	53
Total 2011 Restructuring, Impairment and Plant Closing Costs	$ 155	$ 171

2012 RESTRUCTURING ACTIVITIES

During the nine months ended September 30, 2012, our Polyurethanes segment implemented a restructuring program to reduce annualized fixed costs by approximately $75 million by the third quarter of 2013. In connection with this program, we recorded restructuring expenses of $37 million during the nine months ended September 30, 2012 primarily for workforce reductions. We expect to incur additional charges of approximately $1 million relating to this program through September 2013.

During the nine months ended September 30, 2012, our Advanced Materials segment recorded charges of $6 million primarily related to the reorganization of our global business structure, the relocation of our divisional headquarters from Basel, Switzerland to The Woodlands, Texas and a redesign of our planning process focused on inventory reduction. In connection with the restructuring in Switzerland, we recorded a $3 million noncash charge related to a pension settlement loss.

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

6. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS (Continued)

On September 27, 2011, we announced plans to implement a significant restructuring of our Textile Effects segment, including the closure of our production facilities and business support offices in Basel, Switzerland, as part of an ongoing strategic program aimed at improving the Textile Effects segment's long-term global competitiveness. In connection with this plan, during the nine months ended September 30, 2012, we recorded charges of $5 million and a $2 million noncash charge for asset impairments and a $5 million noncash charge for a pension settlement loss. We expect to incur additional restructuring and plant closing charges, excluding site exit costs, of approximately $19 million through December 31, 2014. In addition, during the nine months ended September 30, 2012, our Textile Effects segment recorded charges of $3 million primarily related to the closure of our St. Fons, France facility and a global transfer pricing initiative. Also during the nine months ended September 30, 2012, we reversed $14 million of reserves that were no longer required for workforce reductions at our production facility in Langweid, Germany, the consolidation of manufacturing activities and processes at our site in Basel, Switzerland and closure of our production facilities in Basel, Switzerland.

During the nine months ended September 30, 2012, our Pigments segment recorded charges of $4 million related to the closure of our Grimsby, U.K. plant.

7. DEBT

Outstanding debt consisted of the following (dollars in millions):

Huntsman Corporation

	September 30, 2012	December 31, 2011
Senior Credit Facilities:		
Term loans	$ 1,613	$ 1,696
Amounts outstanding under A/R programs	237	237
Senior notes	490	472
Senior subordinated notes	892	976
HPS (China) debt	109	167
Variable interest entities	266	281
Other	73	113
Total debt excluding debt to affiliates	$ 3,680	$ 3,942
Total current portion of debt	$ 130	$ 212
Long-term portion	3,550	3,730
Total debt excluding debt to affiliates	$ 3,680	$ 3,942
Total debt excluding debt to affiliates	$ 3,680	$ 3,942
Notes payable to affiliates-noncurrent	3	4
Total debt	$ 3,683	$ 3,946

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

7. DEBT (Continued)

Huntsman International

	September 30, 2012	December 31, 2011
Senior Credit Facilities:		
Term loans	$ 1,613	$ 1,696
Amounts outstanding under A/R programs	237	237
Senior notes	490	472
Senior subordinated notes	892	976
HPS (China) debt	109	167
Variable interest entities	266	281
Other	73	113
Total debt excluding debt to affiliates	$ 3,680	$ 3,942
Total current portion of debt	$ 130	$ 212
Long-term portion	3,550	3,730
Total debt excluding debt to affiliates	$ 3,680	$ 3,942
Total debt excluding debt to affiliates	$ 3,680	$ 3,942
Notes payable to affiliates-current	100	100
Notes payable to affiliates-noncurrent	610	439
Total debt	$ 4,390	$ 4,481

DIRECT AND SUBSIDIARY DEBT

Huntsman Corporation's direct debt and guarantee obligations consist of a guarantee of certain indebtedness incurred from time to time to finance certain insurance premiums. Substantially all of our other debt, including the facilities described below, has been incurred by our subsidiaries (primarily Huntsman International); Huntsman Corporation is not a guarantor of such subsidiary debt.

Senior Credit Facilities

As of September 30, 2012, our senior credit facilities ("Senior Credit Facilities") consisted of our revolving credit facility ("Revolving Facility"), our term loan B facility ("Term Loan B"), our extended term loan B facility ("Extended Term Loan B"), our extended term loan B facility Series 2

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

7. DEBT (Continued)

("Extended Term Loan B Series 2") and our term loan C facility ("Term Loan C") as follows (dollars in millions):

Facility	Committed Amount	Principal Outstanding	Carrying Value	Interest Rate(2)	Maturity
Revolving Facility	$ 400	$ (1)	$ (1)	USD LIBOR plus 2.50%	2017(3)
Term Loan B	NA	243	243	USD LIBOR plus 1.50%	2014
Extended Term Loan B	NA	637	637	USD LIBOR plus 2.50%	2017(3)
Extended Term Loan B Series 2	NA	342	342	USD LIBOR plus 2.75%	2017(3)
Term Loan C	NA	419	391	USD LIBOR plus 2.25%	2016

(1) We had no borrowings outstanding under our Revolving Facility; we had approximately $19 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility.

(2) The applicable interest rate of the Senior Credit Facilities is subject to certain secured leverage ratio thresholds. As of September 30, 2012, the weighted average interest rate on our outstanding balances under the Senior Credit Facilities was approximately 3%.

(3) The maturity of the Revolving Facility commitments will accelerate if we do not repay, refinance or have a minimum level of liquidity available to enable us to repay our 5.50% senior notes due 2016, Term Loan B due April 19, 2014 and Term Loan C due June 30, 2016. The maturity of Extended Term Loan B and Extended Term Loan B Series 2 will accelerate if we do not repay, refinance or have a minimum level of liquidity available to enable us to refinance or repay our 5.50% senior notes due 2016 that remain outstanding during the three months prior to the maturity date of such notes.

Our obligations under the Senior Credit Facilities are guaranteed by our guarantor subsidiaries ("Guarantors"), which consist of substantially all of our domestic subsidiaries and certain of our foreign subsidiaries, and are secured by a first priority lien on substantially all of our domestic property, plant and equipment, the stock of all of our material domestic subsidiaries and certain foreign subsidiaries and pledges of intercompany notes between certain of our subsidiaries.

During the nine months ended September 30, 2012, we made the following payments on our Senior Credit Facilities:

- On September 24, 2012, we prepaid $58 million on our Term Loan B.

- On September 7, 2012, we prepaid $3 million on our Term Loan B, $6 million on our Extended Term Loan B, $4 million on our Extended Term Loan B Series 2, and $4 million on our Term Loan C.

- On April 2, 2012, we paid the annual scheduled repayment of $3 million on our Term Loan B, $7 million on our Extended Term Loan B, and $4 million on our Term Loan C.

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7. DEBT (Continued)

In connection with these debt repayments, we recognized a loss on early extinguishment of debt of approximately $1 million during the nine months ended September 30, 2012.

Amendment to Credit Agreement

On March 6, 2012, Huntsman International entered into a seventh amendment to its Senior Credit Facilities. Among other things, the amendment:

- extended the stated termination date of the Revolving Facility commitments from March 9, 2014 to March 20, 2017;
- reduced the applicable interest rate margin on the Revolving Facility commitments by 0.50%;
- set the undrawn commitment fee on the Revolving Facility at 0.50%;
- increased the capacity for the Revolving Facility commitments from $300 million to $400 million;
- extended the stated maturity date of $346 million aggregate principal amount of Term Loan B from April 19, 2014 to April 19, 2017 (now referred to as Extended Term Loan B Series 2);
- increased the interest rate margin with respect to Extended Term Loan B Series 2 to LIBOR plus 3.00% (the interest rate margin is subject to a leverage-based step-down, which was achieved based on June 30, 2012 results); and
- set the amortization on the Extended Term Loan B Series 2 at 1% of the principal amount.

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

7. DEBT (Continued)

Redemption of Notes and Loss on Early Extinguishment of Debt

During the nine months ended September 30, 2012 and 2011, we redeemed or repurchased the following notes (monetary amounts in millions):

Date of Redemption	Notes	Principal Amount of Notes Redeemed	Amount Paid (Excluding Accrued Interest)	Loss on Early Extinguishment of Debt	
March 26, 2012	7.50% Senior Subordinated Notes due 2015	€64 (approximately $86)	€65 (approximately $87)	$	1
Three months ended September 30, 2011	6.875% Senior Subordinated Notes due 2013	€14 (approximately $19)	€14 (approximately $19)	$	
Three months ended September 30, 2011	7.50% Senior Subordinated Notes due 2013	€12 (approximately $17)	€12 (approximately $17)	$	
July 25, 2011	7.375% Senior Subordinated Notes due 2013	$75	$77	$	2
January 18, 2011	7.375% Senior Subordinated Notes due 2015	$100	$102	$	3

Other Debt

During the nine months ended September 30, 2012, HPS repaid $2 million and RMB 120 million (approximately $19 million) on term loans and working capital loans under its secured facilities. As of September 30, 2012, HPS had $10 million and RMB 354 million (approximately $56 million) outstanding under its secured facilities. In connection with these payments, the lenders agreed to release our Company as a guarantor.

During the nine months ended September 30, 2012, HPS repaid RMB 229 million (approximately $36 million) under its loan facility for working capital loans and discounting of commercial drafts. As of September 30, 2012, HPS had RMB 270 million (approximately $43 million) outstanding, which is classified as current portion of debt on the accompanying condensed consolidated balance sheets (unaudited).

On March 30, 2012, we repaid the remaining A$26 million (approximately $27 million) outstanding under our Australian subsidiary's credit facility (the "Australian Credit Facility"), which represents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

7. DEBT (Continued)

repayment of A$14 million (approximately $15 million) under the revolving facility and A$12 million (approximately $12 million) under the term loan facility.

Note Payable from Huntsman International to Huntsman Corporation

As of September 30, 2012, there was $707 million outstanding under the Intercompany Note owed us by Huntsman International. The Intercompany Note is unsecured and $100 million of the outstanding amount is classified as current as of both September 30, 2012 and December 31, 2011 on the condensed consolidated balance sheets (unaudited). As of September 30, 2012, under the terms of the Intercompany Note, Huntsman International promises to pay us interest on the unpaid principal amount at a rate per annum based on the previous monthly average borrowing rate obtained under our U.S. accounts receivable securitization program ("U.S. A/R Program"), less ten basis points (provided that the rate shall not exceed an amount that is 25 basis points less than the monthly average borrowing rate obtained for the U.S. LIBOR-based borrowings under our Revolving Facility).

COMPLIANCE WITH COVENANTS

We believe that we are in compliance with the covenants contained in the agreements governing our material debt instruments, including our Senior Credit Facilities, our U.S. A/R Program and our European accounts receivable securitization program (the "EU A/R Program" and collectively with the U.S. A/R Program the "A/R Programs") and our notes.

Our material financing arrangements contain certain covenants with which we must comply. A failure to comply with a covenant could result in a default under a financing arrangement unless we obtained an appropriate waiver or forbearance (as to which we can provide no assurance). A default under these material financing arrangements generally allows debt holders the option to declare the underlying debt obligations immediately due and payable. Furthermore, certain of our material financing arrangements contain cross default and cross acceleration provisions under which a failure to comply with the covenants in one financing arrangement may result in an event of default under another financing arrangement.

Our Senior Credit Facilities are subject to a single financial covenant (the "Leverage Covenant") which applies only to the Revolving Facility and is tested at the Huntsman International level. The Leverage Covenant is applicable only if borrowings, letters of credit or guarantees are outstanding under the Revolving Facility (cash collateralized letters of credit or guarantees are not deemed outstanding). The Leverage Covenant is a net senior secured leverage ratio covenant which requires that Huntsman International's ratio of senior secured debt to EBITDA (as defined in the applicable agreement) is not more than 3.75 to 1.

If in the future Huntsman International fails to comply with the Leverage Covenant, then we may not have access to liquidity under our Revolving Facility. If Huntsman International failed to comply with the Leverage Covenant at a time when we had uncollateralized loans or letters of credit outstanding under the Revolving Facility, Huntsman International would be in default under the Senior Credit Facilities, and, unless Huntsman International obtained a waiver or forbearance with respect to such default (as to which we can provide no assurance), Huntsman International could be required to

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

7. DEBT (Continued)

pay off the balance of the Senior Credit Facilities in full, and we may not have further access to such facilities.

The agreements governing our A/R Programs also contain certain receivable performance metrics. Any material failure to meet the applicable A/R Programs' metrics in the future could lead to an early termination event under the A/R Programs, which could require us to cease our use of such facilities, prohibiting us from additional borrowings against our receivables or, at the discretion of the lenders, requiring that we repay the A/R Programs in full. An early termination event under the A/R Programs would also constitute an event of default under our Senior Credit Facilities, which could require us to pay off the balance of the Senior Credit Facilities in full and could result in the loss of our Senior Credit Facilities.

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We are exposed to market risks, such as changes in interest rates, foreign exchange rates and commodity pricing risks. From time to time, we enter into transactions, including transactions involving derivative instruments, to manage certain of these exposures.

All derivatives, whether designated in hedging relationships or not, are recorded on our balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged items are recognized in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in accumulated other comprehensive loss, to the extent effective, and will be recognized in the income statement when the hedged item affects earnings. To the extent applicable, we perform effectiveness assessments in order to use hedge accounting at each reporting period. For a derivative that does not qualify as a hedge, changes in fair value are recognized in earnings.

We also hedge our net investment in certain European operations. Changes in the fair value of the hedge in the net investment of certain European operations are recorded in accumulated other comprehensive loss.

Our cash flows and earnings are subject to fluctuations due to exchange rate variation. Our revenues and expenses are denominated in various foreign currencies. From time to time, we may enter into foreign currency derivative instruments to minimize the short-term impact of movements in foreign currency rates. Where practicable, we generally net multi-currency cash balances among our subsidiaries to help reduce exposure to foreign currency exchange rates. Certain other exposures may be managed from time to time through financial market transactions, principally through the purchase of spot or forward foreign exchange contracts (generally with maturities of one year or less). We do not hedge our foreign currency exposures in a manner that would eliminate the effect of changes in exchange rates on our cash flows and earnings. As of September 30, 2012, we had approximately $199 million in notional amount (in U.S. dollar equivalents) outstanding in forward foreign currency contracts.

On December 9, 2009, we entered into a five-year interest rate contract to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. The notional value of the contract is $50 million, and it has been designated as a cash flow hedge. The effective portion of the changes in the fair value of the swap was recorded in other

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

comprehensive income (loss). We will pay a fixed 2.6% on the hedge and receive the one-month LIBOR rate. As of September 30, 2012, the fair value of the hedge was $3 million and was recorded in other noncurrent liabilities on the condensed consolidated balance sheets (unaudited).

On January 19, 2010, we entered into an additional five-year interest rate contract to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. The notional value of the contract is $50 million, and it has been designated as a cash flow hedge. The effective portion of the changes in the fair value of the swap was recorded in other comprehensive income (loss). We will pay a fixed 2.8% on the hedge and receive the one-month LIBOR rate. As of September 30, 2012, the fair value of the hedge was $3 million and was recorded in other noncurrent liabilities on the condensed consolidated balance sheets (unaudited).

On September 1, 2011, we entered into a $50 million forward interest rate contract that will begin in December 2014 with maturity in April 2017 and a $50 million forward interest rate contract that will begin in January 2015 with maturity in April 2017. These two forward contracts are to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities once our existing interest rate hedges mature. These swaps are designated as cash flow hedges and the effective portion of the changes in the fair value of the swaps were recorded in other comprehensive income (loss). Both interest rate contracts will pay a fixed 2.5% on the hedge and receive the one-month LIBOR rate once the contracts begin in 2014 and 2015, respectively. As of September 30, 2012, the combined fair value of these two hedges was $4 million and was recorded in other noncurrent liabilities on the condensed consolidated balance sheets (unaudited).

In 2009, Sasol-Huntsman entered into derivative transactions to hedge the variable interest rate associated with its local credit facility. These hedges include a floating to fixed interest rate contract providing Sasol-Huntsman with EURIBOR interest payments for a fixed payment of 3.62% and a cap for future periods with a strike price of 3.62%. In connection with the consolidation of Sasol-Huntsman as of April 1, 2011, the interest rate contract is now included in our consolidated results. See "Note 5. Variable Interest Entities." The notional amount of the hedge as of September 30, 2012 was €47 million (approximately $61 million) and the derivative transactions do not qualify for hedge accounting. As of September 30, 2012, the fair value of this hedge was €2 million (approximately $3 million) and the hedge was recorded in other noncurrent liabilities on the condensed consolidated balance sheets (unaudited). For the three months and nine months ended September 30, 2012, we recorded interest expense of less than €1 million (less than $1 million) due to changes in the fair value of the swap.

Beginning in 2009, Arabian Amines Company entered into a 12-year floating to fixed interest rate contract providing for a receipt of LIBOR interest payments for a fixed payment of 5.02%. In connection with the consolidation of Arabian Amines Company as of July 1, 2010, the interest rate contract is now included in our consolidated results. See "Note 5. Variable Interest Entities." The notional amount of the swap as of September 30, 2012 was $36 million, and the interest rate contract is not designated as a cash flow hedge. As of September 30, 2012, the fair value of the swap was $6 million and was recorded as other noncurrent liabilities on the condensed consolidated balance sheets (unaudited). For both the three and nine months ended September 30, 2012, we recorded interest expense of less than $1 million due to changes in the fair value of the swap.

HUNTSMAN CORPORATION AND SUBSIDIARIES

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

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

In conjunction with the issuance of the 8.625% senior subordinated notes due 2020, we entered into cross-currency interest rate contracts with three counterparties. On March 17, 2010, we paid $350 million to these counterparties and received €255 million from these counterparties and at maturity on March 15, 2015 we are required to pay €255 million and will receive $350 million. On March 15 and September 15 of each year, we will receive U.S. dollar interest payments of approximately $15 million (equivalent to an annual rate of 8.625%) and make interest payments of approximately €11 million (equivalent to an annual rate of approximately 8.41%). These swaps are designated as a hedge of net investment for financial reporting purposes. As of September 30, 2012, the fair value of these swaps was $29 million and was recorded in noncurrent assets in our condensed consolidated balance sheets (unaudited).

As of and for the three and nine months ended September 30, 2012, the changes in fair value of the realized gains (losses) recorded in the condensed consolidated statements of operations (unaudited) of our other outstanding foreign currency rate hedging contracts and derivatives were not considered significant.

A significant portion of our intercompany debt is denominated in euros. We also finance certain of our non-U.S. subsidiaries with intercompany loans that are, in many cases, denominated in currencies other than the entities' functional currency. We manage the net foreign currency exposure created by this debt through various means, including cross-currency swaps, the designation of certain intercompany loans as permanent loans because they are not expected to be repaid in the foreseeable future ("permanent loans") and the designation of certain debt and swaps as net investment hedges.

Foreign currency transaction gains and losses on intercompany loans that are not designated as permanent loans are recorded in earnings. Foreign currency transaction gains and losses on intercompany loans that are designated as permanent loans are recorded in other comprehensive income (loss). From time to time, we review such designation of intercompany loans.

From time to time, we review our non-U.S. dollar denominated debt and swaps to determine the appropriate amounts designated as hedges. As of September 30, 2012, we have designated €255 million (approximately $327 million) of euro-denominated debt and cross-currency interest rate swaps as a hedge of our net investments. For the three and nine months ended September 30, 2012, the amount of loss recognized on the hedge of our net investments was $6 million and approximately $1 million, respectively, and was recorded in other comprehensive income (loss). As of September 30, 2012, we had €1,211 million (approximately $1,558 million) in net euro assets.

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

9. FAIR VALUE

The fair values of financial instruments were as follows (dollars in millions):

	September 30, 2012		December 31, 2011	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Non-qualified employee benefit plan investments	$ 14	$ 14	$ 12	$ 12
Cross-currency interest rate contracts	29	29	27	27
Interest rate contracts	(19)	(19)	(17)	(17)
Long-term debt (including current portion)	(3,680)	(3,941)	(3,942)	(4,061)

The carrying amounts reported in our condensed consolidated balance sheets (unaudited) of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments. The fair value of non-qualified employee benefit plan investments is obtained through market observable pricing using prevailing market prices. The estimated fair values of our long-term debt are based on quoted market prices for the identical liability when traded as an asset in an active market (Level 1).

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2012 and December 31, 2011. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements (unaudited) since September 30, 2012, and current estimates of fair value may differ significantly from the amounts presented herein.

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

9. FAIR VALUE (Continued)

The following assets and liabilities are measured at fair value on a recurring basis (dollars in millions):

		Fair Value Amounts Using		
Description	**September 30, 2012**	**Quoted prices in active markets for identical assets (Level 1)(3)**	**Significant other observable inputs (Level 2)(3)**	**Significant unobservable inputs (Level 3)**
Assets:				
Available-for-sale equity securities:				
Equity mutual funds	$ 14	$ 14	$	$
Derivatives:				
Cross-currency interest rate contracts(1)	29		29	
Total assets	$ 43	$ 14	$ 29	$
Liabilities:				
Derivatives:				
Interest rate contracts(2)	$ (19)	$	$ (19)	$

		Fair Value Amounts Using		
Description	**December 31, 2011**	**Quoted prices in active markets for identical assets (Level 1)(3)**	**Significant other observable inputs (Level 2)(3)**	**Significant unobservable inputs (Level 3)**
Assets:				
Available-for-sale equity securities:				
Equity mutual funds	$ 12	$ 12	$	$
Derivatives:				
Cross-currency interest rate contracts(1)	27			27
Total assets	$ 39	$ 12	$	$ 27
Liabilities:				
Derivatives:				
Interest rate contracts(2)	$ (17)	$	$ (17)	$

(1) The income approach is used to calculate the fair value of these instruments. Fair value represents the present value of estimated future cash flows, calculated using relevant interest rates, exchange rates, and yield curves at stated intervals. There were no material changes to the valuation methods or assumptions used to determine the fair value during the current period.

(2) The income approach is used to calculate the fair value of these instruments. Fair value represents the present value of estimated future cash flows, calculated using relevant interest rates and yield

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

9. FAIR VALUE (Continued)

curves at stated intervals. There were no material changes to the valuation methods or assumptions used to determine the fair value during the current period.

(3)

There were no transfers between Levels 1 and 2 within the fair value hierarchy for the nine months ended September 30, 2012 and the year ended December 31, 2011.

The following table shows a reconciliation of beginning and ending balances for instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (dollars in millions):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	**Three months ended September 30, 2012 Cross-Currency Interest Rate Contracts**	**Nine months ended September 30, 2012 Cross-Currency Interest Rate Contracts**
Beginning balance	$	$ 27
Transfers into Level 3		
Transfer out of Level 3(1)		(27)
Total gains (losses):		
Included in earnings		
Included in other comprehensive income (loss)		
Purchases, sales, issuances and settlements		
Ending balance, September 30, 2012	$	$
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at September 30, 2012	$	$

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

9. FAIR VALUE (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Three months ended September 30, 2011 Cross-Currency Interest Rate Contracts	Nine months ended September 30, 2011 Cross-Currency Interest Rate Contracts
Beginning balance	$ (5)	$ 19
Transfers into or out of Level 3		
Total (losses) gains:		
Included in earnings		
Included in other comprehensive income (loss)	24	
Purchases, sales, issuances and settlements		
Ending balance, September 30, 2011	$ 19	$ 19
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at September 30, 2011	$	$

(1) We are party to cross-currency interest rate contracts that are measured at fair value in our financial statements (unaudited). These instruments have historically been categorized by us as Level 3 within the fair value hierarchy due to an unobservable input associated with the credit valuation adjustment, which we deemed to be a significant input to the overall measurement of fair value at inception. During the nine months ended September 30, 2012, this credit valuation adjustment has ceased to be a significant input to the entire fair value measurement of these instruments. The remaining inputs which are significant to the fair value measurement of these instruments represent observable market inputs that are inputs other than quoted prices (Level 2 inputs).

Our policy is to recognize transfers between levels within the fair value hierarchy as of the beginning of the reporting period. Due to the change in significance of the credit valuation adjustment to the entire fair value measurement of these instruments, effective January 1, 2012, we have categorized our cross-currency interest rate contracts as Level 2 within the fair value hierarchy.

Gains and losses (realized and unrealized) included in earnings for instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are reported in interest expense and other comprehensive income (loss) as follows (dollars in millions):

	Three months ended September 30, 2012		Nine months ended September 30, 2012	
	Interest expense	Other comprehensive income (loss)	Interest expense	Other comprehensive income (loss)
Total net gains included in earnings	$	$	$	$
Changes in unrealized gains relating to assets still held at September 30, 2012				

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

9. FAIR VALUE (Continued)

	Three months ended September 30, 2011		Nine months ended September 30, 2011	
	Interest expense	Other comprehensive income (loss)	Interest expense	Other comprehensive income (loss)
Total net gains included in earnings	$	$	$	$
Changes in unrealized losses relating to assets still held at September 30, 2011		24		

We also have assets that under certain conditions are subject to measurement at fair value on a non-recurring basis. These assets include property, plant and equipment and those associated with acquired businesses, including goodwill and intangible assets. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if one or more is determined to be impaired. During the three and nine months ended September 30, 2012 and 2011, we had no impairments related to these assets.

10. EMPLOYEE BENEFIT PLANS

Components of the net periodic benefit costs for the three and nine months ended September 30, 2012 and 2011 were as follows (dollars in millions):

Huntsman Corporation

	Defined Benefit Plans Three months ended September 30,		Other Postretirement Benefit Plans Three months ended September 30,	
	2012	2011	2012	2011
Service cost	$ 12	$ 18	$ 1	$
Interest cost	36	39	2	2
Expected return on assets	(45)	(47)		
Amortization of prior service cost	(2)	(2)	(1)	(1)
Amortization of actuarial loss	11	9		1
Settlement loss	8			
Net periodic benefit cost	$ 20	$ 17	$ 2	$ 2

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

10. EMPLOYEE BENEFIT PLANS (Continued)

	Defined Benefit Plans Nine months ended September 30,		Other Postretirement Benefit Plans Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Service cost	$ 43	$ 51	$ 3	$ 2
Interest cost	109	116	5	6
Expected return on assets	(136)	(141)		
Amortization of prior service cost	(6)	(5)	(2)	(2)
Amortization of actuarial loss	33	23	1	1
Settlement loss	8			
Net periodic benefit cost	$ 51	$ 44	$ 7	$ 7

Huntsman International

	Defined Benefit Plans Three months ended September 30,		Other Postretirement Benefit Plans Three months ended September 30,	
	2012	**2011**	**2012**	**2011**
Service cost	$ 12	$ 18	$ 1	$
Interest cost	36	39	2	2
Expected return on assets	(45)	(47)		
Amortization of prior service cost	(2)	(2)	(1)	(1)
Amortization of actuarial loss	13	9		1
Settlement loss	8			
Net periodic benefit cost	$ 22	$ 17	$ 2	$ 2

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

10. EMPLOYEE BENEFIT PLANS (Continued)

	Defined Benefit Plans Nine months ended September 30,		Other Postretirement Benefit Plans Nine months ended September 30,	
	2012	2011	2012	2011
Service cost	$ 43	$ 51	$ 3	$ 2
Interest cost	109	116	5	6
Expected return on assets	(136)	(141)		
Amortization of prior service cost	(6)	(5)	(2)	(2)
Amortization of actuarial loss	37	26	1	1
Settlement loss	8			
Net periodic benefit cost	$ 55	$ 47	$ 7	$ 7

During the first quarter of 2012, certain U.K. pension plans were closed to new entrants. For existing participants, benefits will only grow as a result of increases in pay. Defined contribution plans were established to replace these pension plans for future benefit accruals. This change did not have a significant impact on our pension liability.

During 2012, the pension plan formula one of our U.S. subsidiaries was converted from an average pay design to a cash balance plan design. The existing defined contribution plan match was enhanced to offset this reduction in benefits. In connection with this plan change, we reduced our pension liability by approximately $23 million with a corresponding offset to other comprehensive income (loss) during the nine months ended September 30, 2012.

During the nine months ended September 30, 2012 and 2011, we made contributions to our pension and other postretirement benefit plans of $124 million and $132 million, respectively. During the remainder of 2012, we expect to contribute an additional amount of $31 million to these plans.

In connection with employee terminations in Switzerland related to restructuring programs, we recorded a noncash pension settlement loss of $8 million in the third quarter of 2012.

11. HUNTSMAN CORPORATION STOCKHOLDERS' EQUITY

SHARE REPURCHASE PROGRAM

Effective August 5, 2011, our Board of Directors authorized our Company to repurchase up to $100 million in shares of our common stock. Repurchases under this program may be made through the open market or in privately negotiated transactions, and repurchases may be commenced or suspended from time to time without prior notice. Shares of common stock acquired through the repurchase program are held in treasury at cost. During the nine months ended September 30, 2012, we did not repurchase any shares of our outstanding common stock under the repurchase program. As of September 30, 2012, there remained approximately $50 million of the amount authorized under the program that could be used for stock repurchases.

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

11. HUNTSMAN CORPORATION STOCKHOLDERS' EQUITY (Continued)

COMMON STOCK DIVIDENDS

On each of September 28, June 29 and March 30, 2012, we paid cash dividends of $24 million, or $0.10 per share, to common stockholders of record as of September 14, June 15, and March 15, 2012, respectively. On each of September 30, June 30 and March 31, 2011, we paid cash dividends of $24 million, or $0.10 per share, to common stockholders of record as of September 15, June 15, and March 15, 2011, respectively.

12. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) were as follows (dollars in millions):

Huntsman Corporation

	Accumulated other comprehensive loss		Other comprehensive income (loss)			
			Three months ended		Nine months ended	
	September 30, 2012	December 31, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Foreign currency translation adjustments, net of tax of $23 and $24 as of September 30, 2012 and December 31, 2011, respectively	$ 243	$ 218	$ 94	$ (117)	$ 25	$ 30
Pension and other postretirement benefit adjustments, net of tax of $109 and $124 as of September 30, 2012 and December 31, 2011, respectively	(745)	(800)	14	(78)	55	(70)
Other comprehensive income (loss) of unconsolidated affiliates	7	8		3	(1)	3
Other, net	2	3		(3)	(1)	(2)
Total	(493)	(571)	108	(195)	78	(39)
Amounts attributable to noncontrolling interests	10	12	(2)		(2)	(1)
Amounts attributable to Huntsman Corporation	$ (483)	$ (559)	$ 106	$ (195)	$ 76	$ (40)

Huntsman International

	Accumulated other comprehensive loss		Other comprehensive income (loss)			
			Three months ended		Nine months ended	
	September 30, 2012	December 31, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Foreign currency translation adjustments, net of tax of $10 and $11 as of September 30, 2012 and December 31, 2011, respectively	$ 242	$ 217	$ 94	$ (118)	$ 25	$ 30
Pension and other postretirement benefit adjustments, net of tax of $140 and $156 as of September 30, 2012 and December 31, 2011, respectively	(787)	(845)	15	(77)	58	(66)
Other comprehensive income (loss) of unconsolidated affiliates	7	8		3	(1)	3
Other, net	(3)	(3)		(2)		(2)
Total	(541)	(623)	109	(194)	82	(35)
Amounts attributable to noncontrolling interests	10	12	(2)		(2)	(1)
Amounts attributable to Huntsman International	$ (531)	$ (611)	$ 107	$ (194)	$ 80	$ (36)

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

12. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

Items of other comprehensive income (loss) of our Company and our consolidated affiliates have been recorded net of tax, with the exception of the foreign currency translation adjustments related to subsidiaries with earnings permanently reinvested. The tax effect is determined based upon the jurisdiction where the income or loss was recognized and is net of valuation allowances.

13. COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

Asbestos Litigation

We have been named as a premises defendant in a number of asbestos exposure cases, typically claims by nonemployees of exposure to asbestos while at a facility. In the past, these cases typically involved multiple plaintiffs bringing actions against multiple defendants, and the complaints have not indicated which plaintiffs were making claims against which defendants, where or how the alleged injuries occurred or what injuries each plaintiff claimed. Rarely do the complaints in these cases state the amount of damages being sought. These facts, which would be central to any estimate of probable loss, generally have been learned only through discovery.

Where a claimant's alleged exposure occurred prior to our ownership of the relevant premises, the prior owners generally have contractually agreed to retain liability for, and to indemnify us against, asbestos exposure claims. This indemnification is not subject to any time or dollar amount limitations. Upon service of a complaint in one of these cases, we tender it to the prior owner. The prior owner accepts responsibility for the conduct of the defense of the cases and payment of any amounts due to the claimants. In our eighteen-year experience with tendering these cases, we have not made any payment with respect to any tendered asbestos cases. We believe that the prior owners have the intention and ability to continue to honor their indemnity obligations, although we cannot assure you that they will continue to do so or that we will not be liable for these cases if they do not.

The following table presents for the periods indicated certain information about cases for which service has been received that we have tendered to the prior owner, all of which have been accepted.

	Nine months ended September 30,	
	2012	**2011**
Unresolved at beginning of period	1,080	1,116
Tendered during period	3	10
Resolved during period(1)	2	43
Unresolved at end of period	1,081	1,083

(1) Although the indemnifying party informs us when tendered cases have been resolved, it generally does not inform us of the settlement amounts relating to such cases, if any. The indemnifying party has informed us that it typically manages our defense together with the defense of other entities in such cases and resolves claims involving multiple defendants simultaneously, and that it considers the allocation of settlement amounts, if

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

13. COMMITMENTS AND CONTINGENCIES (Continued)

any, among defendants to be confidential and proprietary. Consequently, we are not able to provide the number of cases resolved with payment by the indemnifying party or the amount of such payments.

We have never made any payments with respect to these cases. As of September 30, 2012, we had an accrued liability of $10 million relating to these cases and a corresponding receivable of $10 million relating to our indemnity protection with respect to these cases. We cannot assure you that our liability will not exceed our accruals or that our liability associated with these cases would not be material to our financial condition, results of operations or liquidity; accordingly, we are not able to estimate the amount or range of loss in excess of our accruals. Additional asbestos exposure claims may be made against us in the future, and such claims could be material. However, because we are not able to estimate the amount or range of losses associated with such claims, we have made no accruals with respect to unasserted asbestos exposure claims as of September 30, 2012.

Certain cases in which we are a premises defendant are not subject to indemnification by prior owners or operators. However, we may be entitled to insurance or other recovery in some of these cases. The following table presents for the periods indicated certain information about these cases. Cases include all cases for which service has been received by us. Certain prior cases that were filed in error against us have been dismissed.

	Nine months ended September 30,	
	2012	**2011**
Unresolved at beginning of period	36	37
Filed during period	8	9
Resolved during period	3	8
Unresolved at end of period	41	38

We paid gross settlement costs for asbestos exposure cases that are not subject to indemnification of $82,000 and $442,000 during the nine months ended September 30, 2012 and 2011, respectively. As of September 30, 2012, we had an accrual of $225,000 relating to these cases and we expect insurance proceeds to offset this cost. We cannot assure you that our liability will not exceed our accruals or that our liability associated with these cases would not be material to our financial condition, results of operations or liquidity; accordingly, we are not able to estimate the amount or range of loss in excess of our accruals. Additional asbestos exposure claims may be made against us in the future, and such claims could be material. However, because we are not able to estimate the amount or range of losses associated with such claims, we have made no accruals with respect to unasserted asbestos exposure claims as of September 30, 2012.

Antitrust Matters

We were named as a defendant in civil class action antitrust suits alleging that between 1999 and 2004 we conspired with Bayer, BASF, Dow and Lyondell to fix the prices of MDI, TDI, polyether polyols, and related systems ("polyether polyol products") sold in the U.S. in violation of the federal

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13. COMMITMENTS AND CONTINGENCIES (Continued)

Sherman Act. These cases are consolidated as the "Polyether Polyols" cases in multidistrict litigation pending in the U.S. District Court for the District of Kansas.

In addition, we and the other Polyether Polyols defendants were named as defendants in three civil antitrust suits brought by certain direct purchasers of polyether polyol products that opted out of the class certified in the Kansas multidistrict litigation. The relevant time frame for these cases is 1994 to 2004 and they are referred to as the "direct action cases." The class action and the direct action cases were consolidated in the Kansas court for the purposes of discovery and other pretrial matters.

In the second quarter of 2011, we settled the class action and were dismissed as a defendant. On December 29, 2011, we entered into a settlement agreement with the direct action plaintiffs for an amount immaterial to our financial statements and were dismissed from those cases on December 30, 2011.

Two similar civil antitrust class action cases were filed May 5 and 17, 2006 in the Superior Court of Justice, Ontario Canada and Superior Court, Province of Quebec, District of Quebec, on behalf of purported classes of Canadian direct and indirect purchasers of MDI, TDI and polyether polyols. On April 11, 2012, we reached agreement to resolve these cases for an amount immaterial to our condensed consolidated financial statements (unaudited). On July 27, 2012, the Canadian courts approved the settlement, and the settlement has since been paid.

A purported class action case filed February 15, 2005 by purchasers in California of products containing rubber and urethane chemicals and pending in Superior Court of California, County of San Francisco is stayed pending resolution of the Kansas multidistrict litigation. The plaintiffs in this matter make similar claims against the defendants as the class plaintiffs in the Kansas multidistrict litigation. While we have previously disclosed this matter because it is related to the Polyether Polyols cases, we do not believe this matter by itself will have a material impact on our condensed consolidated financial statements (unaudited).

We have been named as a defendant in two purported class action civil antitrust suits alleging that we and our co-defendants and other co-conspirators conspired to fix prices of titanium dioxide sold in the U.S. between at least March 1, 2002 and the present. The cases were filed on February 9 and 12, 2010 in the U.S. District Court for the District of Maryland and a consolidated complaint was filed on April 12, 2010. The other defendants named in this matter are E.I. du Pont de Nemours and Company, Kronos Worldwide Inc., Millennium Inorganic Chemicals, Inc. and the National Titanium Dioxide Company Limited (d/b/a Cristal). The court certified the case as a class action on August 28, 2012 although notice to putative class members has not yet been given while we and our co-defendants pursue an appeal of the class certification before the Court of Appeals for the Fourth Circuit. The trial is set to begin September 9, 2013.

In all of the antitrust litigation currently pending against us, the plaintiffs generally are seeking injunctive relief, treble damages, costs of suit and attorneys fees. We are not aware of any illegal conduct by us or any of our employees. Nevertheless, we have incurred costs relating to these claims and could incur additional costs in amounts material to us. As alleged damages in these cases have not been specified, and because of the overall complexity of these cases, we are unable to reasonably estimate any possible loss or range of loss with respect to these claims.

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13. COMMITMENTS AND CONTINGENCIES (Continued)

Product Delivery Claim

We have been notified by a customer of potential claims related to our allegedly delivering a different product from that which it had ordered. Our customer claims that it was unaware that the different product had been delivered until after it had been used to manufacture materials which were subsequently sold. Originally, the customer stated that it had been notified of claims of up to an aggregate of €153 million (approximately $191 million) relating to this matter and believed that we may be responsible for all or a portion of these potential claims. Our customer has since resolved some of these claims and the aggregate amount of the current claims is now approximately €113 million (approximately $145 million). Based on the facts currently available to us, we believe that we are insured for any liability we may ultimately have in excess of $10 million. However, no assurance can be given regarding our ultimate liability or costs to us. We believe the range of possible loss to our Company in this matter to be between €0 and €113 million and have made no accrual with respect to this matter.

Indemnification Matter

On July 3, 2012, Deutsche Bank Securities Inc. and Credit Suisse Securities (USA) LLC (the "Banks") demanded that we indemnify them for claims brought by certain MatlinPatterson entities that were formerly our shareholders (the "Plaintiffs") in litigation filed June 19, 2012 in the 9th District Court in Montgomery County, Texas. The Banks assert that they are entitled to indemnification pursuant to the Agreement of Compromise and Settlement between the Banks and our Company, dated June 22, 2009, wherein the Banks and our Company settled claims that we brought relating to the failed merger with Hexion Specialty Chemicals, Inc. ("Hexion"). Plaintiffs claim that the Banks knowingly made materially false representations about the nature of the financing for the acquisition of our Company by Hexion and that they suffered substantial losses to their 19 million shares of our common stock as a result of the Banks' misrepresentations. Plaintiffs are asserting statutory fraud, common law fraud and aiding and abetting statutory fraud and are seeking actual damages, exemplary damages, costs and attorney's fees, pre-judgment and post-judgment interest. We have denied the Banks' demand and continue to monitor the litigation. At this time, we are unable to estimate the amount or range of possible losses with respect to these claims.

Other Proceedings

We are a party to various other proceedings instituted by private plaintiffs, governmental authorities and others arising under provisions of applicable laws, including various environmental, products liability and other laws. Except as otherwise disclosed in this report, we do not believe that the outcome of any of these matters will have a material effect on our financial condition, results of operations or liquidity.

HUNTSMAN CORPORATION AND SUBSIDIARIES

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

14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

General

We are subject to extensive federal, state, local and international laws, regulations, rules and ordinances relating to safety, pollution, protection of the environment, product management and distribution, and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. In the ordinary course of business, we are subject to frequent environmental inspections and monitoring and occasional investigations by governmental enforcement authorities. In addition, our production facilities require operating permits that are subject to renewal, modification and, in certain circumstances, revocation. Actual or alleged violations of safety laws, environmental laws or permit requirements could result in restrictions or prohibitions on plant operations or product distribution, substantial civil or criminal sanctions, as well as, under some environmental laws, the assessment of strict liability and/or joint and several liability. Moreover, changes in environmental regulations could inhibit or interrupt our operations, or require us to modify our facilities or operations. Accordingly, environmental or regulatory matters may cause us to incur significant unanticipated losses, costs or liabilities.

Environmental, Health and Safety Systems

We are committed to achieving and maintaining compliance with all applicable environmental, health and safety ("EHS") legal requirements, and we have developed policies and management systems that are intended to identify the multitude of EHS legal requirements applicable to our operations, enhance compliance with applicable legal requirements, ensure the safety of our employees, contractors, community neighbors and customers and minimize the production and emission of wastes and other pollutants. Although EHS legal requirements are constantly changing and are frequently difficult to comply with, these EHS management systems are designed to assist us in our compliance goals while also fostering efficiency and improvement and reducing overall risk to us.

EHS Capital Expenditures

We may incur future costs for capital improvements and general compliance under EHS laws, including costs to acquire, maintain and repair pollution control equipment. For the nine months ended September 30, 2012 and 2011, our capital expenditures for EHS matters totaled $61 million and $55 million, respectively. Because capital expenditures for these matters are subject to evolving regulatory requirements and depend, in part, on the timing, promulgation and enforcement of specific requirements, our capital expenditures for EHS matters have varied significantly from year to year and we cannot provide assurance that our recent expenditures are indicative of future amounts we may spend related to EHS and other applicable laws.

Remediation Liabilities

We have incurred, and we may in the future incur, liability to investigate and clean up waste or contamination at our current or former facilities or facilities operated by third parties at which we may have disposed of waste or other materials. Similarly, we may incur costs for the cleanup of waste that

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

14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

was disposed of prior to the purchase of our businesses. Under some circumstances, the scope of our liability may extend to damages to natural resources.

Under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and similar state laws, a current or former owner or operator of real property may be liable for remediation costs regardless of whether the release or disposal of hazardous substances was in compliance with law at the time it occurred, and a current owner or operator may be liable regardless of whether it owned or operated the facility at the time of the release. Outside the U.S., analogous contaminated property laws, such as those in effect in France and Australia, can hold past owners and/or operators liable for remediation at former facilities. Currently, there are approximately 10 former facilities or third party sites in the U.S. for which we have been notified of potential claims against us for cleanup liabilities, including, but not limited to, sites listed under CERCLA. Based on current information and past experiences at other CERCLA sites, we do not expect these third party claims to have a material impact on our condensed consolidated financial statements (unaudited).

One of these sites, the North Maybe Canyon Mine site, involves a former phosphorous mine near Soda Springs, Idaho, which is believed to have been operated by a predecessor company to us. In 2004, the U.S. Forest Service ("USFS") notified us that we are a CERCLA potentially responsible party ("PRP") for contaminated surface water issues. In February 2010, we and Wells Cargo (another PRP) agreed to conduct a Remedial Investigation/Feasibility Study (RI/FS) of a portion of the site and are currently engaged in that process. At this time, we are unable to reasonably estimate our potential losses in this matter.

In addition, under the Resource Conservation and Recovery Act ("RCRA") and similar state laws, we may be required to remediate contamination originating from our properties as a condition to our hazardous waste permit. Some of our manufacturing sites have an extended history of industrial chemical manufacturing and use, including on-site waste disposal. We are aware of soil, groundwater or surface contamination from past operations at some of our sites, and we may find contamination at other sites in the future. For example, our Port Neches, Texas, and Geismar, Louisiana, facilities are the subject of ongoing remediation requirements under RCRA authority. Similar laws exist in a number of locations in which we currently operate, or previously operated, manufacturing facilities, such as Australia, India, France, Hungary and Italy.

By letter dated March 7, 2006, our former Base Chemicals and Polymers facility in West Footscray, Australia, was issued a clean-up notice by the Environmental Protection Authority Victoria ("EPA Victoria") due to concerns about soil and groundwater contamination emanating from the site. On August 23, 2010, EPA Victoria revoked the second clean-up notice and issued a revised notice that included a requirement for financial assurance for the remediation. We have reached agreement with the agency that a mortgage on the land will be held by the agency as financial surety during the period covered by the current clean-up notice, which ends on July 30, 2014. As of September 30, 2012, we had an accrued liability of $30 million related to estimated environmental remediation costs at this site. We can provide no assurance that the agency will not seek to institute additional requirements for the site or that additional costs will not be associated with the clean up.

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14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

Environmental Reserves

We have accrued liabilities relating to anticipated environmental cleanup obligations, site reclamation and closure costs and known penalties. Liabilities are recorded when potential liabilities are either known or considered probable and can be reasonably estimated. Our liability estimates are calculated using present value techniques as appropriate and are based upon requirements placed upon us by regulators, available facts, existing technology and past experience. The environmental liabilities do not include amounts recorded as asset retirement obligations. We had accrued $35 million and $36 million for environmental liabilities as of September 30, 2012 and December 31, 2011, respectively. Of these amounts, $10 million and $7 million were classified as accrued liabilities in our condensed consolidated balance sheets (unaudited) as of September 30, 2012 and December 31, 2011, respectively, and $25 million and $29 million were classified as other noncurrent liabilities in our condensed consolidated balance sheets (unaudited) as of September 30, 2012 and December 31, 2011, respectively. In certain cases, our remediation liabilities may be payable over periods of up to 30 years.

REGULATORY DEVELOPMENTS

On June 1, 2007, the EU regulatory framework for chemicals called "REACH" took effect, designed to be phased in over 11 years. As a REACH-regulated company that manufactures in or imports more than one metric ton per year of a chemical substance into the European Economic Area, we were required to pre-register with the European Chemicals Agency ("ECHA"), such chemical substances and isolated intermediates to take advantage of the 11 year phase-in period. To meet our compliance obligations, a cross-business REACH team was established, through which we were able to fulfill all required pre-registrations and our first phase registrations by the November 30, 2010 deadline. While we continue our registration efforts to meet the next registration deadline of June 2013, our REACH implementation team is now strategically focused on the authorization phase of the REACH process, directing its efforts to address "Substances of Very High Concern" and evaluating potential business implications. Where warranted, evaluation of substitute chemicals will be an important element of our ongoing manufacturing sustainability efforts. As a chemical manufacturer with global operations, we are also actively monitoring and addressing analogous regulatory regimes being considered or implemented outside of the EU.

Although the total long-term cost for REACH compliance is unknown at this time, we spent approximately $5 million, $9 million and $3 million in 2011, 2010 and 2009, respectively, to meet the initial REACH requirements. We cannot provide assurance that these recent expenditures are indicative of future amounts that we may be required to spend for REACH compliance.

GREENHOUSE GAS REGULATION

Although the existence of binding emissions limitations under international treaties such as the Kyoto Protocol is in doubt after 2012, we expect some or all of our operations to be subject to regulatory requirements to reduce emissions of greenhouse gases ("GHGs"). Even in the absence of a new global agreement to limit GHGs, we may be subject to additional regulation under the European Union Emissions Trading System as well as new national and regional GHG trading programs. For

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14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

example, our operations in Australia and selected U.S. states may be subject to future GHG regulations under emissions trading systems in those jurisdictions.

Because the United States has not adopted federal climate change legislation, domestic GHG efforts are likely to be guided by EPA regulations in the near future. While EPA's GHG programs are currently subject to judicial challenge, our domestic operations may become subject to EPA's regulatory requirements when implemented. In particular, expansions of our existing facilities or construction of new facilities may be subject to the Clean Air Act's Prevention of Significant Deterioration Requirements under EPA's GHG "Tailoring Rule." In addition, certain aspects of our operations may be subject to GHG emissions monitoring and reporting requirements. If we are subject to EPA GHG regulations, we may face increased monitoring, reporting, and compliance costs.

We are already managing and reporting GHG emissions, to varying degrees, as required by law for our sites in locations subject to Kyoto Protocol obligations and/or EU emissions trading scheme requirements. Although these sites are subject to existing GHG legislation, few have experienced or anticipate significant cost increases as a result of these programs, although it is possible that GHG emission restrictions may increase over time. Potential consequences of such restrictions include capital requirements to modify assets to meet GHG emission restrictions and/or increases in energy costs above the level of general inflation, as well as direct compliance costs. Currently, however, it is not possible to estimate the likely financial impact of potential future regulation on any of our sites.

Finally, it should be noted that some scientists have concluded that increasing concentrations of GHG in the earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events. If any of those effects were to occur, they could have an adverse effect on our assets and operations.

15. STOCK-BASED COMPENSATION PLANS

Under the Huntsman Corporation Stock Incentive Plan, as amended and restated (the "Stock Incentive Plan"), a plan approved by stockholders, we may grant nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, phantom stock, performance awards and other stock-based awards to our employees, directors and consultants and to employees and consultants of our subsidiaries, provided that incentive stock options may be granted solely to employees. The terms of the grants are fixed at the grant date. As of September 30, 2012, we were authorized to grant up to 32.6 million shares under the Stock Incentive Plan. As of September 30, 2012, we had 8 million shares remaining under the Stock Incentive Plan available for grant. Option awards have a maximum contractual term of 10 years and generally must have an exercise price at least equal to the market price of our common stock on the date the option award is granted. Stock-based awards generally vest over a three-year period.

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

15. STOCK-BASED COMPENSATION PLANS (Continued)

The compensation cost from continuing operations under the Stock Incentive Plan for our Company and Huntsman International were as follows (dollars in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Huntsman Corporation compensation costs	$ 6	$ 3	$ 21	$ 19
Huntsman International compensation costs	6	2	20	17

The total income tax benefit recognized in the statements of operations for us and Huntsman International for stock-based compensation arrangements was $6 million and $5 million for the nine months ended September 30, 2012 and 2011, respectively.

STOCK OPTIONS

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatilities are based on the historical volatility of our common stock through the grant date. The expected term of options granted was estimated based on the contractual term of the instruments and employees' expected exercise and post-vesting employment termination behavior. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve at the time of grant. The assumptions noted below represent the weighted average of the assumptions utilized for stock options granted during the periods.

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Dividend yield	NA	3.6%	3.0%	2.3%
Expected volatility	NA	65.0%	65.3%	65.6%
Risk-free interest rate	NA	1.8%	1.3%	2.8%
Expected life of stock options granted during the period	NA	6.6 years	6.6 years	6.6 years

During the three months ended September 30, 2012, no stock options were granted.

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

15. STOCK-BASED COMPENSATION PLANS (Continued)

A summary of stock option activity under the Stock Incentive Plan as of September 30, 2012 and changes during the nine months then ended is presented below:

Option Awards	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(years)	(in millions)
Outstanding at January 1, 2012	10,345	$ 13.83		
Granted	1,363	13.41		
Exercised	(661)	3.25		
Forfeited	(251)	19.76		
Outstanding at September 30, 2012	10,796	14.29	5.6	$ 41
Exercisable at September 30, 2012	8,643	14.27	4.8	38

The weighted-average grant-date fair value of stock options granted during the nine months ended September 30, 2012 was $6.36 per option. As of September 30, 2012, there was $11 million of total unrecognized compensation cost related to nonvested stock option arrangements granted under the Stock Incentive Plan. That cost is expected to be recognized over a weighted-average period of approximately 1.6 years.

The total intrinsic value of stock options exercised during the nine months ended September 30, 2012 and 2011 was $7 million and $19 million, respectively.

NONVESTED SHARES

Nonvested shares granted under the Stock Incentive Plan consist of restricted stock, which is accounted for as an equity award, and phantom stock, which is accounted for as a liability award

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

15. STOCK-BASED COMPENSATION PLANS (Continued)

because it can be settled in either stock or cash. A summary of the status of our nonvested shares as of September 30, 2012 and changes during the nine months then ended is presented below:

	Equity Awards		Liability Awards	
	Shares	Weighted Average Grant-Date Fair Value	Shares	Weighted Average Grant-Date Fair Value
	(in thousands)		(in thousands)	
Nonvested at January 1, 2012	2,287	$ 9.92	1,100	$ 9.42
Granted	934	13.41	383	13.41
Vested	(1,395)(1)	7.07	(760)	6.53
Forfeited	(27)	15.26	(63)	15.32
Nonvested at September 30, 2012	1,799	13.86	660	14.51

(1) As of September 30, 2012, a total of 516,338 restricted stock units were vested, of which 72,161 vested during the nine months ended September 30, 2012. These shares have not been reflected as vested shares in this table because in accordance with the restricted stock unit agreements, shares of common stock are not issued for vested restricted stock units until termination of employment.

As of September 30, 2012, there was $21 million of total unrecognized compensation cost related to nonvested share compensation arrangements granted under the Stock Incentive Plan. That cost is expected to be recognized over a weighted-average period of approximately 1.2 years. The value of share awards that vested during the nine months ended September 30, 2012 and 2011 was $21 million and $23 million, respectively.

16. INCOME TAXES

We use the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax reporting purposes. We evaluate deferred tax assets to determine whether it is more likely than not that they will be realized. Valuation allowances are reviewed on a tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets for each jurisdiction. These conclusions require significant judgment. In evaluating the objective evidence that historical results provide, we consider the cyclicality of businesses and cumulative income or losses during the applicable period. Cumulative losses incurred over the applicable period limits our ability to consider other subjective evidence such as our projections for the future. Changes in expected future income in applicable jurisdictions could affect the realization of deferred tax assets in those jurisdictions. During the nine months ended September 30, 2012, on a discrete basis, we changed our judgment about certain valuation allowances, primarily related to operations of our Textile Effects segment, resulting in a net $1 million benefit for changes in valuation allowance related to certain net deferred assets in Guatemala, Indonesia, and China. In addition, due to changes in certain intercompany operations, we increased our estimated future taxable income in Luxembourg and released valuation allowances of

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16. INCOME TAXES (Continued)

$12 million and $8 million on certain net deferred assets during the nine months ended September 30, 2012 and 2011, respectively.

During the nine months ended September 30, 2012, we recorded a net increase in unrecognized tax benefits with a corresponding income tax expense of $4 million, and during the nine months ended September 30, 2011, we recorded no net change in unrecognized tax benefits.

During the nine months ended September 30, 2012, we were granted a tax holiday for the period from January 1, 2012 through December 31, 2016 with respect to certain income from Pigments products manufactured in Malaysia. We are required to make certain investments in order to enjoy the benefits of the tax holiday and we intend to make these investments. During the nine months ended September 30, 2012, we recorded a discrete benefit of $3 million from de-recognition of a net deferred tax liability that will reverse during the holiday period. The amount of tax benefit to be realized from the tax holiday is directly dependent on the amount of future pre-tax income generated. We expect that the effects of the tax holiday will not be material to our provision for income taxes.

During the nine months ended September 30, 2012, we recorded approximately $12 million of tax benefits on the approximately $50 million of restructuring, impairment and plant closing costs attributable to the significant restructuring of our Polyurethanes and Textile Effects segments. During the nine months ended September 30, 2011, we recorded approximately $2 million of tax benefits on the approximately $160 million of restructuring, impairment and plant closing costs attributable to the significant restructuring of our Textile Effects and Advanced Materials segments. The majority of these 2011 restructuring expenses relate to operations in Switzerland where we have a full valuation allowance on our net deferred tax assets.

Huntsman Corporation

Excluding the tax effects resulting from the net valuation allowance changes and restructuring costs, the net unrecognized tax benefit items and the Malaysia tax holiday discussed above, we recorded income tax expense of $210 million and $121 million for the nine months ended September 30, 2012 and 2011, respectively. Our tax expense is affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by the presence of valuation allowances in certain tax jurisdictions.

Huntsman International

Excluding the tax effects resulting from the net valuation allowance changes and restructuring costs, the net unrecognized tax benefit items and the Malaysia tax holiday discussed above, Huntsman International recorded income tax expense of $212 million and $121 million for the nine months ended September 30, 2012 and 2011, respectively. Our tax expense is affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by the presence of valuation allowances in certain tax jurisdictions.

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

17. DISCONTINUED OPERATIONS

AUSTRALIAN STYRENICS BUSINESS SHUTDOWN

During the first quarter of 2010, we ceased operation of our former Australian styrenics business. The following results of operations of our former Australian styrenics business have been presented as discontinued operations in the condensed consolidated statements of operations (unaudited) (dollars in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Revenues	$ 10	$ 10	$ 28	$ 28
Costs and expenses, net of credits	(11)	7	(37)	(34)
Operating (loss) income	(1)	17	(9)	(6)
Income tax (expense) benefit		(7)	2	1
(Loss) income from discontinued operations, net of tax	$ (1)	$ 10	$ (7)	$ (5)

In 2006, product defect actions were filed against our subsidiary, HCCA, in Australian courts relating to the sale and supply of vinyl ester resins that were used in the manufacture of fiberglass swimming pools. HCCA ceased manufacturing these specific resin formulations by 2004 and sold the business that manufactured and sold these resins in 2007.

During the first quarter of 2011, HCCA increased its estimate of probable loss related to these claims and recorded a liability for the full estimated value of the claims and a corresponding receivable relating to our indemnity protection with a net charge to discontinued operations for any potential shortfall in insurance coverage. Following mediation held in August 2011, HCCA and its insurers reached an agreement with two claimants to settle their claims for amounts within our insurance coverage after our self-insured retention was satisfied. Accordingly, during the third quarter of 2011, HCCA reduced its estimate of probable loss proportionately and reversed a portion of the liability related to this matter. The settlements were paid in the fourth quarter of 2011.

18. NET INCOME (LOSS) PER SHARE

Basic income (loss) per share excludes dilution and is computed by dividing net income (loss) attributable to Huntsman Corporation common stockholders by the weighted average number of shares outstanding during the period. Diluted income per share reflects all potential dilutive common shares outstanding during the period and is computed by dividing net income available to Huntsman Corporation common stockholders by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding as dilutive securities.

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

18. NET INCOME (LOSS) PER SHARE (Continued)

Basic and diluted income per share is determined using the following information (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Numerator:				
Income (loss) from continuing operations:				
Income (loss) from continuing operations attributable to Huntsman Corporation	$ 116	$ (44)	$ 409	$ 145
Net income (loss):				
Net income (loss) attributable to Huntsman Corporation	$ 116	$ (34)	$ 403	$ 142
Denominator:				
Shares				
Weighted average shares outstanding	237.9	237.6	237.4	238.2
Dilutive securities:				
Stock-based awards	2.9		2.9	4.4
Total weighted average shares outstanding, including dilutive shares	240.8	237.6	240.3	242.6

Additional stock-based awards of 7.9 million and 6.8 million weighted average equivalent shares of stock were outstanding during the three months ended September 30, 2012 and 2011, respectively, and additional stock-based awards of 9.3 million and 6.7 million weighted average equivalent shares of stock were outstanding during the nine months ended September 30, 2012 and 2011, respectively. However, these stock-based awards were not included in the computation of diluted earnings per share for the three and nine months ended September 30, 2012 and 2011 periods because the effect would be anti-dilutive.

19. OPERATING SEGMENT INFORMATION

We derive our revenues, earnings and cash flows from the manufacture and sale of a wide variety of differentiated chemical products. We have reported our operations through five segments: Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments. We have organized our business and derived our operating segments around differences in product lines.

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

19. OPERATING SEGMENT INFORMATION (Continued)

The major products of each reportable operating segment are as follows:

Segment	Products
Polyurethanes	MDI, PO, polyols, PG, TPU, aniline and MTBE
Performance Products	amines, surfactants, LAB, maleic anhydride, other performance chemicals, EG, olefins and technology licenses
Advanced Materials	epoxy resin compounds and formulations; cross-linking, matting and curing agents; epoxy, acrylic and polyurethane-based adhesives and tooling resin formulations
Textile Effects	textile chemicals and dyes
Pigments	titanium dioxide

Sales between segments are generally recognized at external market prices and are eliminated in consolidation. We use EBITDA to measure the financial performance of our global business units and for reporting the results of our operating segments. This measure includes all operating items relating to the businesses. The EBITDA of operating segments excludes items that principally apply to our

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

19. OPERATING SEGMENT INFORMATION (Continued)

Company as a whole. The revenues and EBITDA for each of our reportable operating segments are as follows (dollars in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Revenues				
Polyurethanes	$ 1,244	$ 1,209	$ 3,735	$ 3,391
Performance Products	742	846	2,319	2,546
Advanced Materials	328	349	1,014	1,059
Textile Effects	182	173	562	563
Pigments	319	455	1,150	1,243
Eliminations	(74)	(56)	(212)	(213)
Total	$ 2,741	$ 2,976	$ 8,568	$ 8,589
Huntsman Corporation				
Segment EBITDA(1)				
Polyurethanes	$ 203	$ 136	$ 544	$ 392
Performance Products	107	97	282	325
Advanced Materials	24	2	77	69
Textile Effects	(22)	(157)	(37)	(175)
Pigments	69	161	346	357
Corporate and other(2)	(40)	(52)	(125)	(196)
Subtotal	341	187	1,087	772
Discontinued Operations(3)		17	(4)	(6)
Total	341	204	1,083	766
Interest expense, net	(56)	(63)	(172)	(187)
Income tax expense continuing operations	(61)	(55)	(186)	(111)
Income tax (expense) benefit discontinued operations		(7)	2	1
Depreciation and amortization	(108)	(113)	(324)	(327)
Net income (loss) attributable to Huntsman Corporation	$ 116	$ (34)	$ 403	$ 142
Huntsman International				
Segment EBITDA(1)				
Polyurethanes	$ 203	$ 136	$ 544	$ 392
Performance Products	107	97	282	325
Advanced Materials	24	2	77	69
Textile Effects	(22)	(157)	(37)	(175)
Pigments	69	161	346	357
Corporate and other(2)	(41)	(52)	(125)	(196)
Subtotal	340	187	1,087	772
Discontinued Operations(3)		17	(4)	(6)
Total	340	204	1,083	766
Interest expense, net	(59)	(66)	(181)	(197)
Income tax expense continuing operations	(62)	(55)	(188)	(111)
Income tax (expense) benefit discontinued operations		(7)	2	1

Depreciation and amortization	(102)	(107)	(306)	(310)
Net income (loss) attributable to Huntsman International	$ 117	$ (31)	$ 410	$ 149

(1) Segment EBITDA is defined as net income (loss) attributable to Huntsman Corporation or Huntsman International, as appropriate, before interest, income tax, depreciation and amortization, and certain Corporate and other items.

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

19. OPERATING SEGMENT INFORMATION (Continued)

(2) Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, unallocated restructuring, impairment and plant closing costs, non-operating income and expense, benzene sales and gains and losses on the disposition of corporate assets.

(3) The operating results of our former polymers, base chemicals and Australian styrenics businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded for all periods presented. The EBITDA of our former polymers, base chemicals and Australian styrenics businesses are included in discontinued operations for all periods presented. For more information, see "Note 17. Discontinued Operations."

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED)

The following condensed consolidating financial statements (unaudited) present, in separate columns, financial information for the following: Huntsman International (on a parent only basis), with its investment in subsidiaries recorded under the equity method; the Guarantors on a combined, and where appropriate, consolidated basis; and the nonguarantors on a combined, and where appropriate, consolidated basis. Additional columns present eliminating adjustments and consolidated totals as of September 30, 2012 and December 31, 2011 and for the three and nine months ended September 30, 2012 and 2011. There are no contractual restrictions limiting transfers of cash from the Guarantors to Huntsman International. Each of the Guarantors is 100% owned by Huntsman International and has fully and unconditionally guaranteed Huntsman International's outstanding notes on a joint and several basis.

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

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)
AS OF SEPTEMBER 30, 2012
(Dollars in Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4	$ 3	$ 264	$	$ 271
Restricted cash			9		9
Accounts and notes receivable, net	34	146	1,446		1,626
Accounts receivable from affiliates	1,621	3,933	119	(5,410)	263
Inventories	91	312	1,411	(7)	1,807
Prepaid expenses	9	11	61	(18)	63
Deferred income taxes	6		49	(15)	40
Other current assets	218	4	230	(218)	234
Total current assets	1,983	4,409	3,589	(5,668)	4,313
Property, plant and equipment, net	375	859	2,297		3,531
Investment in unconsolidated affiliates	5,875	1,670	134	(7,456)	223
Intangible assets, net	30	2	47	(4)	75
Goodwill	(16)	82	41		107
Deferred income taxes	66		189	(65)	190
Notes receivable from affiliates	20	928	2	(948)	2
Other noncurrent assets	84	133	267		484
Total assets	$ 8,417	$ 8,083	$ 6,566	$ (14,141)	$ 8,925
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 55	$ 251	$ 711	$	$ 1,017
Accounts payable to affiliates	2,955	1,119	1,386	(5,409)	51
Accrued liabilities	91	353	509	(235)	718
Deferred income taxes		39	7	(17)	29
Note payable to affiliate	100				100
Current portion of debt	24		106		130
Total current liabilities	3,225	1,762	2,719	(5,661)	2,045
Long-term debt	2,995		555		3,550
Notes payable to affiliates	607		952	(949)	610
Deferred income taxes		144	94	34	272
Other noncurrent liabilities	173	152	582		907
Total liabilities	7,000	2,058	4,902	(6,576)	7,384
Equity					
Huntsman International LLC members' equity:					
Members' equity	3,103	4,732	2,349	(7,081)	3,103
Accumulated deficit	(1,155)	(289)	(295)	584	(1,155)
Accumulated other comprehensive (loss) income	(531)	1,582	(471)	(1,111)	(531)

Total Huntsman International LLC members' equity	1,417	6,025	1,583	(7,608)	1,417
Noncontrolling interests in subsidiaries			81	43	124
Total equity	1,417	6,025	1,664	(7,565)	1,541
Total liabilities and equity	$ 8,417	$ 8,083	$ 6,566	$ (14,141)	$ 8,925

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

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)
AS OF DECEMBER 31, 2011
(Dollars in Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4	$	$ 227	$	$ 231
Restricted cash			8		8
Accounts and notes receivable, net	13	151	1,365		1,529
Accounts receivable from affiliates	1,105	3,041	93	(4,091)	148
Inventories	105	271	1,167	(4)	1,539
Prepaid expenses	9	7	43	(13)	46
Deferred income taxes	6		49	(15)	40
Other current assets	90	9	222	(101)	220
Total current assets	1,332	3,479	3,174	(4,224)	3,761
Property, plant and equipment, net	393	868	2,247	2	3,510
Investment in unconsolidated affiliates	5,286	1,460	147	(6,691)	202
Intangible assets, net	42	2	52	(3)	93
Goodwill	(16)	82	48		114
Deferred income taxes	154		191	(182)	163
Notes receivable from affiliates	20	920	5	(940)	5
Other noncurrent assets	81	137	264		482
Total assets	$ 7,292	$ 6,948	$ 6,128	$ (12,038)	$ 8,330
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 53	$ 205	$ 604	$	$ 862
Accounts payable to affiliates	2,244	822	1,089	(4,091)	64
Accrued liabilities	117	204	487	(114)	694
Deferred income taxes		39	7	(17)	29
Note payable to affiliate	100				100
Current portion of debt	33		179		212
Total current liabilities	2,547	1,270	2,366	(4,222)	1,961
Long-term debt	3,128		602		3,730
Notes payable to affiliates	435		944	(940)	439
Deferred income taxes	9	79	98	(80)	106
Other noncurrent liabilities	196	163	644		1,003
Total liabilities	6,315	1,512	4,654	(5,242)	7,239
Equity					
Huntsman International LLC members' equity:					
Members' equity	3,081	4,754	2,343	(7,097)	3,081
Accumulated deficit	(1,493)	(820)	(396)	1,216	(1,493)
Accumulated other comprehensive (loss) income	(611)	1,502	(546)	(956)	(611)

Total Huntsman International LLC members' equity	977	5,436	1,401	(6,837)	977
Noncontrolling interests in subsidiaries			73	41	114
Total equity	977	5,436	1,474	(6,796)	1,091
Total liabilities and equity	$ 7,292	$ 6,948	$ 6,128	$ (12,038)	$ 8,330

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20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2012
(Dollars in Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	$ 240	$ 838	$ 1,613	$	$ 2,691
Related party sales	187	92	306	(535)	50
Total revenues	427	930	1,919	(535)	2,741
Cost of goods sold	362	689	1,706	(558)	2,199
Gross profit	65	241	213	23	542
Selling, general and administrative	43	25	152		220
Research and development	10	9	16		35
Other operating (income) expense	(1)	(5)	4	2	
Restructuring, impairment and plant closing costs (credits)	1	(1)	47		47
Operating income (loss)	12	213	(6)	21	240
Interest (expense) income, net	(52)	10	(17)		(59)
Equity in income (loss) of investment in affiliates and subsidiaries	146	(20)	3	(127)	2
Loss on early extinguishment of debt	(1)				(1)
Other income		21	1	(21)	1
Income (loss) from continuing operations before income taxes	105	224	(19)	(127)	183
Income tax benefit (expense)	11	(80)	7		(62)
Income (loss) from continuing operations	116	144	(12)	(127)	121
Income (loss) from discontinued operations, net of tax	1		(2)		(1)
Income (loss) before extraordinary gain	117	144	(14)	(127)	120
Extraordinary gain on the acquisition of a business, net of tax of nil			1		1
Net income (loss)	117	144	(13)	(127)	121
Net loss (income) attributable to noncontrolling interests		1	(6)	1	(4)
Net income (loss) attributable to Huntsman International LLC	$ 117	$ 145	$ (19)	$ (126)	$ 117
Net income (loss)	$ 117	$ 144	$ (13)	$ (127)	$ 121
Other comprehensive income	107	61	87	(146)	109
Comprehensive income (loss) attributable to noncontrolling interests		1	(8)	1	(6)

Comprehensive income attributable to Huntsman International LLC	$	224	$	206	$	66	$	(272)	$	224

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

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2011
(Dollars in Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	$ 247	$ 870	$ 1,803	$ 3	$ 2,923
Related party sales	161	117	299	(524)	53
Total revenues	408	987	2,102	(521)	2,976
Cost of goods sold	360	821	1,827	(527)	2,481
Gross profit	48	166	275	6	495
Selling, general and administrative	35	20	161		216
Research and development	13	9	20		42
Other operating (income) expense	(2)	15	(14)		(1)
Restructuring, impairment and plant closing costs			155		155
Operating income (loss)	2	122	(47)	6	83
Interest (expense) income, net	(54)	11	(23)		(66)
Equity in income (loss) of investment in affiliates and subsidiaries	19	(73)	2	54	2
Loss on early extinguishment of debt	(2)				(2)
Other expense				(1)	(1)
(Loss) income from continuing operations before income taxes	(35)	60	(68)	59	16
Income tax benefit (expense)	11	(46)	(20)		(55)
(Loss) income from continuing operations	(24)	14	(88)	59	(39)
(Loss) income from discontinued operations, net of tax	(7)	(1)	18		10
Net (loss) income	(31)	13	(70)	59	(29)
Net income attributable to noncontrolling interests		(1)	(1)		(2)
Net (loss) income attributable to Huntsman International LLC	$ (31)	$ 12	$ (71)	$ 59	$ (31)
Net (loss) income	$ (31)	$ 13	$ (70)	$ 59	$ (29)
Other comprehensive loss	(194)	(167)	(184)	351	(194)
Comprehensive income attributable to noncontrolling interests			(2)		(2)
	$ (225)	$ (154)	$ (256)	$ 410	$ (225)

Comprehensive loss attributable to Huntsman International LLC

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2012
(Dollars in Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	$ 718	$ 2,654	$ 5,034	$	$ 8,406
Related party sales	536	346	884	(1,604)	162
Total revenues	1,254	3,000	5,918	(1,604)	8,568
Cost of goods sold	1,071	2,300	5,170	(1,601)	6,940
Gross profit	183	700	748	(3)	1,628
Selling, general and administrative	142	76	451		669
Research and development	32	27	53		112
Other operating (income) expense	(4)	2	7	2	7
Restructuring, impairment and plant closing costs	2		50		52
Operating income	11	595	187	(5)	788
Interest (expense) income, net	(155)	31	(57)		(181)
Equity in income of investment in affiliates and subsidiaries	531	102	6	(634)	5
Loss on early extinguishment of debt	(2)				(2)
Other (expense) income	(22)	21	2	1	2
Income from continuing operations before income taxes	363	749	138	(638)	612
Income tax benefit (expense)	44	(214)	(18)		(188)
Income from continuing operations	407	535	120	(638)	424
Income (loss) from discontinued operations, net of tax	3		(10)		(7)
Income before extraordinary gain	410	535	110	(638)	417
Extraordinary gain on the acquisition of a business, net of tax of nil			1		1
Net income	410	535	111	(638)	418
Net income attributable to noncontrolling interests			(11)	3	(8)
Net income attributable to Huntsman International LLC	$ 410	$ 535	$ 100	$ (635)	$ 410
Net income	$ 410	$ 535	$ 111	$ (638)	$ 418

Other comprehensive income		80		80		72		(150)		82
Comprehensive income attributable to noncontrolling interests						(10)				(10)
Comprehensive income attributable to Huntsman International LLC	$	490	$	615	$	173	$	(788)	$	490

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2011
(Dollars in Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	$ 682	$ 2,534	$ 5,229	$	$ 8,445
Related party sales	353	400	868	(1,477)	144
Total revenues	1,035	2,934	6,097	(1,477)	8,589
Cost of goods sold	901	2,403	5,283	(1,463)	7,124
Gross profit	134	531	814	(14)	1,465
Selling, general and administrative	119	77	492		688
Research and development	37	25	61		123
Other operating expense (income)	31	(23)	(1)		7
Restructuring, impairment and plant closing costs			171		171
Operating (loss) income	(53)	452	91	(14)	476
Interest (expense) income, net	(164)	32	(65)		(197)
Equity in income (loss) of investment in affiliates and subsidiaries	300	(12)	7	(289)	6
Loss on early extinguishment of debt	(5)				(5)
Other expense	(16)			16	
Income from continuing operations before income taxes	62	472	33	(287)	280
Income tax benefit (expense)	87	(166)	(32)		(111)
Income from continuing operations	149	306	1	(287)	169
Loss from discontinued operations, net of tax		(1)	(4)		(5)
Income (loss) before extraordinary gain	149	305	(3)	(287)	164
Extraordinary gain on the acquisition of a business, net of tax of nil			2		2
Net income (loss)	149	305	(1)	(287)	166
Net income attributable to noncontrolling interests		(2)	(9)	(6)	(17)
Net income (loss) attributable to Huntsman International LLC	$ 149	$ 303	$ (10)	$ (293)	$ 149
Net income (loss)	$ 149	$ 305	$ (1)	$ (287)	$ 166
Other comprehensive (loss) income	(36)	141	(77)	(63)	(35)
Comprehensive income attributable to noncontrolling interests		(1)	(11)	(6)	(18)
Comprehensive income (loss) attributable to Huntsman International LLC	$ 113	$ 445	$ (89)	$ (356)	$ 113

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2012
(Dollars in Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Net cash provided by operating activities	$ 161	124	$ 349	$ (1)	$ 633
Investing activities:					
Capital expenditures	(14)	(55)	(179)		(248)
Cash paid for acquisition of a business			(17)	(1)	(18)
Increase in receivable from affiliate	(97)				(97)
Investment in affiliate	23	(11)		(12)	
Investment in unconsolidated affiliate	(3)	(81)			(84)
Cash received from unconsolidated affiliates		51			51
Increase in restricted cash			(2)		(2)
Other, net			2		2
Net cash used in investing activities	(91)	(96)	(196)	(13)	(396)
Financing activities:					
Net repayments under revolving loan facilities			(16)		(16)
Net borrowings on overdraft facilities			2		2
Repayments of short-term debt			(40)		(40)
Repayments of long-term debt	(175)		(67)		(242)
Proceeds from issuance of long-term debt			3		3
Proceeds from notes payable to affiliate	172				172
Repayments of notes payable	(24)		(9)		(33)
Borrowings on notes payable	33		1		34
Debt issuance costs paid	(4)				(4)
Call premiums related to early extinguishment of debt	(2)				(2)
Contribution from parent		11	11	(22)	
Distribution to parent		(35)		35	
Dividends paid to parent	(72)	(1)	(1)	2	(72)
Excess tax benefit related to stock-based compensation	4				4
Other, net	(2)		(2)	(1)	(5)
Net cash used in financing activities	(70)	(25)	(118)	14	(199)
Effect of exchange rate changes on cash			2		2
Increase in cash and cash equivalents		3	37		40
Cash and cash equivalents at beginning of period	4		227		231
Cash and cash equivalents at end of period	$ 4	3	$ 264	$	$ 271

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

20. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED) (Continued)

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2011
(Dollars in Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Net cash provided by (used in) operating activities	$ 128	$ 69	$ (125)	$ (4)	$ 68
Investing activities:					
Capital expenditures	(15)	(41)	(161)		(217)
Proceeds from settlements treated as reimbursement of capital expenditures			3		3
Cash assumed in connection with the initial consolidation of a variable interest entity			28		28
Cash paid for acquisition of a business			(23)		(23)
Proceeds from sale of business/assets			7		7
Increase in receivable from affiliate	(35)				(35)
Investment in affiliate	(138)	(4)		142	
Investment in unconsolidated affiliate		(17)			(17)
Cash received from unconsolidated affiliates		19			19
Other, net	1		(4)	3	
Net cash used in investing activities	(187)	(43)	(150)	145	(235)
Financing activities:					
Net borrowings on overdraft facilities			10		10
Repayments of short-term debt			(151)		(151)
Borrowings on short-term debt			126		126
Repayments of long-term debt	(212)		(75)		(287)
Proceeds from issuance of long-term debt			89		89
Proceeds from notes payable to affiliate	105				105
Repayments of notes payable	(23)		(1)		(24)
Borrowings on notes payable	33		2		35
Debt issuance costs paid	(7)				(7)
Call premiums related to early extinguishment of debt	(5)				(5)
Contribution from parent		(32)	174	(142)	
Dividends paid to noncontrolling interest			(5)		(5)
Dividends paid to parent	(56)	(1)		1	(56)
Excess tax benefit related to stock-based compensation	10				10
Other, net			3		3
Net cash (used in) provided by financing activities	(155)	(33)	172	(141)	(157)
Effect of exchange rate changes on cash			(3)		(3)
Decrease in cash and cash equivalents	(214)	(7)	(106)		(327)
Cash and cash equivalents at beginning of period	220	9	332		561
Cash and cash equivalents at end of period	$ 6	$ 2	$ 226	$	$ 234

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

21. SUBSEQUENT EVENTS

On October 31, 2012, we prepaid $50 million of our Term Loan B.

On November 2, 2012, Huntsman International announced its intention to issue approximately $300 million of Senior Notes due 2020. We expect to use the net proceeds from this offering, together with existing cash, to redeem a portion of our existing Senior Notes due 2016. In connection with this offering, we expect to record a loss on early extinguishment of debt of approximately $55 million.

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

FORWARD-LOOKING STATEMENTS

With respect to Huntsman Corporation, certain information set forth in this report contains "forward-looking statements" within the meaning of the federal securities laws. Huntsman International is a limited liability company, and, pursuant to Section 21E(b)(2)(E) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the safe harbor for certain forward-looking statements is inapplicable to it. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions and other information that is not historical information. In some cases, forward-looking statements can be identified by terminology such as "believes," "expects," "may," "should," "anticipates," or "intends" or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward-looking statements from time to time. All such subsequent forward-looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements.

All forward-looking statements, including without limitation management's examination of historical operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management's expectations, beliefs and projections will result or be achieved. All forward-looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in or contemplated by this report. Any forward-looking statements should be considered in light of the risks referenced in "Part I. Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011.

OVERVIEW

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 had revenues for the nine months ended September 30, 2012 and 2011 of $8,568 million and $8,589 million, respectively.

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.

OUTLOOK

During the third quarter of 2012, we experienced increased earnings in all segments other than Pigments compared to the prior year. While the factors we describe below are subject to general

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economic conditions, we expect continued near term earnings pressure on our Pigments segment due to soft demand and higher raw material costs, though we anticipate that earnings improvements across all of our other segments will offset this pressure. Over time, we expect MDI margins in our Polyurethanes segment to improve as utilization rates tighten. We anticipate that the future benefits from our ongoing restructuring and cost cutting efforts will result in a lower cost structure in 2013.

The following summarizes trends and key considerations that could impact future performance of our operating segments:

Polyurethanes:

- Improving MDI demand
- Restructuring benefit
- Near term seasonal decrease in MDI demand and PO/MTBE pricing
- Higher raw material costs

Performance Products:

- U.S. Gulf Coast raw material cost advantage
- Planned periodic maintenance in the first quarter of 2013
- Near term seasonal decrease in demand

Advanced Materials:

- Restructuring benefit
- Weak Chinese wind energy market
- Near term seasonal decrease in demand

Textile Effects:

- Reorganization and restructuring benefit
- Near term seasonal decrease in demand

Pigments:

Near term contribution margin pressure

Favorable ore contracts expiring at end of 2012

Near term weak demand

We expect to spend approximately $425 million to $450 million in 2012 on capital expenditures, largely for growth initiatives and maintenance.

We expect our long-term effective income tax rate to be approximately 30% to 35%.

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RESULTS OF OPERATIONS

For each of our Company and Huntsman International, the following tables set forth the unaudited condensed consolidated results of operations (dollars in millions, except per share amounts):

Huntsman Corporation

	Three months ended September 30, 2012	Three months ended September 30, 2011	Percent Change	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Percent Change
Revenues	$ 2,741	$ 2,976	(8)%	$ 8,568	$ 8,589	
Cost of goods sold	2,204	2,486	(11)%	6,954	7,138	(3)%
Gross profit	537	490	10%	1,614	1,451	11%
Operating expenses	255	258	(1)%	792	821	(4)%
Restructuring, impairment and plant closing costs	47	155	(70)%	52	171	(70)%
Operating income	235	77	205%	770	459	68%
Interest expense, net	(56)	(63)	(11)%	(172)	(187)	(8)%
Equity in income of investment in unconsolidated affiliates	2	2		5	6	(17)%
Loss on early extinguishment of debt	(1)	(2)	(50)%	(2)	(5)	(60)%
Other income (loss)	1	(1)	NM	2		NM
Income from continuing operations before income taxes	181	13	NM	603	273	121%
Income tax expense	(61)	(55)	11%	(186)	(111)	68%
Income (loss) from continuing operations	120	(42)	NM	417	162	157%
(Loss) income from discontinued operations	(1)	10	NM	(7)	(5)	40%
Extraordinary gain on the acquisition of a business, net of tax of nil	1		NM	1	2	(50)%
Net income (loss)	120	(32)	NM	411	159	158%
Net income attributable to noncontrolling interests	(4)	(2)	100%	(8)	(17)	(53)%
Net income (loss) attributable to Huntsman Corporation	116	(34)	NM	403	142	184%
Interest expense, net	56	63	(11)%	172	187	(8)%
Income tax expense from continuing operations	61	55	11%	186	111	68%
Income tax expense (benefit) from discontinued operations		7	NM	(2)	(1)	100%
Depreciation and amortization	108	113	(4)%	324	327	(1)%
EBITDA(1)	$ 341	$ 204	67%	$ 1,083	$ 766	41%
Net income (loss) per share:						
Basic	$ 0.49	$ (0.14)	NM	$ 1.70	$ 0.60	183%
Diluted	0.48	(0.14)	NM	1.68	0.59	185%
Net cash provided by operating activities				556	25	NM
Net cash used in investing activities				(299)	(200)	50%
Net cash used in financing activities				(378)	(335)	13%
Other non-GAAP measures:						
Adjusted EBITDA(1)	$ 401	$ 346	16%	$ 1,163	$ 971	20%
Adjusted net income(2)	168	114	47%	484	340	42%
Adjusted net income per share(2):						
Basic	0.71	0.48	48%	2.04	1.43	43%
Diluted	0.70	0.47	49%	2.01	1.40	44%
Capital expenditures net of reimbursements(3)				248	214	16%

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Huntsman International

	Three months ended September 30, 2012	Three months ended September 30, 2011	Percent Change	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Percent Change
Revenues	$ 2,741	$ 2,976	(8)%	$ 8,568	$ 8,589	
Cost of goods sold	2,199	2,481	(11)%	6,940	7,124	(3)%
Gross profit	542	495	9%	1,628	1,465	11%
Operating expenses	255	257	(1)%	788	818	(4)%
Restructuring, impairment and plant closing costs	47	155	(70)%	52	171	(70)%
Operating income	240	83	189%	788	476	66%
Interest expense, net	(59)	(66)	(11)%	(181)	(197)	(8)%
Equity in income of investment in unconsolidated affiliates	2	2		5	6	(17)%
Loss on early extinguishment of debt	(1)	(2)	(50)%	(2)	(5)	(60)%
Other income (loss)	1	(1)	NM	2		NM
Income from continuing operations before income taxes	183	16	NM	612	280	119%
Income tax expense	(62)	(55)	13%	(188)	(111)	69%
Income (loss) from continuing operations	121	(39)	NM	424	169	151%
(Loss) income from discontinued operations	(1)	10	NM	(7)	(5)	40%
Extraordinary gain on the acquisition of a business, net of tax of nil	1		NM	1	2	(50)%
Net income (loss)	121	(29)	NM	418	166	152%
Net income attributable to noncontrolling interests	(4)	(2)	100%	(8)	(17)	(53)%
Net income (loss) attributable to Huntsman International	117	(31)	NM	410	149	175%
Interest expense, net	59	66	(11)%	181	197	(8)%
Income tax expense from continuing operations	62	55	13%	188	111	69%
Income tax expense (benefit) from discontinued operations		7	NM	(2)	(1)	100%
Depreciation and amortization	102	107	(5)%	306	310	(1)%
EBITDA(1)	$ 340	$ 204	67%	$ 1,083	$ 766	41%
Net cash provided by operating activities				$ 633	$ 68	831%
Net cash used in investing activities				(396)	(235)	69%
Net cash used in financing activities				(199)	(157)	27%
Other non-GAAP measures:						
Adjusted EBITDA(1)	$ 400	$ 346	16%	$ 1,163	$ 971	20%
Adjusted net income(2)	169	117	44%	491	347	41%
Capital expenditures net of reimbursements(3)				248	214	16%

NM Not Meaningful

(1) Our management uses EBITDA and adjusted EBITDA to assess financial performance. EBITDA is defined as net income attributable to Huntsman Corporation or Huntsman International, as appropriate, before interest, income taxes, depreciation and amortization. Adjusted EBITDA is computed by eliminating the following from EBITDA: loss on early extinguishment of debt; loss (gain) on initial consolidation of subsidiaries; certain legal settlements and related expenses; EBITDA from discontinued operations; acquisition expenses; extraordinary gain on the acquisition of a business; gain on disposition of businesses/assets; and restructuring, impairment, plant closing and transition costs.

EBITDA and adjusted EBITDA may not necessarily be comparable to other similarly titled measures used by other companies. There are material limitations associated with our use of these measures because they do not reflect overall financial performance, including the effects of interest, income taxes, depreciation and amortization. Our management compensates for the limitations of these measures by using them as a supplement to GAAP results.

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For a reconciliation of EBITDA and adjusted EBITDA to net income attributable to Huntsman Corporation or Huntsman International, as appropriate, see the tables below (dollars in millions):

Huntsman Corporation

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Net income (loss) attributable to Huntsman Corporation	$ 116	$ (34)	$ 403	$ 142
Interest expense, net	56	63	172	187
Income tax expense from continuing operations	61	55	186	111
Income tax expense (benefit) from discontinued operations		7	(2)	(1)
Depreciation and amortization	108	113	324	327
EBITDA	341	204	1,083	766
Loss on early extinguishment of debt	1	2	2	5
Loss (gain) on initial consolidation of subsidiaries	4		4	(12)
Certain legal settlements and related expenses	4	4	5	38
EBITDA from discontinued operations		(17)	4	6
Acquisition expenses	1	1	2	5
Extraordinary gain on the acquisition of a business	(1)		(1)	(2)
Gain on disposition of businesses/assets		(3)		(6)
Restructuring, impairment, plant closing and transition costs:				
Polyurethanes	32		37	
Advanced Materials	6	24	9	27
Textile Effects(a)	12	128	13	133
Pigments	1	2	4	9
Corporate and other		1	1	2
Total restructuring, impairment, plant closing and transition costs	51	155	64	171
Adjusted EBITDA	$ 401	$ 346	$ 1,163	$ 971

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Huntsman International

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Net income (loss) attributable to Huntsman International	$ 117	$ (31)	$ 410	$ 149
Interest expense, net	59	66	181	197
Income tax expense from continuing operations	62	55	188	111
Income tax expense (benefit) from discontinued operations		7	(2)	(1)
Depreciation and amortization	102	107	306	310
EBITDA	340	204	1,083	766
Loss on early extinguishment of debt	1	2	2	5
Loss (gain) on initial consolidation of subsidiaries	4		4	(12)
Certain legal settlements and related expenses	4	4	5	38
EBITDA from discontinued operations		(17)	4	6
Acquisition expenses	1	1	2	5
Extraordinary gain on the acquisition of a business	(1)		(1)	(2)
Gain on disposition of businesses/assets		(3)		(6)
Restructuring, impairment, plant closing and transition costs:				
Polyurethanes	32		37	
Advanced Materials	6	24	9	27
Textile Effects(a)	12	128	13	133
Pigments	1	2	4	9
Corporate and other		1	1	2
Total restructuring, impairment, plant closing and transition costs	51	155	64	171
Adjusted EBITDA	$ 400	$ 346	$ 1,163	$ 971

(a) Includes costs associated with the transition of our Textile Effects segment's production from Basel, Switzerland to a tolling facility. These costs were included in cost of sales in the condensed consolidated statements of operations (unaudited).

(2) Our management also uses adjusted net income to assess financial performance. Adjusted net income is computed by eliminating the after-tax amounts related to the following from net income applicable to Huntsman Corporation or Huntsman International, as appropriate: loss on early extinguishment of debt; loss (gain) on initial consolidation of subsidiaries; certain legal settlements and related expenses; discount amortization on settlement financing; loss (income) from discontinued operations; acquisition expenses; gain on disposition of businesses/assets; extraordinary gain on the acquisition of a business; and restructuring, impairment, plant closing and transition costs. The income tax impacts of each aforementioned item was calculated using the statutory rates in the applicable taxing jurisdiction and considering valuation allowances on deferred tax assets in each jurisdiction. Basic adjusted net income per share excludes dilution and is computed by dividing adjusted net income by the weighted average number of shares outstanding during the period. Diluted net income per share reflects all potential dilutive common shares outstanding during the period and is computed by dividing adjusted net income by the weighted average number of shares outstanding during the period increased by the number of additional shares that would have been outstanding as dilutive securities.

Adjusted net income and adjusted net income per share amounts are presented solely as supplemental information.

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Huntsman Corporation

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net income (loss) attributable to Huntsman Corporation	$ 116	$ (34)	$ 403	$ 142
Loss on early extinguishment of debt, net of tax of $(1) each for the three months ended, respectively, and $(1) and $(2) for the nine months ended, respectively		1	1	3
Loss (gain) on initial consolidation of subsidiaries, net of tax of nil for each of the three months ended, respectively, and net of tax of nil and $2 for the nine months ended, respectively	4		4	(10)
Certain legal settlements and related expenses, net of tax of $(2) and $(1) for the three months ended, respectively, and $(2) and $(14) for the nine months ended, respectively	2	3	3	24
Discount amortization on settlement financing, net of tax of $(3) each for the three months ended, respectively, and $(8) each for the nine months ended, respectively	5	4	15	13
Loss (income) from discontinued operations, net of tax of nil and $7 for the three months ended, respectively, and $(2) and $(1) for the nine months ended, respectively	1	(10)	7	5
Acquisition expenses, net of tax of nil each for the three months ended, respectively, and nil and $(1) for the nine months ended, respectively	1	1	2	4
Extraordinary gain on the acquisition of a business, net of tax of nil	(1)		(1)	(2)
Gain on disposition of businesses/assets, net of tax of nil		(3)		(6)
Restructuring, impairment, plant closing and transition costs, net of tax of $(11) and $(3) for the three months ended, respectively, and $(14) and $(4) for the nine months ended, respectively(a)	40	152	50	167
Adjusted net income	$ 168	$ 114	$ 484	$ 340
Weighted average shares-diluted	240.8	241.3	240.3	242.6

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Huntsman International

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Net income (loss) attributable to Huntsman International	$ 117	$ (31)	$ 410	$ 149
Loss on early extinguishment of debt, net of tax of $(1) each for the three months ended, respectively, and $(1) and $(2) for the nine months ended, respectively		1	1	3
Loss (gain) on initial consolidation of subsidiaries, net of tax of nil for each of the three months ended, respectively, and net of tax of nil and $2 for the nine months ended, respectively	4		4	(10)
Certain legal settlements and related expenses, net of tax of $(2) and $(1) for the three months ended, respectively, and $(2) and $(14) for the nine months ended, respectively	2	3	3	24
Discount amortization on settlement financing, net of tax of $(3) each for the three months ended, respectively, and $(8) each for the nine months ended, respectively	5	4	15	13
Loss (income) from discontinued operations, net of tax of nil and $7 for the three months ended, respectively, and $(2) and $(1) for the nine months ended, respectively	1	(10)	7	5
Acquisition expenses, net of tax of nil each for the three months ended, respectively, and nil and $(1) for the nine months ended, respectively	1	1	2	4
Extraordinary gain on the acquisition of a business, net of tax of nil	(1)		(1)	(2)
Gain on disposition of businesses/assets, net of tax of nil		(3)		(6)
Restructuring, impairment, plant closing and transition costs, net of tax of $(11) and $(3) for the three months ended, respectively, and $(14) and $(4) for the nine months ended, respectively(a)	40	152	50	167
Adjusted net income	$ 169	$ 117	$ 491	$ 347

(a) Includes costs associated with the transition of our Textile Effects segment's production from Basel, Switzerland to a tolling facility. These costs were included in cost of sales in the condensed consolidated statements of operations (unaudited).

(3) Capital expenditures, net of reimbursements represent cash paid for capital expenditures less reimbursements of capital expenditures from insurance settlements, other legal settlements and contributions from noncontrolling shareholders in consolidated entities. During the nine months ended September 30, 2011, capital expenditures of $217 million were reimbursed in part by $3 million of proceeds from a settlement by Arabian Amines Company of a dispute with its contractors.

Three Months Ended September 30, 2012 Compared with Three Months Ended September 30, 2011

For the three months ended September 30, 2012, net income attributable to Huntsman Corporation was $116 million on revenues of $2,741 million, compared with net loss attributable to Huntsman Corporation of $34 million on revenues of $2,976 million for the same period of 2011. For the three months ended September 30, 2012, net income attributable to Huntsman International was $117 million on revenues of $2,741 million, compared with net loss attributable to Huntsman International of $31 million on revenues of $2,976 million for the same period of 2011. The increase of $150 million in net income attributable to Huntsman Corporation and the increase of $148 million in net income attributable to Huntsman International was the result of the following items:

- Revenues for the three months ended September 30, 2012 decreased by $235 million, or 8%, as compared with the 2011 period. The decrease was due principally to lower average selling prices in our Performance Products, Advanced Materials and Textile Effects segments and lower sales volumes in our Polyurethanes, Performance Products and Pigments segments. See " Segment Analysis" below.

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Our gross profit and the gross profit of Huntsman International for the three months ended September 30, 2012 increased by $47 million each, or 10% and 9%, respectively, as compared with the 2011 period. The increase resulted from higher gross margins in our Polyurethanes, Performance Products and Textile Effects segments, offset in part by lower margins in our remaining segments. See " Segment Analysis" below.

Our operating expenses and the operating expenses of Huntsman International for the three months ended September 30, 2012 decreased by $3 million and $2 million, respectively, or 1% each, as compared with the 2011 period. The decrease in operating expenses was primarily due to the impact of foreign currency translation in 2012, offset by a $4 million loss recognized in the third quarter 2012 in connection with the Russian Systems House Acquisition and the $4 million gain on the sale of assets at our Grimsby, U.K. plant recognized in the third quarter of 2011.

Restructuring, impairment and plant closing costs for the three months ended September 30, 2012 decreased to $47 million from $155 million in the 2011 period. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Our net interest expense and the net interest expense of Huntsman International for the three months ended September 30, 2012 decreased by $7 million each, or 11% each, as compared with the 2011 period. The decrease is due to lower average debt balances.

Our income tax expense and the income tax expense of Huntsman International for the three months ended September 30, 2012 increased by $6 million and $7 million, respectively, as compared with the same period in 2011, primarily due to increased pre-tax income. Our tax expense is affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by valuation allowances in certain tax jurisdictions. For further information concerning taxes, see "Note 16. Income Taxes" to our condensed consolidated financial statements (unaudited).

Loss from discontinued operations, net of tax, for the three months ended September 30, 2012 was $1 million compared to income from discontinued operations, net of tax, of $10 million in the 2011 period. The increase in loss from discontinued operations, net of tax, resulted primarily from the reversal of legal accruals in the 2011 period in connection with product defect litigation. For more information, see "Note 17. Discontinued Operations" to our condensed consolidated financial statements (unaudited).

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Segment Analysis

	Three months ended September 30, 2012	Three months ended September 30, 2011	Percent Change Favorable (Unfavorable)
Revenues			
Polyurethanes	$ 1,244	$ 1,209	3%
Performance Products	742	846	(12)%
Advanced Materials	328	349	(6)%
Textile Effects	182	173	5%
Pigments	319	455	(30)%
Eliminations	(74)	(56)	(32)%
Total	$ 2,741	$ 2,976	(8)%
Huntsman Corporation			
Segment EBITDA(1)			
Polyurethanes	$ 203	$ 136	49%
Performance Products	107	97	10%
Advanced Materials	24	2	NM
Textile Effects	(22)	(157)	86%
Pigments	69	161	(57)%
Corporate and other	(40)	(52)	23%
Subtotal	341	187	82%
Discontinued Operations		17	NM
Total	$ 341	$ 204	67%
Huntsman International			
Segment EBITDA(1)			
Polyurethanes	$ 203	$ 136	49%
Performance Products	107	97	10%
Advanced Materials	24	2	NM
Textile Effects	(22)	(157)	86%
Pigments	69	161	(57)%
Corporate and other	(41)	(52)	21%
Subtotal	340	187	82%
Discontinued Operations		17	NM
Total	$ 340	$ 204	67%

(1) For more information, including reconciliation of segment EBITDA to net income attributable to Huntsman Corporation or Huntsman International, as appropriate, see "Note 19. Operating Segment Information" to our condensed consolidated financial statements (unaudited).

	Three months ended September 30, 2012 vs. 2011			
	Average Selling Price(1)			
	Local Currency	Foreign Currency Translation Impact	Mix & Other	Sales Volumes(1)
Period-Over-Period (Decrease) Increase				

Polyurethanes	5%	(5)%	4%	(1)%
Performance Products	(7)%	(4)%	1%	(2)%
Advanced Materials	(11)%	(7)%	1%	11%
Textile Effects	(2)%	(7)%	(1)%	15%
Pigments	7%	(7)%		(30)%
Total Company	(1)%	(5)%		(2)%

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	Three months ended September 30, 2012 vs. June 30, 2012			
	Average Selling Price(1)			
	Local Currency	Foreign Currency Translation Impact	Mix & Other	Sales Volumes(1)
Period-Over-Period (Decrease) Increase				
Polyurethanes	4%	(2)%	1%	(5)%
Performance Products	(2)%	(1)%	(3)%	2%
Advanced Materials	(5)%	(2)%		2%
Textile Effects	1%	(2)%	(1)%	(5)%
Pigments	(5)%	(1)%	(1)%	(15)%
Total Company	(1)%	(2)%	(3)%	

(1) Excludes revenues and sales volumes primarily from tolling arrangements and the sale of byproducts and raw materials.

Polyurethanes

The increase in revenues in our Polyurethanes segment for the three months ended September 30, 2012 compared to the same period in 2011 was due to higher average selling prices and improved sales mix partially offset by lower sales volumes and the strength of the U.S. dollar against major European currencies. PO/MTBE average selling prices increased primarily due to favorable market conditions. MDI average selling prices increased in all regions, offset by the strength of the U.S. dollar against major European currencies. PO/MTBE sales volumes decreased, partially offset by an increase in MDI sales volumes primarily as a result of improved demand in the European and Asian regions and in certain markets such as composite wood products and adhesives, coatings and elastomers. The increase in segment EBITDA was primarily due to higher contribution margins and improved sales mix, partially offset by higher restructuring, impairment and plant closing costs. During the three months ended September 30, 2012 and 2011, our Polyurethanes segment recorded restructuring, impairment and plant closing costs of $32 million and nil, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Performance Products

The decrease in revenues in our Performance Products segment for the three months ended September 30, 2012 compared to the same period in 2011 was due to lower average selling prices and lower sales volumes. Average selling prices decreased primarily in response to lower raw material costs and the strength of the U.S. dollar against major international currencies. Sales volumes decreased primarily due to a shift to tolling arrangements. The increase in segment EBITDA was primarily due to higher contribution margins as raw materials costs decreased.

Advanced Materials

The decrease in revenues in our Advanced Materials segment for the three months ended September 30, 2012 compared to the same period in 2011 was primarily due to lower average selling prices, partially offset by higher sales volumes. Average selling prices decreased primarily in response to lower raw material costs, competitive market pressure and the strength of the U.S. dollar against major international currencies. Sales volumes increased primarily due to stronger demand in Europe, the Americas and India while sales volumes in the Asia-Pacific region decreased due to lower demand in the wind energy and electrical engineering markets. The increase in segment EBITDA was primarily due to higher sales volumes, lower restructuring, impairment and plant closing costs and lower selling, general and administrative costs as a result of recent restructuring efforts. During the three months ended September 30, 2012 and 2011, our Advanced Materials segment recorded restructuring,

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impairment and plant closing costs of $6 million and $24 million, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Textile Effects

The increase in revenues in our Textile Effects segment for the three months ended September 30, 2012 compared to the same period in 2011 was primarily due to higher sales volumes, partially offset by lower average selling prices. Sales volumes increased due to increased market share in key markets, notably Asia. Average selling prices decreased primarily due to the strength of the U.S. dollar against major international currencies. The increase in segment EBITDA was primarily due to higher sales volumes, lower restructuring, impairment and plant closing costs and lower manufacturing and selling, general and administrative costs as a result of recent restructuring efforts. During the three months ended September 30, 2012 and 2011, our Textile Effects segment recorded restructuring, impairment and plant closing costs of $8 million and $128 million, respectively, and expenses for the transition of production from Basel, Switzerland to a tolling facility of $4 million and nil, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Pigments

The decrease in revenues in our Pigments segment for the three months ended September 30, 2012 compared to the same period in 2011 was due to lower sales volumes. Sales volumes decreased primarily due to lower global demand. The increase in local currency average selling prices was offset by the strength of the U.S. dollar against major international currencies. The decrease in segment EBITDA was primarily due to lower sales volumes and higher raw material costs.

Corporate and other Huntsman Corporation

Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, unallocated restructuring, impairment and plant closing costs, nonoperating income and expense, benzene sales and gains and losses on the disposition of corporate assets. For the three months ended September 30, 2012, EBITDA from Corporate and other increased by $12 million to a loss of $40 million from a loss of $52 million for the same period in 2011. The increase in EBITDA from Corporate and other was primarily the result of a $10 million decrease in LIFO inventory valuation expense ($2 million of income in 2012 compared to $8 million of expense in 2011).

Corporate and other Huntsman International

Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, unallocated restructuring, impairment and plant closing costs, nonoperating income and expense, benzene sales and gains and losses on the disposition of corporate assets. For the three months ended September 30, 2012, EBITDA from Corporate and other increased by $11 million to a loss of $41 million from a loss of $52 million for the same period in 2011. The increase in EBITDA from Corporate and other was primarily the result of a $10 million decrease in LIFO inventory valuation expense ($2 million of income in 2012 compared to $8 million of expense in 2011).

Discontinued Operations

The operating results of our former polymers, base chemicals and Australian styrenics businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded from revenues for all periods presented. The EBITDA of these former businesses are included in discontinued operations for all periods presented. The loss from discontinued operations represents the operating results, legal costs, restructuring, impairment and plant closing costs and gain (loss) on disposal with respect to our former businesses. The decrease in loss from discontinued operations, net of tax, resulted primarily from higher legal costs in the 2011 period. See "Note 17. Discontinued Operations" to our condensed consolidated financial statements (unaudited).

Nine Months Ended September 30, 2012 Compared with Nine Months Ended September 30, 2011

For the nine months ended September 30, 2012, net income attributable to Huntsman Corporation was $403 million on revenues of $8,568 million, compared with net income attributable to Huntsman Corporation of $142 million on revenues of $8,589 million for the same period of 2011. For the nine months ended September 30, 2012, net income attributable to Huntsman International was $410 million on revenues of $8,568 million, compared with net income attributable to Huntsman International of $149 million on revenues of $8,589 million for the same period of 2011. The increase of $261 million in net income attributable to both Huntsman Corporation and Huntsman International was the result of the following items:

Revenues for the nine months ended September 30, 2012 decreased by $21 million, or nil, as compared with the 2011 period. The decrease was due principally to lower average selling prices in our Performance Products, Advanced Materials and Textile Effects segments and lower sales volumes in our Performance Products and Pigments segments. See " Segment Analysis" below.

Our gross profit and the gross profit of Huntsman International for the nine months ended September 30, 2012 increased by $163 million each, or 11% each, as compared with the 2011 period. The increase resulted from higher gross margins in our Polyurethanes and Pigments segments, offset in part by lower margins in our remaining segments. See " Segment Analysis" below.

Our operating expenses and the operating expenses of Huntsman International for the nine months ended September 30, 2012 decreased by $29 million and $30 million, respectively, or 4% each, as compared with the 2011 period. The decrease in operating expenses was primarily due to the impact of foreign currency translation in 2012 and a $33 million decrease in costs related to legal claims in 2012, offset in part by a $4 million loss recognized in the third quarter of 2012 in connection with the Russian Systems House Acquisition, a $12 million gain on the consolidation of our Sasol-Huntsman joint venture recognized in 2011 and the $4 million gain on sale of assets at our Grimsby, U.K. plant recognized in the third quarter of 2011.

Restructuring, impairment and plant closing costs for the nine months ended September 30, 2012 decreased to $52 million from $171 million in the 2011 period. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Our net interest expense and the net interest expense of Huntsman International for the nine months ended September 30, 2012 decreased by $15 million and $16 million, respectively, or 8% each, as compared with the 2011 period. The decrease is due to lower average debt balances.

Our income tax expense and the income tax expense of Huntsman International for the nine months ended September 30, 2012 increased by $75 million and $77 million, respectively, as compared with the same period in 2011, primarily due to increased pre-tax income. Our income tax expense is affected by the mix of income and losses in the tax jurisdictions in which we operate, as impacted by valuation allowances in certain tax jurisdictions. For further information concerning taxes, see "Note 16. Income Taxes" to our condensed consolidated financial statements (unaudited).

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Segment Analysis

	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Percent Change Favorable (Unfavorable)
Revenues			
Polyurethanes	$ 3,735	$ 3,391	10%
Performance Products	2,319	2,546	(9)%
Advanced Materials	1,014	1,059	(4)%
Textile Effects	562	563	
Pigments	1,150	1,243	(7)%
Eliminations	(212)	(213)	
Total	$ 8,568	$ 8,589	
Huntsman Corporation			
Segment EBITDA(1)			
Polyurethanes	$ 544	$ 392	39%
Performance Products	282	325	(13)%
Advanced Materials	77	69	12%
Textile Effects	(37)	(175)	79%
Pigments	346	357	(3)%
Corporate and other	(125)	(196)	36%
Subtotal	1,087	772	41%
Discontinued Operations	(4)	(6)	33%
Total	$ 1,083	$ 766	41%
Huntsman International			
Segment EBITDA(1)			
Polyurethanes	$ 544	$ 392	39%
Performance Products	282	325	(13)%
Advanced Materials	77	69	12%
Textile Effects	(37)	(175)	79%
Pigments	346	357	(3)%
Corporate and other	(125)	(196)	36%
Subtotal	1,087	772	41%
Discontinued Operations	(4)	(6)	33%
Total	$ 1,083	$ 766	41%

(1) For more information, including reconciliation of segment EBITDA to net income attributable to Huntsman Corporation or Huntsman International, as appropriate, see "Note 19. Operating Segment Information" to our condensed consolidated financial statements (unaudited).

	Nine months ended September 30, 2012 vs. 2011			
	Average Selling Price(1)			
	Local Currency	Foreign Currency Translation Impact	Mix & Other	Sales Volumes(1)
Period-Over-Period Increase (Decrease)				

Polyurethanes	4%	(3)%	2%	7%
Performance Products	(5)%	(2)%		(2)%
Advanced Materials	(5)%	(5)%	(2)%	8%
Textile Effects	(1)%	(4)%	(1)%	6%
Pigments	22%	(6)%		(23)%
Total Company	3%	(4)%	1%	

(1) Excludes revenues and sales volumes primarily from tolling arrangements and the sale of byproducts and raw materials.

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Polyurethanes

The increase in revenues in our Polyurethanes segment for the nine months ended September 30, 2012 compared to the same period in 2011 was due to higher sales volumes and higher average selling prices, partially offset by the strength of the U.S. dollar against major European currencies. MDI sales volumes increased as a result of improved demand in all regions and across most major markets. PO/MTBE sales volumes increased due to strong demand. MDI average selling prices increased in all regions, offset by the strength of the U.S. dollar against major European currencies. PO/MTBE average selling prices increased primarily in response to favorable markets conditions. The increase in segment EBITDA was primarily due to higher margins and higher sales volumes, partially offset by higher restructuring, impairment and plant closing costs. During the nine months ended September 30, 2012 and 2011, our Polyurethanes segment recorded restructuring, impairment and plant closing costs of $37 million and nil, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Performance Products

The decrease in revenues in our Performance Products segment for the nine months ended September 30, 2012 compared to the same period in 2011 was primarily due to lower average selling prices and lower sales volumes. Average selling prices decreased across almost all businesses primarily in response to lower raw material costs, softer market conditions and the strength of the U.S. dollar against major international currencies. Sales volumes decreased primarily due to a shift to tolling arrangements. The decrease in segment EBITDA was primarily due to lower sales volumes and higher operating expenses. In addition, in the nine months ended September 30, 2011, we recorded a gain of $12 million in connection with the consolidation of our Sasol-Huntsman joint venture.

Advanced Materials

The decrease in revenues in our Advanced Materials segment for the nine months ended September 30, 2012 compared to the same period in 2011 was primarily due to lower average selling prices, partially offset by higher sales volumes. Average selling prices decreased in all regions and across all markets in response to lower raw material costs, competitive market pressure and the strength of the U.S. dollar against major international currencies. Sales volumes increased across most regions, primarily due to stronger global demand in our base resins business, while sales volumes in the Asia-Pacific region decreased due to lower demand in the wind energy, electrical engineering and electronics markets. The increase in segment EBITDA was primarily due to lower restructuring, impairment and plant closing costs and lower selling, general and administrative costs as a result of recent restructuring efforts, offset in part by lower margins due in part to the change in sales mix from increased base resin sales volumes. During the nine months ended September 30, 2012 and 2011, our Advanced Materials segment recorded restructuring, impairment and plant closing costs of $9 million and $27 million, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Textile Effects

Revenues in our Textile Effects segment for the nine months ended September 30, 2012 compared to the same period in 2011 were relatively unchanged as higher sales volumes were offset by lower average selling prices. Sales volumes increased due to increased market share in key markets. Average selling prices decreased primarily due to the strength of the U.S. dollar against major international currencies. The increase in segment EBITDA was primarily due to lower restructuring, impairment and plant closing and transition costs and lower manufacturing costs as a result of recent restructuring

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efforts, partially offset by lower margins. During the nine months ended September 30, 2012 and 2011, our Textile Effects segment recorded restructuring, impairment and plant closing costs of $1 million and $133 million, respectively, and expenses for the transition of production from Basel, Switzerland to a tolling facility of $12 million and nil, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Pigments

The decrease in revenues in our Pigments segment for the nine months ended September 30, 2012 compared to the same period in 2011 was due to lower sales volumes, partially offset by higher average selling prices. Sales volumes decreased primarily due to lower global demand. Average selling prices increased in all regions of the world primarily as a result of higher raw material costs, partially offset by the strength of the U.S. dollar against major international currencies. The decrease in segment EBITDA was primarily due to lower margins and lower sales volumes. During the nine months ended September 30, 2012 and 2011, our Pigments segment recorded restructuring, impairment and plant closing costs of $4 million and $9 million, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Corporate and other Huntsman Corporation

Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, unallocated restructuring, impairment and plant closing costs, nonoperating income and expense, benzene sales and gains and losses on the disposition of corporate assets. For the nine months ended September 30, 2012, EBITDA from Corporate and other increased by $71 million to a loss of $125 million from a loss of $196 million for the same period in 2011. The increase in EBITDA from Corporate and other was primarily the result of a $41 million decrease in LIFO inventory valuation expense ($14 million of income in 2012 compared to $27 million of expense in 2011), a decrease in legal settlements of $32 million ($2 million in 2012 compared to $34 million in 2011), $9 million of income from benzene sales during the nine months ended September 30, 2012 and a decrease in loss on early extinguishment of debt of $3 million ($2 million of loss in 2012 compared to $5 million of loss in 2011). For more information regarding the loss on early extinguishment of debt, see "Note 7. Debt Direct and Subsidiary Debt Redemption of Notes and Loss on Early Extinguishment of Debt" to our condensed consolidated financial statements (unaudited). The increase in EBITDA was partially offset by an increase in unallocated foreign exchange losses of $8 million ($2 million loss in 2012 compared to $6 million gain in 2011).

Corporate and other Huntsman International

Corporate and other includes unallocated corporate overhead, unallocated foreign exchange gains and losses, LIFO inventory valuation reserve adjustments, loss on early extinguishment of debt, unallocated restructuring, impairment and plant closing costs, nonoperating income and expense, benzene sales and gains and losses on the disposition of corporate assets. For the nine months ended September 30, 2012, EBITDA from Corporate and other increased by $71 million to a loss of $125 million from a loss of $196 million for the same period in 2011. The increase in EBITDA from Corporate and other was primarily the result of a $41 million decrease in LIFO inventory valuation expense ($14 million of income in 2012 compared to $27 million of expense in 2011), a decrease in legal settlements of $32 million ($2 million in 2012 compared to $34 million in 2011), $9 million of income from benzene sales during the nine months ended September 30, 2012 and a decrease in loss on early extinguishment of debt of $3 million ($2 million of loss in 2012 compared to $5 million of loss

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in 2011). For more information regarding the loss on early extinguishment of debt, see "Note 7. Debt Direct and Subsidiary Debt Redemption of Notes and Loss on Early Extinguishment of Debt" to our condensed consolidated financial statements (unaudited). The increase in EBITDA was partially offset by an increase in unallocated foreign exchange losses of $8 million ($2 million loss in 2012 compared to $6 million gain in 2011).

Discontinued Operations

The operating results of our former polymers, base chemicals and Australian styrenics businesses are classified as discontinued operations, and, accordingly, the revenues of these businesses are excluded from revenues for all periods presented. The EBITDA of these former businesses are included in discontinued operations for all periods presented. The loss from discontinued operations represents the operating results, legal costs, restructuring, impairment and plant closing costs and gain (loss) on disposal with respect to our former businesses. The decrease in loss from discontinued operations, net of tax, resulted primarily from higher legal costs in the 2011 period. See "Note 17. Discontinued Operations" to our condensed consolidated financial statements (unaudited).

LIQUIDITY AND CAPITAL RESOURCES

The following is a discussion of our liquidity and capital resources and does not include separate information with respect to Huntsman International in accordance with General Instructions H(1)(a) and (b) of Form 10-Q.

Cash

Net cash provided by operating activities for the nine months ended September 30, 2012 and 2011 was $556 million and $25 million, respectively. The increase in net cash provided by operating activities during the nine months ended September 30, 2012 compared with the same period in 2011 was primarily attributable to an increase in operating income as described in " Results of Operations" above and to a $225 million favorable variance in operating assets and liabilities for the nine months ended September 30, 2012 as compared with the same period in 2011.

Net cash used in investing activities for the nine months ended September 30, 2012 and 2011 was $299 million and $200 million, respectively. During the nine months ended September 30, 2012 and 2011, we paid $248 million and $217 million, respectively, for capital expenditures. During the nine months ended September 30, 2012 and 2011, we paid $18 million and $23 million, respectively, for the acquisition of a business. On April 1, 2011, we began consolidating our Sasol-Huntsman joint venture and assumed its cash balance of $28 million. During the nine months ended September 30, 2012 and 2011, we made investments in Louisiana Pigments Company, L.P. of $81 million and $17 million, respectively, and received dividends from Louisiana Pigments Company, L.P. of $51 million and $19 million, respectively.

Net cash used in financing activities for the nine months ended September 30, 2012 and 2011 was $378 million and $335 million, respectively. The increase in net cash used in financing activities was primarily due to higher net repayments of debt during the 2012 period as compared to the 2011 period.

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Changes in Financial Condition

The following information summarizes our working capital position (dollars in millions):

	September 30, 2012	December 31, 2011	(Decrease) Increase	Percent Change
Cash and cash equivalents	$ 435	$ 554	$ (119)	(21)%
Restricted cash	9	8	1	13%
Accounts receivable, net	1,653	1,534	119	8%
Inventories	1,807	1,539	268	17%
Prepaid expenses	64	46	18	39%
Deferred income taxes	40	20	20	100%
Other current assets	234	245	(11)	(4)%
Total current assets	4,242	3,946	296	8%
Accounts payable	1,057	912	145	16%
Accrued liabilities	690	695	(5)	(1)%
Deferred income taxes	28	7	21	300%
Current portion of debt	130	212	(82)	(39)%
Total current liabilities	1,905	1,826	79	4%
Working capital	$ 2,337	$ 2,120	$ 217	10%

Our working capital increased by $217 million as a result of the net impact of the following significant changes:

The decrease in cash and cash equivalents of $119 million resulted from the matters identified in the condensed consolidated statements of cash flows (unaudited).

Accounts receivable, net increased by $119 million mainly due to higher sales for the period ended September 30, 2012 as compared to December 31, 2011.

Inventories increased by $268 million mainly due to higher inventory levels to support increased customer demand.

The increase in accounts payable of $145 million was primarily due to higher inventory.

Current portion of debt decreased by $82 million due primarily to the repayment of outstanding indebtedness, a portion of which was classified as current as of December 31, 2011. See "Note 7. Debt Direct and Subsidiary Debt Other Debt" to our condensed consolidated financial statements (unaudited).

DIRECT AND SUBSIDIARY DEBT

Huntsman Corporation's direct debt and guarantee obligations consist of a guarantee of certain indebtedness incurred from time to time to finance certain insurance premiums. Substantially all of our other debt, including the facilities described below, has been incurred by our subsidiaries (primarily Huntsman International); Huntsman Corporation is not a guarantor of such subsidiary debt.

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Senior Credit Facilities

As of September 30, 2012, our Senior Credit Facilities consisted of our Revolving Facility, our Term Loan B, our Extended Term Loan B, our Extended Term Loan B Series 2 and our Term Loan C as follows (dollars in millions):

Facility	Committed Amount	Principal Outstanding	Carrying Value	Interest Rate(2)	Maturity
Revolving Facility	$ 400	$ (1)	$ (1)	USD LIBOR plus 2.50%	2017(3)
Term Loan B	NA	243	243	USD LIBOR plus 1.50%	2014
Extended Term Loan B	NA	637	637	USD LIBOR plus 2.50%	2017(3)
Extended Term Loan B Series 2	NA	342	342	USD LIBOR plus 2.75%	2017(3)
Term Loan C	NA	419	391	USD LIBOR plus 2.25%	2016

(1) We had no borrowings outstanding under our Revolving Facility; we had approximately $19 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility.

(2) The applicable interest rate of the Senior Credit Facilities is subject to certain secured leverage ratio thresholds. As of September 30, 2012, the weighted average interest rate on our outstanding balances under the Senior Credit Facilities was approximately 3%.

(3) The maturity of the Revolving Facility commitments will accelerate if we do not repay, refinance or have a minimum level of liquidity available to enable us to repay our 5.50% senior notes due 2016, Term Loan B due April 19, 2014 and Term Loan C due June 30, 2016. The maturity of Extended Term Loan B and Extended Term Loan B Series 2 will accelerate if we do not repay, refinance or have a minimum level of liquidity available to enable us to refinance or repay our 5.50% senior notes due 2016 that remain outstanding during the three months prior to the maturity date of such notes.

Our obligations under the Senior Credit Facilities are guaranteed by our Guarantors, which consist of substantially all of our domestic subsidiaries and certain of our foreign subsidiaries, and are secured by a first priority lien on substantially all of our domestic property, plant and equipment, the stock of all of our material domestic subsidiaries and certain foreign subsidiaries and pledges of intercompany notes between certain of our subsidiaries.

During the nine months ended September 30, 2012, we made the following payments on our Senior Credit Facilities:

- On September 24, 2012, we prepaid $58 million on our Term Loan B.

- On September 7, 2012, we prepaid $3 million on our Term Loan B, $6 million on our Extended Term Loan B, $4 million on our Extended Term Loan B Series 2, and $4 million on our Term Loan C.

- On April 2, 2012, we paid the annual scheduled repayment of $3 million on our Term Loan B, $7 million on our Extended Term Loan B, and $4 million on our Term Loan C.

In connection with these debt repayments, we recognized a loss on early extinguishment of debt of approximately $1 million during the nine months ended September 30, 2012.

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Amendment to Credit Agreement

On March 6, 2012, Huntsman International entered into a seventh amendment to its Senior Credit Facilities. Among other things, the amendment:

- extended the stated termination date of the Revolving Facility commitments from March 9, 2014 to March 20, 2017;
- reduced the applicable interest rate margin on the Revolving Facility commitments by 0.50%;
- set the undrawn commitment fee on the Revolving Facility at 0.50%;
- increased the capacity for the Revolving Facility commitments from $300 million to $400 million;
- extended the stated maturity date of $346 million aggregate principal amount of Term Loan B from April 19, 2014 to April 19, 2017 (now referred to as Extended Term Loan B Series 2);
- increased the interest rate margin with respect to Extended Term Loan B Series 2 to LIBOR plus 3.00% (the interest rate margin is subject to a leverage-based step-down, which was achieved based on June 30, 2012 results); and
- set the amortization on the Extended Term Loan B Series 2 at 1% of the principal amount.

Redemption of Notes and Loss on Early Extinguishment of Debt

During the nine months ended September 30, 2012 and 2011, we redeemed or repurchased the following notes (monetary amounts in millions):

Date of Redemption	Notes	Principal Amount of Notes Redeemed	Amount Paid (Excluding Accrued Interest)	Loss on Early Extinguishment of Debt
March 26, 2012	7.50% Senior Subordinated Notes due 2015	€64 (approximately $86)	€65 (approximately $87)	$ 1
Three months ended September 30, 2011	6.875% Senior Subordinated Notes due 2013	€14 (approximately $19)	€14 (approximately $19)	$
Three months ended September 30, 2011	7.50% Senior Subordinated Notes due 2013	€12 (approximately $17)	€12 (approximately $17)	$
July 25, 2011	7.375% Senior Subordinated Notes due 2013	$75	$77	$ 2
January 18, 2011	7.375% Senior Subordinated Notes due 2015	$100	$102	$ 3

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Other Debt

During the nine months ended September 30, 2012, HPS repaid $2 million and RMB 120 million (approximately $19 million) on term loans and working capital loans under its secured facilities. As of September 30, 2012, HPS had $10 million and RMB 354 million (approximately $56 million) outstanding under its secured facilities. In connection with these payments, the lenders agreed to release our Company as a guarantor.

During the nine months ended September 30, 2012, HPS repaid RMB 229 million (approximately $36 million) under its loan facility for working capital loans and discounting of commercial drafts. As of September 30, 2012, HPS had RMB 270 million (approximately $43 million) outstanding, which is classified as current portion of debt on the accompanying condensed consolidated balance sheets (unaudited).

On March 30, 2012, we repaid the remaining A$26 million (approximately $27 million) outstanding under our Australian Credit Facility, which represents repayment of A$14 million (approximately $15 million) under the revolving facility and A$12 million (approximately $12 million) under the term loan facility.

Note Payable from Huntsman International to Huntsman Corporation

As of September 30, 2012, there was $707 million outstanding under the Intercompany Note owed us by Huntsman International. The Intercompany Note is unsecured and $100 million of the outstanding amount is classified as current as of both September 30, 2012 and December 31, 2011 on the condensed consolidated balance sheets (unaudited). As of September 30, 2012, under the terms of the Intercompany Note, Huntsman International promises to pay us interest on the unpaid principal amount at a rate per annum based on the previous monthly average borrowing rate obtained under our U.S. A/R Program, less ten basis points (provided that the rate shall not exceed an amount that is 25 basis points less than the monthly average borrowing rate obtained for the U.S. LIBOR-based borrowings under our Revolving Facility).

COMPLIANCE WITH COVENANTS

We believe that we are in compliance with the covenants contained in the agreements governing our material debt instruments, including our Senior Credit Facilities, our A/R Programs and our notes.

Our material financing arrangements contain certain covenants with which we must comply. A failure to comply with a covenant could result in a default under a financing arrangement unless we obtained an appropriate waiver or forbearance (as to which we can provide no assurance). A default under these material financing arrangements generally allows debt holders the option to declare the underlying debt obligations immediately due and payable. Furthermore, certain of our material financing arrangements contain cross default and cross acceleration provisions under which a failure to comply with the covenants in one financing arrangement may result in an event of default under another financing arrangement.

Our Senior Credit Facilities are subject to the Leverage Covenant which applies only to the Revolving Facility and is tested at the Huntsman International level. The Leverage Covenant is applicable only if borrowings, letters of credit or guarantees are outstanding under the Revolving Facility (cash collateralized letters of credit or guarantees are not deemed outstanding). The Leverage Covenant is a net senior secured leverage ratio covenant which requires that Huntsman International's ratio of senior secured debt to EBITDA (as defined in the applicable agreement) is not more than 3.75 to 1.

If in the future Huntsman International fails to comply with the Leverage Covenant, then we may not have access to liquidity under our Revolving Facility. If Huntsman International failed to comply with the Leverage Covenant at a time when we had uncollateralized loans or letters of credit outstanding under the Revolving Facility, Huntsman International would be in default under the Senior Credit Facilities, and, unless Huntsman International obtained a waiver or forbearance with respect to such default (as to which we can provide no assurance), Huntsman International could be required to pay off the balance of the Senior Credit Facilities in full, and we may not have further access to such facilities.

The agreements governing our A/R Programs also contain certain receivable performance metrics. Any material failure to meet the applicable A/R Programs' metrics in the future could lead to an early termination event under the A/R Programs, which could require us to cease our use of such facilities, prohibiting us from additional borrowings against our receivables or, at the discretion of the lenders, requiring that we repay the A/R Programs in full. An early termination event under the A/R Programs would also constitute an event of default under our Senior Credit Facilities, which could require us to pay off the balance of the Senior Credit Facilities in full and could result in the loss of our Senior Credit Facilities.

SHORT-TERM AND LONG-TERM LIQUIDITY

We depend upon our cash, credit facilities, A/R Programs and other debt instruments to provide liquidity for our operations and working capital needs. As of September 30, 2012, we had $1,038 million of combined cash and unused borrowing capacity, consisting of $444 million in cash and restricted cash, $381 million in availability under our Revolving Facility, and $213 million in availability under our A/R Programs. Our liquidity can be significantly impacted by various factors. The following matters had, or are expected to have, a significant impact on our liquidity:

- Cash invested in our accounts receivable and inventory, net of accounts payable, increased by approximately $232 million for the nine months ended September 30, 2012, as reflected in our condensed consolidated statements of cash flows (unaudited). We expect volatility in our working capital components to continue.

- During 2012, we expect to spend approximately $425 million to $450 million on capital expenditures. We expect to fund this spending with cash provided by operations.

- During the nine months ended September 30, 2012, we made contributions to our pension and postretirement benefit plans of $124 million. During 2012, we expect to contribute an additional amount of approximately $31 million to these plans.

- During the nine months ended September 30, 2012, Huntsman International redeemed €64 million (approximately $86 million) of its 7.50% senior subordinated notes due 2015, repaid $89 million on our Senior Secured Credit Facility, repaid A$26 million (approximately $27 million) related to the Australian Credit Facility, and repaid $2 million and RMB 349 million (approximately $55 million) associated with our various HPS debt facilities.

- We are also involved in a number of cost reduction programs for which we have established restructuring accruals. As of September 30, 2012, we had $84 million of accrued restructuring costs from continuing operations and we expect to incur and pay additional restructuring and plant closing costs of approximately $20 million. We expect to spend approximately $20 million for capital expenditures related to restructuring programs over the next several years.

  On September 8, 2009, we announced the closure of our styrenics facility located at West Footscray, Australia. We ceased the Australian styrenics operations during the first quarter of 2010. As of September 30, 2012, we had restructuring accruals of $6 million and environmental remediation accruals of $30 million. We can provide no assurance that the eventual environmental remediation costs will not be materially different from our current estimate. The

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plant closure and environmental remediation costs are expected to be funded as they are incurred over the next several years.

On August 5, 2011, we announced that our Board of Directors has authorized our Company to repurchase up to $100 million in shares of our common stock. During 2011, we acquired approximately four million shares of our outstanding common stock for approximately $50 million under the repurchase program. As of September 30, 2012, there remained approximately $50 million of the amount authorized under the program that could be used for stock repurchases. These repurchases may be commenced or suspended from time to time without prior notice.

As of September 30, 2012, we had $130 million classified as current portion of debt which consists of certain scheduled term payments and various short-term facilities including an HPS borrowing facility in China with $43 million outstanding, scheduled amortization payments at our VIEs of $25 million, $24 million related to the annual financing of our insurance premiums, and certain other short term facilities and scheduled amortization payments totaling $38 million. Although we cannot provide assurances, we intend to renew or extend the majority of these short-term facilities in the current period.

As of September 30, 2012, we had approximately $228 million of cash and cash equivalents, including restricted cash, held by our foreign subsidiaries, including our VIEs. Additionally, we have material intercompany debt obligations owed to us by our non-U.S. subsidiaries. We intend to use cash held in our foreign subsidiaries to fund our local operations. Nevertheless, we could repatriate cash as dividends or as repayments of intercompany debt. If foreign cash were repatriated as dividends, the dividends could be subject to adverse tax consequences. At present, we estimate that we will generate sufficient cash in our U.S. operations, together with the payments of intercompany debt if necessary, to meet our cash needs in the U.S and we do not expect to repatriate material cash to the U.S. as dividends in the near term. Cash held by certain foreign subsidiaries, including our VIEs, may also be subject to legal restrictions, including those arising from the interests of our partners, which could limit the amounts available for repatriation.

RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS

Our Polyurethanes, Advanced Materials, Textile Effects and Pigments segments are involved in cost reduction programs that are expected to reduce costs in these businesses by approximately $190 million. These cost savings are expected to be achieved through the third quarter of 2013. For further discussion of these plans and the costs involved, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

LEGAL PROCEEDINGS

For a discussion of legal proceedings, see "Note 13. Commitments and Contingencies Legal Matters," "Note 14. Environmental, Health and Safety Matters Remediation Liabilities" and "Note 17. Discontinued Operations Australian Styrenics Business Shutdown" to our condensed consolidated financial statements (unaudited).

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

For a discussion of environmental, health and safety matters, see "Note 14. Environmental, Health and Safety Matters" to our condensed consolidated financial statements (unaudited).

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For a discussion of recently issued accounting pronouncements, see "Note 2. Recently Issued Accounting Pronouncements" to our condensed consolidated financial statements (unaudited).

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies are presented in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2011.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, such as changes in interest rates, foreign exchange rates and commodity pricing risks. From time to time, we enter into transactions, including transactions involving derivative instruments, to manage certain of these exposures.

All derivatives, whether designated in hedging relationships or not, are recorded on our balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged items are recognized in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in accumulated other comprehensive loss, to the extent effective, and will be recognized in the income statement when the hedged item affects earnings. To the extent applicable, we perform effectiveness assessments in order to use hedge accounting at each reporting period. For a derivative that does not qualify as a hedge, changes in fair value are recognized in earnings.

We also hedge our net investment in certain European operations. Changes in the fair value of the hedge in the net investment of certain European operations are recorded in accumulated other comprehensive loss.

Our cash flows and earnings are subject to fluctuations due to exchange rate variation. Our revenues and expenses are denominated in various foreign currencies. From time to time, we may enter into foreign currency derivative instruments to minimize the short-term impact of movements in foreign currency rates. Where practicable, we generally net multi-currency cash balances among our subsidiaries to help reduce exposure to foreign currency exchange rates. Certain other exposures may be managed from time to time through financial market transactions, principally through the purchase of spot or forward foreign exchange contracts (generally with maturities of one year or less). We do not hedge our foreign currency exposures in a manner that would eliminate the effect of changes in exchange rates on our cash flows and earnings. As of September 30, 2012, we had approximately $199 million in notional amount (in U.S. dollar equivalents) outstanding in forward foreign currency contracts.

On December 9, 2009, we entered into a five-year interest rate contract to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. The notional value of the contract is $50 million, and it has been designated as a cash flow hedge. The effective portion of the changes in the fair value of the swap was recorded in other comprehensive income (loss). We will pay a fixed 2.6% on the hedge and receive the one-month LIBOR rate. As of September 30, 2012, the fair value of the hedge was $3 million and was recorded in other noncurrent liabilities on the condensed consolidated balance sheets (unaudited).

On January 19, 2010, we entered into an additional five-year interest rate contract to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. The notional value of the contract is $50 million, and it has been designated as a cash flow hedge. The effective portion of the changes in the fair value of the swap was recorded in other comprehensive income (loss). We will pay a fixed 2.8% on the hedge and receive the one-month

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LIBOR rate. As of September 30, 2012, the fair value of the hedge was $3 million and was recorded in other noncurrent liabilities on the condensed consolidated balance sheets (unaudited).

On September 1, 2011, we entered into a $50 million forward interest rate contract that will begin in December 2014 with maturity in April 2017 and a $50 million forward interest rate contract that will begin in January 2015 with maturity in April 2017. These two forward contracts are to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities once our existing interest rate hedges mature. These swaps are designated as cash flow hedges and the effective portion of the changes in the fair value of the swaps were recorded in other comprehensive income (loss). Both interest rate contracts will pay a fixed 2.5% on the hedge and receive the one-month LIBOR rate once the contracts begin in 2014 and 2015, respectively. As of September 30, 2012, the combined fair value of these two hedges was $4 million and was recorded in other noncurrent liabilities on the condensed consolidated balance sheets (unaudited).

In 2009, Sasol-Huntsman entered into derivative transactions to hedge the variable interest rate associated with its local credit facility. These hedges include a floating to fixed interest rate contract providing Sasol-Huntsman with EURIBOR interest payments for a fixed payment of 3.62% and a cap for future periods with a strike price of 3.62%. In connection with the consolidation of Sasol-Huntsman as of April 1, 2011, the interest rate contract is now included in our consolidated results. See "Note 5. Variable Interest Entities" to our condensed consolidated financial statements (unaudited). The notional amount of the hedge as of September 30, 2012 was €47 million (approximately $61 million) and the derivative transactions do not qualify for hedge accounting. As of September 30, 2012, the fair value of this hedge was €2 million (approximately $3 million) and the hedge was recorded in other noncurrent liabilities on the condensed consolidated balance sheets (unaudited). For the three months and nine months ended September 30, 2012, we recorded interest expense of less than €1 million (less than $1 million) due to changes in the fair value of the swap.

Beginning in 2009, Arabian Amines Company entered into a 12-year floating to fixed interest rate contract providing for a receipt of LIBOR interest payments for a fixed payment of 5.02%. In connection with the consolidation of Arabian Amines Company as of July 1, 2010, the interest rate contract is now included in our consolidated results. See "Note 5. Variable Interest Entities" to our condensed consolidated financial statements (unaudited). The notional amount of the swap as of September 30, 2012 was $36 million, and the interest rate contract is not designated as a cash flow hedge. As of September 30, 2012, the fair value of the swap was $6 million and was recorded as other noncurrent liabilities on the condensed consolidated balance sheets (unaudited). For both the three and nine months ended September 30, 2012, we recorded interest expense of less than $1 million due to changes in the fair value of the swap.

In conjunction with the issuance of the 8.625% senior subordinated notes due 2020, we entered into cross-currency interest rate contracts with three counterparties. On March 17, 2010, we paid $350 million to these counterparties and received €255 million from these counterparties and at maturity on March 15, 2015 we are required to pay €255 million and will receive $350 million. On March 15 and September 15 of each year, we will receive U.S. dollar interest payments of approximately $15 million (equivalent to an annual rate of 8.625%) and make interest payments of approximately €11 million (equivalent to an annual rate of approximately 8.41%). These swaps are designated as a hedge of net investment for financial reporting purposes. As of September 30, 2012, the fair value of these swaps was $29 million and was recorded in noncurrent assets in our condensed consolidated balance sheets (unaudited).

As of and for the three and nine months ended September 30, 2012, the changes in fair value of the realized gains (losses) recorded in the condensed consolidated statements of operations (unaudited) of our other outstanding foreign currency rate hedging contracts and derivatives were not considered significant.

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A significant portion of our intercompany debt is denominated in euros. We also finance certain of our non-U.S. subsidiaries with intercompany loans that are, in many cases, denominated in currencies other than the entities' functional currency. We manage the net foreign currency exposure created by this debt through various means, including cross-currency swaps, the designation of certain intercompany loans as permanent loans because they are not expected to be repaid in the foreseeable future ("permanent loans") and the designation of certain debt and swaps as net investment hedges.

Foreign currency transaction gains and losses on intercompany loans that are not designated as permanent loans are recorded in earnings. Foreign currency transaction gains and losses on intercompany loans that are designated as permanent loans are recorded in other comprehensive income (loss). From time to time, we review such designation of intercompany loans.

From time to time, we review our non-U.S. dollar denominated debt and swaps to determine the appropriate amounts designated as hedges. As of September 30, 2012, we have designated €255 million (approximately $327 million) of euro-denominated debt and cross-currency interest rate swaps as a hedge of our net investments. For the three and nine months ended September 30, 2012, the amount of loss recognized on the hedge of our net investments was $6 million and approximately $1 million, respectively, and was recorded in other comprehensive income (loss). As of September 30, 2012, we had €1,211 million (approximately $1,558 million) in net euro assets.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2012. Based on this evaluation, our chief executive officer and chief financial officer have concluded that, as of September 30, 2012, our disclosure controls and procedures were effective, in that they ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

No changes to our internal control over financial reporting occurred during the quarter ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). However, we can only give reasonable assurance that our internal controls over financial reporting will prevent or detect material misstatements on a timely basis. Ineffective internal controls over financial reporting could cause investors to lose confidence in our reported financial information and could result in a lower trading price for our securities.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On July 27, 2012, the Canadian courts approved, and we have since paid, the settlement of the two cases filed against us in Canada on behalf of purported classes of Canadian direct and indirect purchasers of MDI, TDI and polyether polyols. We had reached agreement to resolve these cases in April 2012, pending court approval. These cases were filed against us on May 5 and 17, 2006, in the Superior Court of Justice, Ontario, Canada and Superior Court, Province of Quebec, District of Quebec and allege that we conspired to fix the prices of polyether polyols products. The settlement is in an amount immaterial to our condensed consolidated financial statements (unaudited). For more information concerning antitrust matters, see "Note 13. Commitments and Contingencies Legal Matters Antitrust Matters" to our condensed consolidated financial statements (unaudited).

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ITEM 1A. RISK FACTORS

For information regarding risk factors, see "Part I. Item 1A. Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2011.

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

ISSUER PURCHASES OF EQUITY SECURITIES

The following table provides information with respect to shares of restricted stock granted under our stock incentive plan that we withheld upon vesting to satisfy our tax withholding obligations during the nine months ended September 30, 2012. No shares were repurchased under our publicly announced stock repurchase program during the nine months ended September 30, 2012.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(1)
July 1, 2012 - July 31, 2012		$		$ 49,863,881
August 1, 2012 - August 31, 2012	930	13.65		49,863,881
September 1, 2012 - September 30, 2012				49,863,881
Total	930	13.65		

(1) Effective August 5, 2011, our Board of Directors authorized our Company to repurchase up to $100 million in shares of our common stock. No shares were repurchased under our publicly announced stock repurchase program during the nine months ended September 30, 2012. For more information, see "Note 11. Huntsman Corporation Stockholders' Equity Share Repurchase Program" to our condensed consolidated financial statements (unaudited).

ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

101.DEF	XBRL Taxonomy Extension Definition Linkbase

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Dated: November 2, 2012

HUNTSMAN CORPORATION
HUNTSMAN INTERNATIONAL LLC

By: /s/ J. KIMO ESPLIN

J. Kimo Esplin
Executive Vice President and
Chief Financial Officer
(Authorized Signatory and
Principal Financial Officer)

By: /s/ RANDY W. WRIGHT

Randy W. Wright
Vice President and Controller
(Authorized Signatory and
Principal Accounting Officer)

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