

Huntsman CORP
Form 10-Q
July 29, 2015

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from _____ to _____

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

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

Huntsman Corporation	YES ☒	NO ☐
Huntsman International LLC	YES ☒	NO ☐

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

Huntsman Corporation	YES ☒	NO ☐
----------------------	---	-----------------------------

Edgar Filing: Huntsman CORP - Form 10-Q

Huntsman International LLC

YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See 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 ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
Huntsman International LLC	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

Huntsman Corporation

YES ☐ NO ☒

Huntsman International LLC

YES ☐ NO ☒

On July 21, 2015, 245,443,816 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.

Table of Contents

**HUNTSMAN CORPORATION AND SUBSIDIARIES
HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD
ENDED JUNE 30, 2015**

TABLE OF CONTENTS

<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	<u>Page</u>
<u>ITEM 1.</u>	<u>Financial Statements:</u>	<u>3</u>
	Huntsman Corporation and Subsidiaries:	
	<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Operations (Unaudited)</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Equity (Unaudited)</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	<u>7</u>
	Huntsman International LLC and Subsidiaries:	
	<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	<u>9</u>
	<u>Condensed Consolidated Statements of Operations (Unaudited)</u>	<u>10</u>
	<u>Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)</u>	<u>11</u>
	<u>Condensed Consolidated Statements of Equity (Unaudited)</u>	<u>12</u>
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	<u>13</u>
	Huntsman Corporation and Subsidiaries and Huntsman International LLC and Subsidiaries:	
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>15</u>
<u>ITEM 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>67</u>
<u>ITEM 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>91</u>
<u>ITEM 4.</u>	<u>Controls and Procedures</u>	<u>93</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	<u>94</u>
<u>ITEM 1.</u>	<u>Legal Proceedings</u>	<u>94</u>
<u>ITEM 1A.</u>	<u>Risk Factors</u>	<u>94</u>
<u>ITEM 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>94</u>
<u>ITEM 6.</u>	<u>Exhibits</u>	<u>95</u>

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)****(In Millions, Except Share and Per Share Amounts)**

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents(a)	\$ 599	\$ 860
Restricted cash(a)	9	10
Accounts and notes receivable (net of allowance for doubtful accounts of \$31 and \$34, respectively), (\$519 and \$472 pledged as collateral, respectively)(a)	1,721	1,665
Accounts receivable from affiliates	33	42
Inventories(a)	1,938	2,025
Prepaid expenses	46	62
Deferred income taxes	59	62
Other current assets(a)	190	313
Total current assets	4,595	5,039
Property, plant and equipment, net(a)	4,328	4,423
Investment in unconsolidated affiliates	350	350
Intangible assets, net(a)	92	95
Goodwill	119	122
Deferred income taxes	444	435
Other noncurrent assets(a)	650	538
Total assets	\$ 10,578	\$ 11,002
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	\$ 1,179	\$ 1,218
Accounts payable to affiliates	30	57
Accrued liabilities(a)	737	739
Deferred income taxes	49	51
Current portion of debt(a)	127	267
Total current liabilities	2,122	2,332
Long-term debt(a)	4,920	4,933
Notes payable to affiliates	7	6
Deferred income taxes	339	333
Other noncurrent liabilities(a)	1,348	1,447
Total liabilities	8,736	9,051
Commitments and contingencies (Notes 13 and 14)		
Equity		
Huntsman Corporation stockholders' equity:		
Common stock \$0.01 par value, 1,200,000,000 shares authorized, 249,457,421 and 248,893,036 issued and 244,168,343 and 243,416,979 outstanding in 2015 and 2014, respectively	3	3
Additional paid-in capital	3,416	3,385

Edgar Filing: Huntsman CORP - Form 10-Q

Treasury stock, 4,043,526 shares at both June 30, 2015 and December 31, 2014	(50)	(50)
Unearned stock-based compensation	(24)	(14)
Accumulated deficit	(528)	(493)
Accumulated other comprehensive loss	(1,159)	(1,053)
Total Huntsman Corporation stockholders' equity	1,658	1,778
Noncontrolling interests in subsidiaries	184	173
Total equity	1,842	1,951
Total liabilities and equity	\$ 10,578	\$ 11,002

(a)

At June 30, 2015 and December 31, 2014, respectively, \$28 and \$46 of cash and cash equivalents, \$9 and \$10 of restricted cash, \$42 and \$41 of accounts and notes receivable (net), \$51 and \$68 of inventories, \$5 and \$6 of other current assets, \$326 and \$339 of property, plant and equipment (net), \$38 and \$40 of intangible assets (net), \$28 and \$27 of other noncurrent assets, \$77 and \$92 of accounts payable, \$33 and \$37 of accrued liabilities, \$18 and \$172 of current portion of debt, \$147 and \$36 of long-term debt, and \$97 each of other noncurrent liabilities from consolidated variable interest entities are included in the respective Balance Sheet captions above. See "Note 5. Variable Interest Entities."

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

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)****(In Millions, Except Per Share Amounts)**

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenues:				
Trade sales, services and fees, net	\$ 2,697	\$ 2,921	\$ 5,257	\$ 5,614
Related party sales	43	67	72	129
Total revenues	2,740	2,988	5,329	5,743
Cost of goods sold	2,191	2,483	4,330	4,788
Gross profit	549	505	999	955
Operating expenses:				
Selling, general and administrative	249	244	495	473
Research and development	41	37	83	73
Other operating income	(1)	(5)	(9)	(9)
Restructuring, impairment and plant closing costs	114	13	207	52
Total expenses	403	289	776	589
Operating income	146	216	223	366
Interest expense	(53)	(51)	(109)	(99)
Equity in income of investment in unconsolidated affiliates	3	2	5	4
Loss on early extinguishment of debt	(20)		(23)	
Other (loss) income	(1)		(2)	1
Income from continuing operations before income taxes	75	167	94	272
Income tax expense	(34)	(43)	(36)	(79)
Income from continuing operations	41	124	58	193
Loss from discontinued operations	(2)		(4)	(7)
Net income	39	124	54	186
Net income attributable to noncontrolling interests	(10)	(5)	(20)	(13)
Net income attributable to Huntsman Corporation	\$ 29	\$ 119	\$ 34	\$ 173
Basic income (loss) per share:				
Income from continuing operations attributable to Huntsman Corporation common stockholders	\$ 0.13	\$ 0.49	\$ 0.16	\$ 0.75
Loss from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax	(0.01)		(0.02)	(0.03)
Net income attributable to Huntsman Corporation common stockholders	\$ 0.12	\$ 0.49	\$ 0.14	\$ 0.72

Edgar Filing: Huntsman CORP - Form 10-Q

Weighted average shares	244.1	241.8	244.0	241.3
-------------------------	-------	-------	-------	-------

Diluted income (loss) per share:

Income from continuing operations attributable to Huntsman Corporation common stockholders	\$ 0.13	\$ 0.48	\$ 0.16	\$ 0.74
Loss from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax	(0.01)		(0.02)	(0.03)
Net income attributable to Huntsman Corporation common stockholders	\$ 0.12	\$ 0.48	\$ 0.14	\$ 0.71

Weighted average shares	247.5	245.7	247.3	245.0
-------------------------	-------	-------	-------	-------

Amounts attributable to Huntsman Corporation common stockholders:

Income from continuing operations	\$ 31	\$ 119	\$ 38	\$ 180
Loss from discontinued operations, net of tax	(2)		(4)	(7)
Net income	\$ 29	\$ 119	\$ 34	\$ 173

Dividends per share	\$ 0.125	\$ 0.125	\$ 0.25	\$ 0.25
----------------------------	-----------------	-----------------	----------------	----------------

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

[Table of Contents](#)**HUNTSMAN CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(UNAUDITED)****(In Millions)**

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net income	\$ 39	\$ 124	\$ 54	\$ 186
Other comprehensive income (loss), net of tax:				
Foreign currency translations adjustments, net of tax of \$7 and \$(2) for the three months ended, respectively, and \$(20) and \$(2) for the six months ended, respectively	40	2	(142)	
Pension and other postretirement benefits adjustments, net of tax of \$(2) and \$(3) for the three months ended, respectively, and \$(6) each for the six months ended	9	8	22	17
Other, net	10	1	9	1
Other comprehensive income (loss), net of tax	59	11	(111)	18
Comprehensive income (loss)	98	135	(57)	204
Comprehensive (income) loss attributable to noncontrolling interests	(12)	2	(15)	(10)
Comprehensive income (loss) attributable to Huntsman Corporation	\$ 86	\$ 137	\$ (72)	\$ 194

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

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

(In Millions, Except Share Amounts)

Huntsman Corporation Stockholders' Equity

	Shares				Accumulated other comprehensive income				Noncontrolling interests in subsidiaries		Total equity
	Common stock	Common stock	Additional paid-in capital	Treasury stock	Unearned stock-based compensation	Accumulated deficit	(loss) income				
Balance, January 1, 2015	243,416,979	\$ 3	\$ 3,385	\$ (50)	\$ (14)	\$ (493)	\$ (1,053)	\$ 173	\$ 1,951		
Net income						34		20	54		
Other comprehensive loss							(106)	(5)	(111)		
Issuance of nonvested stock awards			19		(19)						
Vesting of stock awards	1,006,871		5						5		
Recognition of stock-based compensation			5		9				14		
Repurchase and cancellation of stock awards	(304,079)					(7)			(7)		
Stock options exercised	48,572		1						1		
Dividends paid to noncontrolling interests								(4)	(4)		
Excess tax benefit related to stock-based compensation			1						1		
Dividends declared on common stock						(62)			(62)		
Balance, June 30, 2015	244,168,343	\$ 3	\$ 3,416	\$ (50)	\$ (24)	\$ (528)	\$ (1,159)	\$ 184	\$ 1,842		
Balance, January 1, 2014	240,401,442	\$ 2	\$ 3,305	\$ (50)	\$ (13)	\$ (687)	\$ (577)	\$ 149	\$ 2,129		
Net income						173		13	186		
Other comprehensive income							21	(3)	18		
Issuance of nonvested stock awards			15		(15)						
Vesting of stock awards	1,003,482		7						7		
Recognition of stock-based compensation			5		8				13		
Repurchase and cancellation of stock awards	(296,925)					(7)			(7)		
Stock options exercised	1,368,603		28						28		
Dividends paid to noncontrolling interests								(4)	(4)		
Excess tax expense related to stock-based compensation			(1)						(1)		
Accrued and unpaid dividends						(1)			(1)		
Dividends declared on common stock						(60)			(60)		
Balance, June 30, 2014	242,476,602	\$ 2	\$ 3,359	\$ (50)	\$ (20)	\$ (582)	\$ (556)	\$ 155	\$ 2,308		

Edgar Filing: Huntsman CORP - Form 10-Q

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

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

(In Millions)

	Six months ended June 30,	
	2015	2014
Operating Activities:		
Net income	\$ 54	\$ 186
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in income of investment in unconsolidated affiliates	(5)	(4)
Depreciation and amortization	194	239
Loss on early extinguishment of debt	23	
Noncash interest expense	8	5
Noncash restructuring and impairment charges	85	6
Deferred income taxes	(59)	(32)
Noncash (gain) loss on foreign currency transactions	(4)	4
Stock-based compensation	17	16
Other, net	4	(2)
Changes in operating assets and liabilities:		
Accounts and notes receivable	(142)	(300)
Inventories	7	(109)
Prepaid expenses	14	14
Other current assets	62	(19)
Other noncurrent assets	(99)	(13)
Accounts payable	12	94
Accrued liabilities	31	(75)
Other noncurrent liabilities	(21)	(27)
Net cash provided by (used in) operating activities	181	(17)
Investing Activities:		
Capital expenditures	(296)	(214)
Cash received from unconsolidated affiliates	25	30
Investment in unconsolidated affiliates	(32)	(29)
Acquisition of business, net of cash acquired	(15)	
Cash received from purchase price adjustment for business acquired	18	
Proceeds from sale of businesses/assets	1	14
Cash received from termination of cross-currency interest rate contracts	66	
Other, net		(3)
Net cash used in investing activities	(233)	(202)

(Continued)

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

	Six months ended June 30,	
	2015	2014
Financing Activities:		
Net borrowings under revolving loan facilities	\$	\$ (1)
Net (repayments) borrowings on overdraft facilities	(2)	8
Repayments of short-term debt	(17)	(8)
Borrowings on short-term debt		5
Repayments of long-term debt	(388)	(35)
Proceeds from issuance of long-term debt	326	204
Repayments of notes payable	(15)	(16)
Borrowings on notes payable	1	1
Debt issuance costs paid	(5)	(4)
Call premiums related to early extinguishment of debt	(26)	
Contingent consideration paid for acquisition	(4)	(6)
Dividends paid to common stockholders	(62)	(60)
Dividends paid to noncontrolling interests	(4)	(4)
Repurchase and cancellation of stock awards	(7)	(7)
Proceeds from issuance of common stock	1	28
Excess tax benefit related to stock-based compensation	1	(1)
Other, net	(1)	(1)
Net cash (used in) provided by financing activities	(202)	103
Effect of exchange rate changes on cash	(7)	(1)
Decrease in cash and cash equivalents	(261)	(117)
Cash and cash equivalents at beginning of period	860	520
Cash and cash equivalents at end of period	\$ 599	\$ 403

Supplemental cash flow information:

Cash paid for interest	\$ 115	\$ 91
Cash paid for income taxes	30	143

As of June 30, 2015 and 2014, the amount of capital expenditures in accounts payable was \$55 million and \$40 million, respectively. During the six months ended June 30, 2015 and 2014, we acquired assets under capital leases of nil and \$10 million, respectively.

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

Table of Contents

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

(In Millions)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents(a)	\$ 597	\$ 710
Restricted cash(a)	9	10
Accounts and notes receivable (net of allowance for doubtful accounts of \$31 and \$34, respectively), (\$519 and \$472 pledged as collateral, respectively)(a)	1,721	1,665
Accounts receivable from affiliates	344	346
Inventories(a)	1,938	2,025
Prepaid expenses	45	61
Deferred income taxes	59	62
Other current assets(a)	190	306
Total current assets	4,903	5,185
Property, plant and equipment, net(a)	4,286	4,375
Investment in unconsolidated affiliates	350	350
Intangible assets, net(a)	93	96
Goodwill	119	122
Deferred income taxes	444	435
Other noncurrent assets(a)	650	538
Total assets	\$ 10,845	\$ 11,101
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	\$ 1,179	\$ 1,218
Accounts payable to affiliates	51	74
Accrued liabilities(a)	742	736
Deferred income taxes	50	52
Note payable to affiliate	100	100
Current portion of debt(a)	127	267
Total current liabilities	2,249	2,447
Long-term debt(a)	4,920	4,933
Notes payable to affiliates	802	656
Deferred income taxes	333	326
Other noncurrent liabilities(a)	1,347	1,443
Total liabilities	9,651	9,805
Commitments and contingencies (Notes 13 and 14)		
Equity		
Huntsman International LLC members' equity:		
Members' equity, 2,728 units issued and outstanding	3,183	3,166
Accumulated deficit	(983)	(956)
Accumulated other comprehensive loss	(1,190)	(1,087)

Edgar Filing: Huntsman CORP - Form 10-Q

Total Huntsman International LLC members' equity	1,010	1,123
Noncontrolling interests in subsidiaries	184	173
Total equity	1,194	1,296
Total liabilities and equity	\$ 10,845	\$ 11,101

(a)

At June 30, 2015 and December 31, 2014, respectively, \$28 and \$46 of cash and cash equivalents, \$9 and \$10 of restricted cash, \$42 and \$41 of accounts and notes receivable (net), \$51 and \$68 of inventories, \$5 and \$6 of other current assets, \$326 and \$339 of property, plant and equipment (net), \$38 and \$40 of intangible assets (net), \$28 and \$27 of other noncurrent assets, \$77 and \$92 of accounts payable, \$33 and \$37 of accrued liabilities, \$18 and \$172 of current portion of debt, \$147 and \$36 of long-term debt, and \$97 each of other noncurrent liabilities from consolidated variable interest entities are included in the respective Balance Sheet captions above. See "Note 5. Variable Interest Entities."

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

Table of Contents

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

(In Millions)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenues:				
Trade sales, services and fees, net	\$ 2,697	\$ 2,921	\$ 5,257	\$ 5,614
Related party sales	43	67	72	129
Total revenues	2,740	2,988	5,329	5,743
Cost of goods sold	2,191	2,482	4,328	4,782
Gross profit	549	506	1,001	961
Operating expenses:				
Selling, general and administrative	248	243	492	470
Research and development	41	37	83	73
Other operating income	(2)	(5)	(9)	(9)
Restructuring, impairment and plant closing costs	114	13	207	52
Total expenses	401	288	773	586
Operating income	148	218	228	375
Interest expense	(56)	(52)	(114)	(103)
Equity in income of investment in unconsolidated affiliates	3	2	5	4
Loss on early extinguishment of debt	(20)		(23)	
Other (loss) income			(1)	1
Income from continuing operations before income taxes	75	168	95	277
Income tax expense	(34)	(43)	(37)	(80)
Income from continuing operations	41	125	58	197
Loss from discontinued operations, net of tax	(2)		(4)	(7)
Net income	39	125	54	190
Net income attributable to noncontrolling interests	(10)	(5)	(20)	(13)
Net income attributable to Huntsman International LLC	\$ 29	\$ 120	\$ 34	\$ 177

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

[Table of Contents](#)**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(UNAUDITED)****(In Millions)**

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net income	\$ 39	\$ 125	\$ 54	\$ 190
Other comprehensive income (loss), net of tax:				
Foreign currency translations adjustments, net of tax of \$7 and \$(2) for the three months ended, respectively, and \$(20) and \$(2) for the six months ended, respectively	39	3	(143)	
Pension and other postretirement benefits adjustments, net of tax of \$(3) each for the three months ended and \$(7) each for the six months ended	11	10	26	20
Other, net	10		9	1
Other comprehensive income (loss), net of tax	60	13	(108)	21
Comprehensive income (loss)	99	138	(54)	211
Comprehensive (income) loss attributable to noncontrolling interests	(12)	2	(15)	(10)
Comprehensive income (loss) attributable to Huntsman International LLC	\$ 87	\$ 140	\$ (69)	\$ 201

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

Table of Contents

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

(In Millions, Except Unit Amounts)

	Huntsman International LLC Members					
	Members' equity		Accumulated deficit	Accumulated other comprehensive (loss) income	Noncontrolling interests in subsidiaries	Total equity
	Units	Amount				
Balance, January 1, 2015	2,728	\$ 3,166	\$ (956)	\$ (1,087)	\$ 173	\$ 1,296
Net income			34		20	54
Dividends paid to parent			(61)			(61)
Other comprehensive loss				(103)	(5)	(108)
Contribution from parent		16				16
Dividends paid to noncontrolling interests					(4)	(4)
Excess tax benefit related to stock-based compensation		1				1
Balance, June 30, 2015	2,728	\$ 3,183	\$ (983)	\$ (1,190)	\$ 184	\$ 1,194
Balance, January 1, 2014	2,728	\$ 3,138	\$ (1,194)	\$ (618)	\$ 149	\$ 1,475
Net income			177		13	190
Dividends paid to parent			(60)			(60)
Other comprehensive income				24	(3)	21
Contribution from parent		15				15
Dividends paid to noncontrolling interests					(4)	(4)
Excess tax expense related to stock-based compensation		(1)				(1)
Balance, June 30, 2014	2,728	\$ 3,152	\$ (1,077)	\$ (594)	\$ 155	\$ 1,636

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

Table of Contents**HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****(In Millions)**

	Six months ended June 30,	
	2015	2014
Operating Activities:		
Net income	\$ 54	\$ 190
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in income of investment in unconsolidated affiliates	(5)	(4)
Depreciation and amortization	187	229
Loss on early extinguishment of debt	23	
Noncash interest expense	12	9
Noncash restructuring and impairment charges	85	6
Deferred income taxes	(59)	(31)
Noncash (gain) loss on foreign currency transactions	(4)	4
Noncash compensation	16	15
Other, net	6	(2)
Changes in operating assets and liabilities:		
Accounts and notes receivable	(142)	(299)
Inventories	7	(109)
Prepaid expenses	15	15
Other current assets	55	(13)
Other noncurrent assets	(99)	(13)
Accounts payable	8	89
Accrued liabilities	39	(80)
Other noncurrent liabilities	(17)	(23)
Net cash provided by (used in) operating activities	181	(17)
Investing Activities:		
Capital expenditures	(296)	(214)
Cash received from unconsolidated affiliates	25	30
Investment in unconsolidated affiliates	(32)	(29)
Acquisition of business, net of cash acquired	(15)	
Cash received from purchase price adjustment for business acquired	18	
Proceeds from sale of businesses/assets	1	14
Increase in receivable from affiliate	(4)	(5)
Cash received from termination of cross-currency interest rate contracts	66	
Other, net		(3)
Net cash used in investing activities	(237)	(207)

(Continued)

Table of Contents

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

(In Millions)

	Six months ended June 30,	
	2015	2014
Financing Activities:		
Net borrowings under revolving loan facilities	\$	\$ (1)
Net (repayments) borrowings on overdraft facilities	(2)	8
Repayments of short-term debt	(17)	(8)
Borrowings on short-term debt		5
Repayments of long-term debt	(388)	(35)
Proceeds from issuance of long-term debt	326	204
Repayments of notes payable to affiliate	(50)	(65)
Proceeds from issuance of notes payable from affiliate	195	
Repayments of notes payable	(15)	(16)
Borrowings on notes payable	1	1
Debt issuance costs paid	(5)	(4)
Call premiums related to early extinguishment of debt	(26)	
Contingent consideration paid for acquisition	(4)	(6)
Dividends paid to noncontrolling interests	(4)	(4)
Dividends paid to parent	(61)	(60)
Excess tax benefit related to stock-based compensation	1	(1)
Other, net	(1)	
Net cash (used in) provided by financing activities	(50)	18
Effect of exchange rate changes on cash	(7)	(1)
Decrease	(113)	(207)
Cash and cash equivalents at beginning of period	710	515
Cash and cash equivalents at end of period	\$ 597	\$ 308

Supplemental cash flow information:

Cash paid for interest	\$ 115	\$ 91
Cash paid for income taxes	30	143

As of June 30, 2015 and 2014, the amount of capital expenditures in accounts payable was \$55 million and \$40 million, respectively. During the six months ended June 30, 2015 and 2014, Huntsman Corporation contributed \$16 million and \$15 million, respectively, related to stock-based compensation. During the six months ended June 30, 2015 and 2014, we acquired assets under capital leases of nil and \$10 million, respectively.

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

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL

CERTAIN DEFINITIONS

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

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

INTERIM FINANCIAL STATEMENTS

Our interim condensed consolidated financial statements (unaudited) and Huntsman International's interim condensed consolidated financial statements (unaudited) were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP" or "U.S. GAAP") and in management's opinion reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of results of operations, comprehensive income, financial position and cash flows for the periods presented. Results for interim periods are not necessarily indicative of those to be expected for the full year. These condensed consolidated financial statements (unaudited) should be read in conjunction with the audited consolidated financial statements and notes to consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2014 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, titanium dioxide and color pigments.

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

COMPANY

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

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

1. GENERAL (Continued)

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

Currently, we operate all of our businesses through Huntsman International, our 100% owned subsidiary. Huntsman International is a Delaware limited liability company and was formed in 1999.

HUNTSMAN CORPORATION AND HUNTSMAN INTERNATIONAL FINANCIAL STATEMENTS

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

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

the different capital structures; and

a note payable from Huntsman International to us.

PRINCIPLES OF CONSOLIDATION

Our condensed consolidated financial statements (unaudited) include the accounts of our wholly-owned and majority-owned subsidiaries and any variable interest entities for which we are the primary beneficiary. Intercompany accounts and transactions have been eliminated.

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 2015

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, changing the criteria for reporting discontinued operations and enhancing reporting requirements for discontinued operations. A disposal of a component of an entity or a group of components of an entity will be required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. Further, the amendments in this ASU will require an entity to present, for each comparative period, the assets and liabilities of a disposal group that includes a discontinued operation separately in

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

the asset and liability sections, respectively, of the statement of financial position. The amendments in this ASU are effective prospectively for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years, and for all businesses that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. We adopted the amendments in this ASU effective January 1, 2015, and the initial adoption of the amendments in this ASU did not have any impact on our condensed consolidated financial statements (unaudited).

Accounting Pronouncements Pending Adoption in Future Periods

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, outlining a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and supersedes most current revenue recognition guidance. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The amendments in this ASU should be applied retrospectively, and early application is permitted. We are currently evaluating the impact of the adoption of the amendments in this ASU on our condensed consolidated financial statements (unaudited).

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, providing guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early adoption is permitted. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

In January 2015, the FASB issued ASU No. 2015-01, *Income Statement – Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*, eliminating from US GAAP the concept of extraordinary items. Reporting entities will no longer have to assess whether a particular event or transaction event is extraordinary. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively or may also apply them retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. The amendments in this ASU change the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities by placing more emphasis on risk of loss when determining a controlling financial interest. These amendments affect areas specific to limited partnerships and similar legal entities, evaluating fees paid to a decision maker

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

or service provider as a variable interest, the effects of both fee arrangements and related parties on the primary beneficiary determination and certain investment funds. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments retrospectively or using a modified retrospective approach. Early adoption is permitted, including adoption in an interim period provided that any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

In April 2015, the FASB issued ASU No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, and that amortization of debt issuance costs shall be reported as interest expense. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015, with early application permitted. Entities would apply the new guidance retrospectively to all prior periods. We do not expect the adoption of the amendment in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

In April 2015, the FASB issued ASU No. 2015-05, *Intangibles Goodwill and Other Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. The amendments in this ASU provide guidance that will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement, including whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license consistent with the acquisition of other software licenses; otherwise, the customer should account for the arrangement as a service contract. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Entities can elect to adopt the amendments either prospectively to all arrangements entered into after the effective date or retrospectively to all prior periods. We do not expect the adoption of the amendment in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

In July 2015, the FASB issued ASU No. 2015-011, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The amendments in this ASU do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method, but rather does apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure in scope inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments in this ASU should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. We do not expect the adoption of the amendment

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

in this ASU to have a significant impact on our condensed consolidated financial statements (unaudited).

3. BUSINESS COMBINATIONS

ROCKWOOD ACQUISITION

On October 1, 2014, we completed the acquisition of the Performance Additives and Titanium Dioxide businesses (the "Rockwood Acquisition") of Rockwood Holdings, Inc. ("Rockwood"). We paid \$1.02 billion in cash and assumed certain unfunded pension liabilities in connection with the Rockwood Acquisition. The acquisition was financed using a bank term loan. The majority of the acquired businesses have been integrated into our Pigments and Additives segment. Transaction costs charged to expense related to this acquisition were nil each for the three months ended June 30, 2015 and 2014, and nil and \$5 million for the six months ended June 30, 2015 and 2014, respectively, and were recorded in selling, general and administrative expenses in our condensed consolidated statements of operations (unaudited).

The following businesses were acquired from Rockwood:

titanium dioxide, a white pigment derived from titanium bearing ores with strong specialty business in fibers, inks, pharmaceuticals, food and cosmetics;

functional additives made from barium and zinc based inorganics used to make colors more brilliant, primarily in plastics, coatings, films, food, cosmetics, pharmaceuticals and paper;

color pigments made from synthetic iron-oxide and other non-titanium dioxide inorganic pigments used by manufacturers of coatings and colorants;

timber treatment wood protection chemicals used primarily in residential and commercial applications;

water treatment products used to improve water purity in industrial, commercial and municipal applications; and

specialty automotive molded components.

In connection with securing certain regulatory approvals required to complete the Rockwood Acquisition, we sold our TiO₂ TR52 product line used in printing inks to Henan Billions Chemicals Co., Ltd. ("Henan") in December 2014. The sale did not include any manufacturing assets but does include an agreement to supply TR52 product to Henan during a transitional period.

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

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****3. BUSINESS COMBINATIONS (Continued)**

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

Cash paid for Rockwood Acquisition in 2014	\$ 1,038
Purchase price adjustment received in 2015	(18)
Remaining expected purchase price adjustment receivable	(1)

Expected net acquisition cost	\$ 1,019
-------------------------------	----------

Fair value of assets acquired and liabilities assumed:	
Cash	\$ 78
Accounts receivable, net	220
Inventories	400
Prepaid expenses and other current assets	46
Property, plant and equipment	597
Intangible assets	33
Deferred income taxes, non-current	126
Other assets	9
Accounts payable	(146)
Accrued expenses and other current liabilities	(80)
Long-term debt, non-current	(3)
Pension and related liabilities	(233)
Deferred income taxes, non-current	(10)
Other liabilities	(18)

Total fair value of net assets acquired	\$ 1,019
---	----------

During the second quarter of 2015, we received \$18 million related to the settlement of certain purchase price adjustments. The acquisition cost allocation is preliminary pending final determination of the fair value of assets acquired and liabilities assumed, including final valuation of property, plant and equipment, intangible assets, asset retirement obligations, and environmental and other legal reserves, and finalizing the remaining expected purchase price adjustment receivable. None of the fair value of this acquisition was allocated to goodwill. It is possible that changes to this allocation could occur. If the Rockwood Acquisition were to have occurred on January 1, 2013, the following estimated

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****3. BUSINESS COMBINATIONS (Continued)**

pro forma revenues and net income attributable to Huntsman Corporation and Huntsman International would have been reported (dollars in millions, except per share amounts):

Huntsman Corporation

	Pro Forma Three months ended June 30, 2014 (Unaudited)	Pro Forma Six months ended June 30, 2014 (Unaudited)
Revenues	\$ 3,395	\$ 6,528
Net income attributable to Huntsman Corporation	142	211
Income per share:		
Basic	\$ 0.59	\$ 0.87
Diluted	0.58	0.86

Huntsman International

	Pro Forma Three months ended June 30, 2014 (Unaudited)	Pro Forma Six months ended June 30, 2014 (Unaudited)
Revenues	\$ 3,395	\$ 6,528
Net income attributable to Huntsman International	143	215

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):

	June 30, 2015	December 31, 2014
Raw materials and supplies	\$ 482	\$ 508
Work in progress	109	96
Finished goods	1,397	1,494
Total	1,988	2,098
LIFO reserves	(50)	(73)
Net inventories	\$ 1,938	\$ 2,025

For June 30, 2015 and December 31, 2014, approximately 9% and 11%, respectively, of inventories were recorded using the LIFO cost method.

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

5. VARIABLE INTEREST ENTITIES

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

Rubicon LLC manufactures products for our Polyurethanes and Performance Products segments. The structure of the joint venture is such that the total equity investment at risk is not sufficient to permit the joint venture to finance its activities without additional financial support. By virtue of the operating agreement with this joint venture, we purchase 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 and Additives segment. In this joint venture we supply all the raw materials through a fixed cost supply contract, operate the manufacturing facility and market the products of the joint venture to customers. Through a fixed price raw materials supply contract with the joint venture we are exposed to the risk related to the fluctuation of raw material pricing.

Arabian Amines Company manufactures products for our Performance Products segment. As required in the operating agreement governing this joint venture, we purchase all of Arabian Amines Company's production and sell it to our customers. Substantially all of the joint venture's activities are conducted on our behalf.

Sasol-Huntsman is our 50%-owned 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. 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.

Viance, LLC ("Viance") is our 50%-owned joint venture with Dow Chemical. Viance markets timber treatment products for our Pigments and Additives segment. Our joint venture interest in Viance was acquired as part of the Rockwood Acquisition. The joint venture sources all of its products through a contract manufacturing arrangement at our Harrisburg, North Carolina facility, and we bear a disproportionate amount of working capital risk of loss due to the supply arrangement whereby we control manufacturing on Viance's behalf. As a result, we concluded that we are the primary beneficiary and began consolidating Viance upon the Rockwood Acquisition on October 1, 2014.

Creditors of these entities have no recourse to our general credit. See "Note 7. Debt - Direct and Subsidiary Debt." As the primary beneficiary of these variable interest entities at June 30, 2015, the joint ventures' assets, liabilities and results of operations are included in our condensed consolidated financial statements (unaudited).

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****5. VARIABLE INTEREST ENTITIES (Continued)**

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, as of June 30, 2015 and December 31, 2014 (dollars in millions):

	June 30, 2015	December 31, 2014
Current assets	\$ 145	\$ 186
Property, plant and equipment, net	326	340
Other noncurrent assets	86	70
Deferred income taxes	52	50
Intangible assets	38	39
Goodwill	13	14
Total assets	\$ 660	\$ 699

Current liabilities	\$ 194	\$ 356
Long-term debt	154	42
Deferred income taxes	8	9
Other noncurrent liabilities	97	97
Total liabilities	\$ 453	\$ 504

For more information regarding the Rockwood Acquisition, see "Note 3. Business Combinations Rockwood Acquisition."

6. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS

As of June 30, 2015 and December 31, 2014, 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 and contract termination costs	Other restructuring costs	Total(2)
Accrued liabilities as of January 1, 2015	\$ 87	\$	\$ 48	\$ 3	\$ 138
2015 charges for 2014 and prior initiatives	55	3	6	12	76
2015 charges for 2015 initiatives	44				44
Reversal of reserves no longer required	(1)				(1)
2015 payments for 2014 and prior initiatives	(25)	(3)	(3)	(11)	(42)
2015 payments for 2015 initiatives	(4)				(4)
Net activity of discontinued operations			(1)		(1)

Edgar Filing: Huntsman CORP - Form 10-Q

Foreign currency effect on liability balance	(6)	3	(3)
--	-----	---	-----

Accrued liabilities as of June 30, 2015	\$	150	\$		\$	53	\$	4	\$	207
---	----	-----	----	--	----	----	----	---	----	-----

(1) The workforce reduction reserves relate to the termination of 1,344 positions, of which 1,268 positions had not been terminated as of June 30, 2015.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****6. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS (Continued)**

(2)

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

	June 30, 2015	December 31, 2014
2013 and prior initiatives	\$ 68	\$ 75
2014 initiatives	98	63
2015 initiatives	41	
Total	\$ 207	\$ 138

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 and Additives	Discontinued Operations	Corporate and Other	Total
Accrued liabilities as of January 1, 2015	\$ 6	\$ 9	\$ 5	\$ 54	\$ 59	\$ 1	\$ 4	\$ 138
2015 charges for 2014 and prior initiatives	2	1	1	12	57		3	76
2015 charges for 2015 initiatives	13		3	1	27			44
Reversal of reserves no longer required							(1)	(1)
2015 payments for 2014 and prior initiatives	(4)	(4)	(2)	(9)	(19)		(4)	(42)
2015 payments for 2015 initiatives					(4)			(4)
Net activity of discontinued operations						(1)		(1)
Foreign currency effect on liability balance		(1)		2	(4)			(3)
Accrued liabilities as of June 30, 2015	\$ 17	\$ 5	\$ 7	\$ 60	\$ 116	\$	\$ 2	\$ 207
 Current portion of restructuring reserves	 \$ 15	 \$ 5	 \$ 5	 \$ 23	 \$ 116	 \$	 \$ 2	 \$ 166
Long-term portion of restructuring reserves	2		2	37				41

Details with respect to cash and noncash restructuring charges for the three and six months ended June 30, 2015 and 2014 by initiative are provided below (dollars in millions):

	Three months ended June, 2015	Six months ended June 30, 2015
Cash charges:		

Edgar Filing: Huntsman CORP - Form 10-Q

2015 charges for 2014 and prior initiatives	\$	34	\$	76
2015 charges for 2015 initiatives		20		44
Pension related charges		3		3
Reversal of reserves no longer required				(1)
Accelerated depreciation		47		75
Non-cash charges		10		10
Total 2015 Restructuring, Impairment and Plant Closing Costs	\$	114	\$	207

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****6. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS (Continued)**

	Three months ended June 30, 2014	Six months ended June 30, 2014
Cash charges:		
2014 charges for 2013 and prior initiatives	\$ 10	\$ 51
2014 charges for 2014 initiatives	6	6
Pension related charges	1	2
Reversal of reserves no longer required	(4)	(8)
Non-cash charges		1
Total 2014 Restructuring, Impairment and Plant Closing Costs	\$ 13	\$ 52

2015 RESTRUCTURING ACTIVITIES

In June 2015, our Polyurethanes segment announced a restructuring program in Europe. In connection with this restructuring program, we recorded restructuring expense of \$13 million in the six months ended June 30, 2015 related primarily to workforce reductions.

In June 2015, our Advanced Materials segment initiated a restructuring program in Europe. In connection with this restructuring program, we recorded restructuring expense of \$6 million in the six months ended June 30, 2015 related primarily to workforce reductions and accelerated depreciation recorded as restructuring, impairment and plant closing costs.

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 six months ended June 30, 2015, our Textile Effects segment recorded charges of \$5 million for non-cancelable long-term contract termination costs, \$3 million for decommissioning and \$2 million in other restructuring costs associated with this initiative.

On December 1, 2014, we announced that we are taking significant action to improve the global competitiveness of our Pigments and Additives segment. As part of a comprehensive restructuring program, we plan to reduce our workforce by approximately 900 positions. In connection with this restructuring program, during the six months ended June 30, 2015, our Pigments and Additives segment recorded charges of \$50 million for workforce reductions, \$3 million for pension related charges and \$7 million in other restructuring costs associated with this initiative. We expect to complete this program by the middle of 2016.

On February 12, 2015, we announced a plan to close the 'black end' manufacturing operations and ancillary activities at our Calais, France site, which will reduce our titanium dioxide capacity by approximately 100 kilotons, or 13% of our European titanium dioxide capacity. In connection with this announcement, we began to accelerate depreciation on the affected assets and recorded accelerated depreciation in the six months ended June 30, 2015 of \$73 million as restructuring, impairment and plant closing costs. In addition, during the six months ended June 30, 2015, we recorded charges of

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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

\$23 million for workforce reductions and non-cash charges of \$10 million. We expect to complete this program by the end of 2016.

On March 4, 2015, we announced plans to restructure our color pigments business, another step in our previously announced plan to significantly restructure our global Pigments and Additives segment, and recorded restructuring expense of approximately \$4 million in the six months ended June 30, 2015 related to workforce reductions. We expect to complete this program by the end of 2015.

2014 RESTRUCTURING ACTIVITIES

During 2013, our Performance Products segment initiated a restructuring program to refocus our surfactants business in Europe. In connection with this program, on June 25, 2014 we completed the sale of our European commodity surfactants business, including the ethoxylation facility in Lavera, France to Wilmar. In addition, Wilmar entered into a multi-year arrangement to purchase certain sulphated surfactant products from our facilities in St. Mihiel, France and Castiglione delle Stiviere, Italy. Additionally, we ceased production at our Patrica, Italy surfactants facility in 2014. During the six months ended June 30, 2014, we recorded charges of \$23 million primarily related to workforce reductions.

During the six months ended June 30, 2014, our Advanced Materials segment recorded charges of \$9 million primarily related to workforce reductions with our global transformational change program designed to improve the segment's manufacturing efficiencies, enhance its commercial excellence and improve its long-term global competitiveness. Our Advanced Materials segment also reversed reserves of \$4 million related to this initiative that were no longer required.

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 six months ended June 30, 2014, our Textile Effects segment recorded charges of \$2 million for long-term contract termination costs, \$4 million for decommissioning, \$1 million for workforce reduction and \$1 million in other restructuring costs associated with this initiative. Additionally, we reversed reserves of \$2 million related to this initiative that were no longer required. In June 2014, we announced plans for the closure our Qingdao, China plant to be completed by December 2015. During the six months ended June 30, 2014, we recorded charges of \$5 million primarily related to workforce reductions related to this initiative. Additionally, we recorded charges of \$1 million for long-term contract termination costs and \$1 million for workforce reductions for other restructuring initiatives.

During the six months ended June 30, 2014, our Corporate and other segment recorded charges of \$6 million and reversed reserves of \$1 million primarily related to workforce reductions in association with a reorganization of our global information technology organization. Additionally, we recorded charges of \$1 million for other restructuring initiatives.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****7. DEBT**

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

Huntsman Corporation

	June 30, 2015	December 31, 2014
Senior Credit Facilities:		
Term loans	\$ 2,509	\$ 2,528
Amounts outstanding under A/R programs	217	229
Senior notes	1,884	1,596
Senior subordinated notes	198	531
Variable interest entities	165	207
Other	74	109
 Total debt excluding debt to affiliates	 \$ 5,047	 \$ 5,200
 Total current portion of debt	 \$ 127	 \$ 267
Long-term portion	4,920	4,933
 Total debt excluding debt to affiliates	 \$ 5,047	 \$ 5,200
 Total debt excluding debt to affiliates	 \$ 5,047	 \$ 5,200
Notes payable to affiliates-noncurrent	7	6
 Total debt	 \$ 5,054	 \$ 5,206

Huntsman International

	June 30, 2015	December 31, 2014
Senior Credit Facilities:		
Term loans	\$ 2,509	\$ 2,528
Amounts outstanding under A/R programs	217	229
Senior notes	1,884	1,596
Senior subordinated notes	198	531
Variable interest entities	165	207
Other	74	109
 Total debt excluding debt to affiliates	 \$ 5,047	 \$ 5,200

Edgar Filing: Huntsman CORP - Form 10-Q

Total current portion of debt	\$	127	\$	267
Long-term portion		4,920		4,933

Total debt excluding debt to affiliates	\$	5,047	\$	5,200
---	----	-------	----	-------

Total debt excluding debt to affiliates	\$	5,047	\$	5,200
Notes payable to affiliates-current		100		100
Notes payable to affiliates-noncurrent		802		656

Total debt	\$	5,949	\$	5,956
------------	----	-------	----	-------

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****7. DEBT (Continued)****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.

Certain of our subsidiaries are designated as nonguarantor subsidiaries and have third-party debt agreements. These debt agreements contain certain restrictions with regard to dividends, distributions, loans or advances. In certain circumstances, the consent of a third party would be required prior to the transfer of any cash or assets from these subsidiaries to us.

Senior Credit Facilities

As of June 30, 2015, our senior credit facilities ("Senior Credit Facilities") consisted of our revolving credit facility ("Revolving Facility"), our extended term loan B facility ("Extended Term Loan B"), our extended term loan B facility series 2 ("Extended Term Loan B Series 2"), our 2014 term loan facility ("2014 Term Loan") and our term loan C facility ("Term Loan C") as follows (dollars in millions):

Facility	Committed Amount	Principal Outstanding	Carrying Value	Interest Rate(3)	Maturity
Revolving Facility	\$ 625	\$ (1)	(1)	USD LIBOR plus 2.50%	2017
Extended Term Loan B	NA	943	942	USD LIBOR plus 2.50%	2017
Extended Term Loan B Series 2	NA	335	335	USD LIBOR plus 3.00%	2017
2014 Term Loan	NA	1,194	1,183	USD LIBOR plus 3.00%(2)	2021
Term Loan C	NA	50	49	USD LIBOR plus 2.25%	2016

- (1) We had no borrowings outstanding under our Revolving Facility; we had approximately \$16 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility.
- (2) The 2014 Term Loan is subject to a 0.75% LIBOR floor.
- (3) The applicable interest rate of the Senior Credit Facilities is subject to certain secured leverage ratio thresholds. As of June 30, 2015, the weighted average interest rate on our outstanding balances under the Senior Credit Facilities was approximately 3%.

Our obligations under the Senior Credit Facilities are guaranteed by substantially all of our domestic subsidiaries and certain of our foreign subsidiaries (collectively, the "Guarantors"), 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.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****7. DEBT (Continued)**

We are launching an offer to certain of our Term Loan B holders to extend the maturity of their loans to 2019 in exchange for an upfront fee and a higher interest margin. If a significant aggregate amount of the Term Loan B holders accept this offer, the modifications to the maturity and interest margin would become effective in the third quarter of 2015.

A/R Programs

Our U.S. accounts receivable securitization program ("U.S. A/R Program") and our European accounts receivable securitization program ("EU A/R Program" and collectively with the U.S. A/R Program, "A/R Programs") are structured so that we transfer certain of our trade receivables to the U.S. special purpose entity ("U.S. SPE") and the European special purpose entity ("EU SPE") in transactions intended to be true sales or true contributions. The receivables collateralize debt incurred by the U.S. SPE and the EU SPE. Information regarding our A/R Programs as of June 30, 2015 was as follows (monetary amounts in millions):

Facility(5)	Maturity	Maximum Funding Availability(1)	Amount Outstanding	Interest Rate(2)(3)
U.S. A/R Program	March 2018	\$250	\$90(4)	Applicable rate plus 0.95%
EU A/R Program	March 2018	€225	€114	Applicable rate plus 1.10%
		(approximately \$252)	(approximately \$127))	

- (1) The amount of actual availability under our A/R Programs may be lower based on the level of eligible receivables sold, changes in the credit ratings of our customers, customer concentration levels and certain characteristics of the accounts receivable being transferred, as defined in the applicable agreements.
- (2) Each interest rate is defined in the applicable agreements. In addition, the U.S. SPE and the EU SPE are obligated to pay unused commitment fees to the lenders based on the amount of each lender's commitment.
- (3) Applicable rate for our U.S. A/R Program is defined by the lender as either USD LIBOR or CP rate. Applicable rate for our EU A/R Program is either GBP LIBOR, USD LIBOR or EURIBOR.
- (4) As of June 30, 2015, we had approximately \$7 million (U.S. dollar equivalents) of letters of credit issued and outstanding under our U.S. A/R Program.
- (5) During the three months ended March 31, 2015, we entered into amendments to our A/R Programs that, among other things, extend the scheduled commitment termination dates and reduce the applicable borrowing margins.

As of June 30, 2015 and December 31, 2014, \$519 million and \$472 million, respectively, of accounts receivable were pledged as collateral under our A/R Programs.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****7. DEBT (Continued)****Notes**

As of June 30, 2015, we had outstanding the following notes (monetary amounts in millions):

Notes	Maturity	Interest Rate	Amount Outstanding
2020 Senior Notes	November 2020	4.875%	\$650 (\$647 carrying value)
2021 Senior Notes	April 2021	5.125%	€445 (€449 carrying value (\$502))
2022 Senior Notes	November 2022	5.125%	\$400
2025 Senior Notes	April 2025	4.25%	€300 (\$335)
2021 Senior Subordinated Notes	March 2021	8.625%	\$195 (\$198 carrying value)

On March 31, 2015, Huntsman International completed a €300 million (approximately \$326 million) offering of 4.25% senior notes due April 1, 2025 ("2025 Senior Notes"). On April 17, 2015, Huntsman International applied the net proceeds of this offering to redeem \$289 million (\$294 million carrying value) of its 8.625% senior subordinated notes due 2021 ("2021 Senior Subordinated Notes").

The 2025 Senior Notes bear interest at 4.25% per year, payable semi-annually on April 1 and October 1, and are due on April 1, 2025. Huntsman International may redeem the 2025 Senior Notes in whole or in part at any time prior to January 1, 2025 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium and accrued and unpaid interest.

The 2020, 2021, 2022 and 2025 Senior Notes are general unsecured senior obligations of Huntsman International and are guaranteed on a general unsecured senior basis by the Guarantors. The indentures impose certain limitations on the ability of Huntsman International and its subsidiaries to, among other things, incur additional indebtedness secured by any principal properties, incur indebtedness of nonguarantor subsidiaries, enter into sale and leaseback transactions with respect to any principal properties and consolidate or merge with or into any other person or lease, sell or transfer all or substantially all of its properties and assets. Upon the occurrence of certain change of control events, holders of the 2020, 2021, 2022 and 2025 Senior Notes will have the right to require that Huntsman International purchase all or a portion of such holder's notes in cash at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase.

Redemption of Notes and Loss on Early Extinguishment of Debt

During the six months ended June 30, 2015, 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
January 2015	2021 Senior Subordinated Notes	\$ 37	\$ 40	\$ 3
April 2015	2021 Senior Subordinated Notes	\$ 289	\$ 311	\$ 20

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

7. DEBT (Continued)

Approximately \$195 million (\$198 carrying value) amount of our 8⁵/₈% Senior Subordinated Notes due 2021 remain outstanding. By their terms, these remaining notes can be redeemed at 104.3125% of par beginning on September 15, 2015. It is our current intention to exercise our right to redeem these notes.

Variable Interest Entity Debt

As of June 30, 2015, Arabian Amines Company, our consolidated 50%-owned joint venture, had \$156 million outstanding under its loan commitments and debt financing arrangements. On April 29, 2015, Arabian Amines Company obtained a waiver of certain financial covenants from the lender as well as a waiver of prior noncompliance under the debt financing agreements. As of June 30, 2015, Arabian Amines Company is in compliance with its debt financing arrangements and we have classified \$16 million as current debt and \$140 million as long-term debt on our condensed consolidated balance sheets (unaudited). We do not guarantee these loan commitments and Arabian Amines Company is not a guarantor of any of our other debt obligations.

Other Debt

On July 24, 2015, Huntsman Polyurethanes Shanghai ("HPS"), our consolidated splitting joint venture, entered into a financing arrangement to fund the construction of our MDI plant in China. As part of the financing, HPS has secured commitments of a RMB 669 million (approximately \$110 million) term loan and a RMB 423 million (approximately \$69 million) working capital facility. These facilities are unsecured, and we do not provide a guarantee of these loan commitments. We expect to begin drawing down on these facilities in the coming quarters.

Note Payable from Huntsman International to Huntsman Corporation

As of June 30, 2015, we have a loan of \$895 million to our subsidiary, Huntsman International (the "Intercompany Note"). The Intercompany Note is unsecured and \$100 million of the outstanding amount is classified as current as of June 30, 2015 on our condensed consolidated balance sheets (unaudited). As of June 30, 2015, 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 10 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

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

7. DEBT (Continued)

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 calculated 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.

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.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

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 as an unrealized currency translation adjustment 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 multicurrency 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 June 30, 2015, we had approximately \$223 million in notional amount (in U.S. dollar equivalents) outstanding in forward foreign currency contracts.

Huntsman International has entered into several interest rate contracts to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. These swaps are designated as cash flow hedges and the effective portion of the changes in the fair value of the swaps are recorded in other comprehensive income (loss) (dollars in millions):

June 30, 2015				
Notional Value	Effective Date	Maturity	Fixed Rate	Fair Value
\$ 50	December 2014	April 2017	2.5%	\$2 noncurrent liability
50	January 2015	April 2017	2.5%	2 noncurrent liability

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 June 30, 2015 was \$26 million, and the interest rate contract is not designated as a cash flow hedge. As of June 30, 2015, the fair value of the swap was \$3 million and was recorded as a liability on our condensed consolidated balance sheets (unaudited). For the three and six months ended June 30, 2015, we recorded a reduction of interest expense of nil each due to changes in fair value of the swap.

In November 2014, we entered into two five year cross-currency interest rate contracts and one eight year cross-currency interest rate contract to swap an aggregate notional \$200 million for an aggregate notional €161 million. This swap is designated as a hedge of net investment for financial reporting purposes. Under the cross-currency interest rate contract, we will receive fixed USD payments of \$5 million semiannually on May 15 and November 15 (equivalent to an annual rate of 5.125%) and make interest payments of approximately €3 million (equivalent to an annual rate of approximately 3.6%). As of June 30, 2015, the fair value of this swap was \$25 million and was recorded in noncurrent assets.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

On March 17, 2010, we entered into three five year cross-currency interest rate contracts to swap an aggregate notional \$350 million for an aggregate notional €255 million. This swap was designated as a hedge of net investment for financial reporting purposes. During the three months ended March 31, 2015, we terminated these cross-currency interest rate contracts and received \$66 million in payments from the counterparties.

We 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 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. From time to time, we review such designation of intercompany loans.

We review our non-U.S. dollar denominated debt and derivative instruments to determine the appropriate amounts designated as hedges. As of June 30, 2015, we have designated approximately €526 million (approximately \$588 million) of euro-denominated debt and cross-currency interest rate contracts as a hedge of our net investment. For the three and six months ended June 30, 2015, the amount of (loss) gain recognized on the hedge of our net investment was \$(19) million and \$57 million, respectively, and was recorded in other comprehensive income (loss) on our condensed consolidated statements of comprehensive income (loss) (unaudited). As of June 30, 2015, we had approximately €1,369 million (approximately \$1,531 million) in net euro assets.

9. FAIR VALUE

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

	June 30, 2015		December 31, 2014	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Non-qualified employee benefit plan investments	\$ 25	\$ 25	\$ 22	\$ 22
Investments in equity securities	21	21		
Cross-currency interest rate contracts	25	25	48	48
Interest rate contracts	(6)	(6)	(7)	(7)
Long-term debt (including current portion)	(5,047)	(5,062)	(5,200)	(5,210)

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 values of non-qualified employee benefit plan investments and investments in equity securities are obtained through market observable pricing using prevailing market prices. The estimated fair values of our long-term debt are

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****9. FAIR VALUE (Continued)**

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 June 30, 2015 and December 31, 2014. 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 since June 30, 2015 and current estimates of fair value may differ significantly from the amounts presented herein.

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

Description	June 30, 2015	Fair Value Amounts Using		
		Quoted prices in active markets for identical assets (Level 1)(4)	Significant other observable inputs (Level 2)(4)	Significant unobservable inputs (Level 3)
Assets:				
Available-for-sale equity securities:				
Equity mutual funds	\$ 25	\$ 25	\$	\$
Investments in equity securities(1)	21	21		
Derivatives:				
Cross-currency interest rate contracts(2)	25			25
Total assets	\$ 71	\$ 46	\$	\$ 25
Liabilities:				
Derivatives:				
Interest rate contracts(3)	\$ (6)	\$	\$ (6)	\$

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

9. FAIR VALUE (Continued)

Description	December 31, 2014	Fair Value Amounts Using			
		Quoted prices in active markets for identical assets (Level 1)(4)	Significant other observable inputs (Level 2)(4)	Significant unobservable inputs (Level 3)	
Assets:					
Available-for-sale equity securities:					
Equity mutual funds	\$ 22	\$ 22	\$		
Derivatives:					
Cross-currency interest rate contracts(2)	48		43		5
Total assets	\$ 70	\$ 22	\$ 43	\$	5
Liabilities:					
Derivatives:					
Interest rate contracts(3)	\$ (7)	\$	\$ (7)	\$	

-
- (1) As of April 1, 2015, we no longer exercise significant influence in our investment in Nippon Aqua Co., Ltd., for which we previously accounted using the equity method. Consequently, we now account for this investment at fair value as an available-for-sale equity security.
- (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, 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.
- In November 2014, we entered into two five year cross-currency interest rate contracts and one eight year cross-currency interest rate contract. These instruments have been categorized by us as Level 3 within the fair value hierarchy due to unobservable inputs associated with the credit valuation adjustment, which we deemed to be significant inputs to the overall measurement of fair value at inception.
- (3) 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 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.
- (4) There were no transfers between Levels 1 and 2 within the fair value hierarchy for the six months ended June 30, 2015 and the year ended December 31, 2014.

Edgar Filing: Huntsman CORP - Form 10-Q

The following table shows a reconciliation of beginning and ending balances for the six months ended June 30, 2015 for instruments measured at fair value on a recurring basis using significant

36

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****9. FAIR VALUE (Continued)**

unobservable inputs (Level 3) (dollars in millions). During the six months ended June 30, 2014, there were no instruments categorized as Level 3 within the fair value hierarchy.

	Cross-Currency Interest Rate Contracts
Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
Beginning balance, January 1, 2015	\$ 5
Transfers into Level 3	
Transfers out of Level 3	
Total gains (losses):	
Included in earnings	
Included in other comprehensive income (loss)	20
Purchases, sales, issuances and settlements	
Ending balance, June 30, 2015	\$ 25

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 June 30, 2015	\$
---	----

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):

	Interest expense	Other comprehensive income (loss)
2015		
Total net gains included in earnings	\$	\$
Changes in unrealized gains relating to assets still held at June 30, 2015		20

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 six months ended June 30, 2015 and 2014, we recorded charges of nil and \$6 million, respectively, for the impairment of long-lived assets.

[Table of Contents](#)**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****10. EMPLOYEE BENEFIT PLANS**

Components of the net periodic benefit costs for the three months ended June 30, 2015 and 2014 were as follows (dollars in millions):

Huntsman Corporation

	Defined Benefit Plans Three months ended June 30,		Other Postretirement Benefit Plans Three months ended June 30,	
	2015	2014	2015	2014
Service cost	\$ 17	\$ 15	\$ 1	\$
Interest cost	30	37	2	2
Expected return on assets	(49)	(49)		
Amortization of prior service benefit		(2)	(1)	(1)
Amortization of actuarial loss	18	13	1	1
Special termination benefits	3			
Net periodic benefit cost	\$ 19	\$ 14	\$ 3	\$ 2

	Defined Benefit Plans Six months ended June 30,		Other Postretirement Benefit Plans Six months ended June 30,	
	2015	2014	2015	2014
Service cost	\$ 36	\$ 30	\$ 2	\$ 1
Interest cost	61	74	3	3
Expected return on assets	(100)	(98)		
Amortization of prior service benefit	(2)	(3)	(2)	(2)
Amortization of actuarial loss	37	26	2	1
Special termination benefits	3	3		
Settlement loss		1		
Net periodic benefit cost	\$ 35	\$ 33	\$ 5	\$ 3

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****10. EMPLOYEE BENEFIT PLANS (Continued)****Huntsman International**

	Defined Benefit Plans Three months ended June 30,		Other Postretirement Benefit Plans Three months ended June 30,	
	2015	2014	2015	2014
Service cost	\$ 17	\$ 15	\$ 1	\$
Interest cost	30	37	2	2
Expected return on assets	(49)	(49)		
Amortization of prior service benefit		(2)	(1)	(1)
Amortization of actuarial loss	20	15	1	1
Special termination benefits	3			
Net periodic benefit cost	\$ 21	\$ 16	\$ 3	\$ 2

	Defined Benefit Plans Six months ended June 30,		Other Postretirement Benefit Plans Six months ended June 30,	
	2015	2014	2015	2014
Service cost	\$ 36	\$ 30	\$ 2	\$ 1
Interest cost	61	74	3	3
Expected return on assets	(100)	(98)		
Amortization of prior service benefit	(2)	(3)	(2)	(2)
Amortization of actuarial loss	41	30	2	1
Special termination benefits	3	3		
Settlement loss		1		
Net periodic benefit cost	\$ 39	\$ 37	\$ 5	\$ 3

During the six months ended June 30, 2015 and 2014, we made contributions to our pension and other postretirement benefit plans of \$55 million and \$60 million, respectively. During the remainder of 2015, we expect to contribute an additional amount of approximately \$45 million to these plans.

11. HUNTSMAN CORPORATION STOCKHOLDERS' EQUITY**COMMON STOCK DIVIDENDS**

Edgar Filing: Huntsman CORP - Form 10-Q

During each of the quarters ended June 30, 2015 and March 31, 2015, we paid cash dividends of \$31 million, or \$0.125 per share, to common stockholders and during each of the quarters ended June 30, 2014 and March 31, 2014, we paid cash dividends of \$30 million, or \$0.125 per share, to common stockholders.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****12. OTHER COMPREHENSIVE INCOME (LOSS)**

The components of other comprehensive income (loss) and changes in accumulated other comprehensive loss by component were as follows (dollars in millions):

Huntsman Corporation

	Foreign currency translation adjustment(a)	Pension and other postretirement benefits adjustments, net of tax(b)	Other comprehensive income of unconsolidated affiliates	Other, net	Total	Amounts attributable to noncontrolling interests	Amounts attributable to Huntsman Corporation
Beginning balance, January 1, 2015	\$ 25	\$ (1,122)	\$ 10	\$ 11	\$ (1,076)	\$ 23	\$ (1,053)
Other comprehensive (loss) income before reclassifications	(142)	(5)	9		(138)	5	(133)
Amounts reclassified from accumulated other comprehensive loss(c)		27			27		27
Net current-period other comprehensive (loss) income	(142)	22	9		(111)	5	(106)
Ending balance, June 30, 2015	\$ (117)	\$ (1,100)	\$ 19	\$ 11	\$ (1,187)	\$ 28	\$ (1,159)

(a) Amounts are net of tax of \$66 and \$47 as of June 30, 2015 and January 1, 2015, respectively.

(b) Amounts are net of tax of \$175 and \$182 as of June 30, 2015 and January 1, 2015, respectively.

(c) See table below for details about these reclassifications.

	Foreign currency translation adjustment(a)	Pension and other postretirement benefits adjustments, net of tax(b)	Other comprehensive income of unconsolidated affiliates	Other, net	Total	Amounts attributable to noncontrolling interests	Amounts attributable to Huntsman Corporation
Beginning balance, January 1, 2014	\$ 246	\$ (851)	\$ 12	\$ 8	\$ (585)	\$ 8	\$ (577)
Other comprehensive income before reclassifications						3	3
Amounts reclassified from accumulated other comprehensive loss(c)		17		1	18		18

Edgar Filing: Huntsman CORP - Form 10-Q

Net current-period other comprehensive
(loss) income

17

1

18

3

21

Ending balance, June 30, 2014	\$	246	\$	(834)	\$	12	\$	9	\$	(567)	\$	11	\$	(556)
-------------------------------	----	-----	----	-------	----	----	----	---	----	-------	----	----	----	-------

(a)

Amounts are net of tax of \$15 and \$13 as of June 30, 2014 and January 1, 2014, respectively.

(b)

Amounts are net of tax of \$77 and \$83 as of June 30, 2014 and January 1, 2014, respectively.

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

12. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

(c)

See table below for details about these reclassifications.

	Three months ended June 30, 2015 Amounts reclassified from accumulated other comprehensive loss	Six months ended June 30, 2015 Amounts reclassified from accumulated other comprehensive loss	Affected line item in the statement where net income is presented
Details about Accumulated Other Comprehensive Loss Components(a):			
Amortization of pension and other postretirement benefits:			
Prior service credit	\$ (2)	\$ (4)	(b)
Actuarial loss	20	39	(b)(c)
	18	35	Total before tax
	(4)	(8)	Income tax expense
Total reclassifications for the period	\$ 14	\$ 27	Net of tax

	Three months ended June 30, 2014 Amounts reclassified from accumulated other comprehensive loss	Six months ended June 30, 2014 Amounts reclassified from accumulated other comprehensive loss	Affected line item in the statement where net income is presented
Details about Accumulated Other Comprehensive Loss Components(a):			
Amortization of pension and other postretirement benefits:			
Prior service credit	\$ (3)	\$ (5)	(b)
Actuarial loss	14	27	(b)(c)
Settlement loss		1	(b)
	11	23	Total before tax
	(3)	(6)	Income tax expense
Total reclassifications for the period	\$ 8	\$ 17	Net of tax

(a)

Edgar Filing: Huntsman CORP - Form 10-Q

Pension and other postretirement benefits amounts in parentheses indicate credits on our condensed consolidated statements of operations (unaudited).

- (b) These accumulated other comprehensive loss components are included in the computation of net periodic pension costs. See "Note 10. Employee Benefit Plans."
- (c) Amounts contain approximately \$1 of actuarial losses related to discontinued operations for each of the three months ended June 30, 2015 and 2014 and \$2 of actuarial losses related to discontinued operations for each of the six months ended June 30, 2015 and 2014.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****12. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)****Huntsman International**

	Foreign currency translation adjustment(a)	Pension and other postretirement benefits adjustments, net of tax(b)	Other comprehensive income of unconsolidated affiliates	Other, net	Total	Amounts attributable to noncontrolling interests	Amounts attributable to Huntsman International
Beginning balance, January 1, 2015	\$ 22	\$ (1,147)	\$ 10	\$ 5	\$ (1,110)	\$ 23	\$ (1,087)
Other comprehensive (loss) income before reclassifications	(143)	(5)	9		(139)	5	(134)
Amounts reclassified from accumulated other comprehensive loss(c)		31			31		31
Net current-period other comprehensive (loss) income	(143)	26	9		(108)	5	(103)
Ending balance, June 30, 2015	\$ (121)	\$ (1,121)	\$ 19	\$ 5	\$ (1,218)	\$ 28	\$ (1,190)

(a) Amounts are net of tax of \$53 and \$34 as of June 30, 2015 and January 1, 2015, respectively.

(b) Amounts are net of tax of \$204 and \$211 as of June 30, 2015 and January 1, 2015, respectively.

(c) See table below for details about these reclassifications.

	Foreign currency translation adjustment(a)	Pension and other postretirement benefits adjustments, net of tax(b)	Other comprehensive income (loss) of unconsolidated affiliates	Other, net	Total	Amounts attributable to noncontrolling interests	Amounts attributable to Huntsman International
Beginning balance, January 1, 2014	\$ 243	\$ (883)	\$ 12	\$ 2	\$ (626)	\$ 8	\$ (618)
Other comprehensive (loss) income before reclassifications						3	3
Amounts reclassified from accumulated other comprehensive loss(c)		20		1	21		21
Net current-period other comprehensive (loss) income		20		1	21	3	24

Edgar Filing: Huntsman CORP - Form 10-Q

Ending balance, June 30, 2014	\$	243	\$	(863)	\$	12	\$	3	\$	(605)	\$	11	\$	(594)
-------------------------------	----	-----	----	-------	----	----	----	---	----	-------	----	----	----	-------

(a)

Amounts are net of tax of \$2 and nil as of June 30, 2014 and January 1, 2014, respectively.

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

12. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

(b) Amounts are net of tax of \$106 and \$113 as of June 30, 2014 and January 1, 2014, respectively.

(c) See table below for details about these reclassifications.

	Three months ended June 30, 2015 Amounts reclassified from accumulated other comprehensive loss	Six months ended June 30, 2015 Amounts reclassified from accumulated other comprehensive loss	Affected line item in the statement where net income is presented
Details about Accumulated Other Comprehensive Loss Components(a):			
Amortization of pension and other postretirement benefits:			
Prior service credit	\$ (2)	\$ (4)	(b)
Actuarial loss	22	43	(b)(c)
	20	39	Total before tax
	(4)	(8)	Income tax expense
Total reclassifications for the period	\$ 16	\$ 31	Net of tax

	Three months ended June 30, 2014 Amounts reclassified from accumulated other comprehensive loss	Six months ended June 30, 2014 Amounts reclassified from accumulated other comprehensive loss	Affected line item in the statement where net income is presented
Details about Accumulated Other Comprehensive Loss Components(a):			
Amortization of pension and other postretirement benefits:			
Prior service credit	\$ (3)	\$ (5)	(b)
Actuarial loss	16	31	(b)(c)
Settlement loss		1	(b)
	13	27	Total before tax
	(3)	(7)	Income tax expense
Total reclassifications for the period	\$ 10	\$ 20	Net of tax

Edgar Filing: Huntsman CORP - Form 10-Q

- (a) Pension and other postretirement benefits amounts in parentheses indicate credits on our condensed consolidated statements of operations (unaudited).
- (b) These accumulated other comprehensive loss components are included in the computation of net periodic pension costs. See "Note 10. Employee Benefit Plans."
- (c) Amounts contain approximately \$1 of actuarial losses related to discontinued operations for each of the three months ended June 30, 2015 and 2014 and \$2 of actuarial losses related to discontinued operations for each of the six months ended June 30, 2015 and 2014.

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

13. COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

Antitrust Matters

We were named as a defendant in consolidated class action civil antitrust suits filed on February 9 and 12, 2010 in the U.S. District Court for the District of Maryland alleging that we and our co-defendants and other alleged co-conspirators conspired to fix prices of titanium dioxide sold in the U.S. between at least March 1, 2002 and the present. The other defendants named in this matter were DuPont, Kronos and Cristal (formerly Millennium). On August 28, 2012, the court certified a class consisting of all U.S. customers who purchased titanium dioxide directly from the defendants (the "Direct Purchasers") since February 1, 2003. We and all other defendants settled the Direct Purchasers litigation and the court approved the settlement on December 13, 2013. We paid the settlement in an amount immaterial to our condensed consolidated financial statements (unaudited).

On November 22, 2013, we were named as a defendant in a civil antitrust suit filed in the U.S. District Court for the District of Minnesota brought by a Direct Purchaser who opted out of the Direct Purchasers class litigation (the "Opt-Out Litigation"). On April 21, 2014, the court severed the claims against us from the other defendants and ordered our case transferred to the U.S. District Court for the Southern District of Texas. Subsequently, Kronos, another defendant, was also severed from the Minnesota case and claims against it were transferred and consolidated for trial with our case in the Southern District of Texas. Trial is scheduled for February 22, 2016. It is possible that additional claims will be filed by other Direct Purchasers who opted out of the class litigation.

We were also named as a defendant in a class action civil antitrust suit filed on March 15, 2013 in the U.S. District Court for the Northern District of California by the purchasers of products made from titanium dioxide (the "Indirect Purchasers") making essentially the same allegations as did the Direct Purchasers. On October 14, 2014, Plaintiffs filed their Second Amended Class Action Complaint narrowing the class of plaintiffs to those merchants and consumers of architectural coatings containing titanium dioxide. Plaintiffs have raised state antitrust claims under the laws of 16 states, consumer protection claims under the laws of 10 states, as well as unjust enrichment claims under the laws of 20 states. The Opt-Out Litigation and Indirect Purchasers plaintiffs seek to recover injunctive relief, treble damages or the maximum damages allowed by state law, 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 which in the aggregate could be material to us. Because of the overall complexity of these cases, we are unable to reasonably estimate any possible loss or range of loss associated with these claims and we have made no accruals with respect to these claims.

Product Delivery Claim

We have been notified by a customer of potential claims related to our alleged delivery of a different product than the one the customer had ordered. Our customer claims that it was unaware that the different product had been delivered until after that product had been used to manufacture materials which were subsequently sold. Originally, the customer stated that it had been notified of claims by its customers of up to an aggregate of €153 million (approximately \$171 million) relating to

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

13. COMMITMENTS AND CONTINGENCIES (Continued)

this matter and claimed 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 \$126 million). Based on the facts currently available, 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. We believe our range of possible loss in this matter is between €0 and €113 million (approximately \$126 million), and we have made no accrual with respect to this matter.

Indemnification Matters

On July 3, 2012, Deutsche Bank Securities Inc. and Credit Suisse Securities (USA) LLC, demanded that we indemnify them for claims brought against them by certain MatlinPatterson entities that were formerly our stockholders ("MatlinPatterson") in litigation filed by MatlinPatterson on June 19, 2012 in the 9th District Court in Montgomery County, Texas (the "Texas Litigation"). 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 filed relating to the failed acquisition by and merger with Hexion. MatlinPatterson claims 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 loss in value to their 19 million shares of our common stock as a result thereof. MatlinPatterson is asserting statutory fraud, common law fraud and aiding and abetting statutory fraud and are seeking actual damages, exemplary damages, costs and attorney's fees and pre-judgment and post-judgment interest. On December 21, 2012, the court dismissed the Texas Litigation, a decision which was affirmed by the Ninth Court of Appeals of Texas on May 15, 2014. A subsequent motion for rehearing by MatlinPatterson was denied by the same appellate court on June 12, 2014. A petition for discretionary review in the Texas Supreme Court was filed on July 28, 2014 and is currently pending.

On July 14, 2014, the Banks demanded that we indemnify them for additional claims brought against them by certain other former Company stockholders in litigation filed June 14, 2014 in the United States District Court for the Eastern District of Wisconsin (the "Wisconsin Litigation"). The stockholders in the Wisconsin Litigation have made essentially the same allegations as MatlinPatterson made in the Texas Litigation and, additionally, have named Apollo Global Management LLC and Apollo Management Holdings, L.P. as defendants. Stockholder plaintiffs in the Wisconsin Litigation assert claims for misrepresentation and conspiracy to defraud. On April 9, 2015, the court denied the Banks' motions to dismiss the Wisconsin Litigation, which were on the same grounds asserted in the Texas Litigation, as moot. We expect the Banks to refile these motions once limited discovery related to jurisdiction is complete. We denied the Banks' indemnification demand for both the Texas Litigation and the Wisconsin Litigation.

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

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

13. COMMITMENTS AND CONTINGENCIES (Continued)

the outcome of any of these matters will have a material effect on our financial condition, results of operations or liquidity.

14. 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, improve 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 six months ended June 30, 2015 and 2014, our capital expenditures for EHS matters totaled \$56 million and \$37 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.

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

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

have disposed of waste or other materials. Similarly, we may incur costs for the cleanup of waste that 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 in the U.S. 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 consolidated financial statements.

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 several companies, including a predecessor company to us. In 2004, the U.S. Forest Service notified us that we are a CERCLA potentially responsible party ("PRP") for contamination originating from the site. In February 2010, we and Wells Cargo (another PRP) agreed to conduct a Remedial Investigation/Feasibility Study of a portion of the site and are currently engaged in that process. At this time, we are unable to reasonably estimate our potential liabilities at this site.

Another of these sites, the Star Lake Canal site in Port Neches, Texas, involves a discharge point for manufacturing facilities owned by us and several other local chemical manufacturers. The U.S. Environmental Protection Agency (the "EPA") issued a draft Consent Decree related to cleanup at this site to us and a prior owner in September 2014. The prior owner has an indemnification obligation and has accepted defense of this matter. As of June 30, 2015, we had an accrued liability of approximately \$18 million relating to this matter and a corresponding receivable of approximately \$18 million relating to our indemnity protection.

In addition, under the Resource Conservation and Recovery Act ("RCRA") in the U.S. 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 imposed under RCRA. 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 cleanup notice by the Environmental Protection Authority Victoria ("EPA Victoria") due to concerns about soil and groundwater contamination emanating from the site. On

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

August 23, 2010, EPA Victoria revoked a second cleanup notice and issued a revised notice that included a requirement for financial assurance for the remediation. As of June 30, 2015, we had an accrued liability of approximately \$18 million related to estimated environmental remediation costs at this site. We can provide no assurance that the authority will not seek to institute additional requirements for the site or that additional costs will not be required for the cleanup.

In many cases, our potential liability arising from historical contamination is based on operations and other events occurring prior to our ownership of a business or specific facility. In these situations, we frequently obtained an indemnity agreement from the prior owner addressing remediation liabilities arising from pre-closing conditions. We have successfully exercised our rights under these contractual covenants for a number of sites and, where applicable, mitigated our ultimate remediation liability. We cannot assure you, however, that the liabilities for all such matters subject to indemnity will be honored by the prior owner or that our existing indemnities will be sufficient to cover our liabilities for such matters.

Based on available information and the indemnification rights we believe are likely to be available, we believe that the costs to investigate and remediate known contamination will not have a material effect on our financial statements. However, if such indemnities are not honored or do not fully cover the costs of investigation and remediation or we are required to contribute to such costs, then such expenditures may have a material effect on our financial statements. At the current time, we are unable to estimate the total cost, exclusive of indemnification benefits, to remediate known contamination sites.

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 \$56 million and \$60 million for environmental liabilities as of June 30, 2015 and December 31, 2014, respectively. Of these amounts, \$5 million and \$7 million were classified as accrued liabilities in our consolidated balance sheets as of June 30, 2015 and December 31, 2014, respectively, and \$51 million and \$53 million were classified as other noncurrent liabilities in our consolidated balance sheets as of June 30, 2015 and December 31, 2014, respectively. In certain cases, our remediation liabilities may be payable over periods of up to 30 years. We may incur losses for environmental remediation in excess of the amounts accrued; however, we are not able to estimate the amount or range of such potential excess.

On October 1, 2014, the Company completed the Rockwood Acquisition. The properties involved in the transaction are located primarily in China, Finland, Germany, Italy, the United Kingdom and the U.S., and include both owned and leased sites. The existence of soil and groundwater contamination from historical industrial operations is known to exist at some of these new properties. As of June 30, 2015 and December 31, 2014, these newly acquired businesses had accrued \$16 million and \$17 million,

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

respectively, for environmental liabilities (including remediations, investigations, groundwater monitoring, and reclamation obligations associated with landfill operations), which are included within the accrued environmental liabilities disclosed above. Of these amounts, \$3 million each was classified as accrued liabilities and \$13 million and \$14 million were classified as other noncurrent liabilities as of June 30, 2015 and December 31, 2014, respectively. In certain cases, these remediation liabilities may be payable over periods of up to 30 years. The Company is currently evaluating these new reserve amounts in relation to similar reserves recorded by the Company in the past, as well as within the context of the terms of the acquisition agreements. Pursuant to the agreements related to the Rockwood Acquisition, Rockwood has agreed to indemnify us for certain environmental matters.

REGULATORY DEVELOPMENTS

The European Union regulatory framework for chemicals, called "REACH," became effective in 2007 and is designed to be phased in gradually 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 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, our first phase registrations by the November 30, 2010 deadline and our second phase registrations by the May 31, 2013 deadline. While we continue our registration efforts to meet the next registration deadline of May 31, 2018, our REACH implementation team is now strategically focused on the evaluation and authorization phases 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 actively monitor and address analogous regulatory regimes being considered or implemented outside of the European Union, such as in South Korea and Taiwan. The business impact assessment for the first list of priority chemicals in South Korea is ongoing.

Although the total long-term cost for REACH compliance is unknown at this time, we spent approximately \$5 million, \$4 million and \$8 million in 2014, 2013 and 2012, 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

Globally, our operations are increasingly subject to regulations that seek to reduce emissions of "greenhouse gases" ("GHGs"), such as carbon dioxide and methane, which may be contributing to changes in the earth's climate. At the Durban negotiations of the Conference of the Parties to the Kyoto Protocol in 2012, a limited group of nations, including the European Union, agreed to a second commitment period for the Kyoto Protocol, an international treaty that provides for reductions in GHG emissions. More significantly, the European Union GHG Emissions Trading System ("ETS"), established pursuant to the Kyoto Protocol to reduce GHG emissions in the European Union, continues in its third phase. The European Union parliament continues with a process to formalized

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

"backloading" the withholding of GHG allowances to prop up carbon prices. As backloading is only a temporary measure, a sustainable solution to the imbalance between supply and demand requires structural changes to the ETS. The European Commission proposes to establish a market stability reserve at the beginning of the next trading period in 2021. In addition, the European Union has recently announced the binding target to reduce domestic greenhouse gas emissions by at least 40% below the 1990 level by 2030. The European Commission proposed an objective of increasing the share of renewable energy to at least 27% of the European Union's energy consumption by 2030. The European Council endorsed this target, which is binding at the European Union level. The European Commission also proposed a 30% energy savings target for 2030. The European Council, however, endorsed an indicative target of 27% to be reviewed in 2020 having in mind a 30% target.

Federal climate change legislation in the U.S. appears unlikely in the near-term. As a result, domestic efforts to curb GHG emissions will continue to be led by the EPA's GHG regulations and the efforts of states. To the extent that our domestic operations are subject to the EPA's GHG regulations, we may face increased capital and operating costs associated with new or expanded facilities. Significant expansions of our existing facilities or construction of new facilities may be subject to the Clean Air Act's (the "CAA") Prevention of Significant Deterioration requirements under the EPA's GHG "Tailoring Rule." Some of our facilities are also subject to the EPA's Mandatory Reporting of Greenhouse Gases rule, and any further regulation may increase our operational costs.

Under a consent decree with states and environmental groups, the EPA is due to propose new source performance standards for GHG emissions from refineries. These standards could significantly increase the costs of constructing or adding capacity to refineries and may ultimately increase the costs or decrease the supply of refined products. Either of these events could have an adverse effect on our business.

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 European Union 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 GHGs 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.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****14. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)****PORT NECHES FLARING MATTER**

As part of the EPA's national enforcement initiative on flaring operations and by letter dated October 12, 2012, the U.S. Department of Justice (the "DOJ") notified us that we were in violation of the CAA based on our response to a 2010 CAA Section 114 Information Request. The EPA has used the enforcement initiative to bring similar actions against refiners and other chemical manufacturers. Specifically, the EPA alleged violations at our Port Neches, Texas facility from 2007-2012 for flare operations not consistent with good pollution control practice and not in compliance with certain flare-related regulations. As a result of these findings, the EPA referred this matter to the DOJ. We provided a formal response to the DOJ and the EPA with a supplemental data submission on April 29, 2013. We have been engaged in discussions with the DOJ and the EPA regarding these alleged violations and conducted field trials on an alternate flare monitoring method beginning in September 2014. We are currently unable to determine the likelihood or magnitude of potential penalty or injunctive relief that may be incurred in resolving this matter.

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 June 30, 2015, we were authorized to grant up to 37.2 million shares under the Stock Incentive Plan. As of June 30, 2015, we had 7 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; certain performance awards vest over a two-year period.

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 June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Huntsman Corporation compensation cost	\$ 8	\$ 8	\$ 17	\$ 16
Huntsman International compensation cost	8	8	16	15

The total income tax benefit recognized in the statements of operations for us and Huntsman International for stock-based compensation arrangements was \$3 million for each of the six months ended June 30, 2015 and 2014.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****15. STOCK-BASED COMPENSATION PLANS (Continued)****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 in effect 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 June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Dividend yield	N/A	N/A	2.2%	2.4%
Expected volatility	N/A	N/A	58.0%	60.3%
Risk-free interest rate	N/A	N/A	1.4%	1.7%
Expected life of stock options granted during the period	N/A	N/A	5.9 years	5.7 years

During each of the three months ended June 30, 2015 and 2014, no stock options were granted.

A summary of stock option activity under the Stock Incentive Plan as of June 30, 2015 and changes during the six months then ended is presented below:

Option Awards	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2015	8,781	\$ 14.84		
Granted	938	22.77		
Exercised	(49)	16.43		
Forfeited				
Outstanding at June 30, 2015	9,670	15.60	5.2	\$ 63
Exercisable at June 30, 2015	7,596	14.06	4.2	61

The weighted-average grant-date fair value of stock options granted during the six months ended June 30, 2015 was \$10.14 per option. As of June 30, 2015, there was \$15 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 2.0 years.

The total intrinsic value of stock options exercised during the six months ended June 30, 2015 and 2014 was approximately nil and \$8 million, respectively.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****15. STOCK-BASED COMPENSATION PLANS (Continued)****NONVESTED SHARES**

Nonvested shares granted under the Stock Incentive Plan consist of restricted stock and performance awards, which are accounted for as equity awards, and phantom stock, which is accounted for as a liability award because it can be settled in either stock or cash.

During the first quarter of 2015, we began issuing performance awards to certain employees. The fair value of each performance award is estimated using a Monte Carlo simulation model that uses various assumptions, including an expected volatility rate and a risk-free interest rate. For the six months ended June 30, 2015, the weighted-average expected volatility rate was 30.0% and the weighted average risk-free interest rate was 0.7%. For the performance awards granted in the six months ended June 30, 2015, the number of shares earned varies based upon the Company achieving certain performance criteria over two-year and three-year performance periods. The performance criteria are total stockholder return of our common stock relative to the total stockholder return of a specified industry peer-group for the two-year and three-year performance periods.

A summary of the status of our nonvested shares as of June 30, 2015 and changes during the six 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, 2015	1,821	\$ 17.37	492	\$ 18.50
Granted	831	23.48	256	22.77
Vested	(749)(1)	17.27	(258)	17.09
Forfeited	(6)	20.60	(6)	20.69
Nonvested at June 30, 2015	1,897	17.02	484	21.48

(1)

As of June 30, 2015, a total of 423,873 restricted stock units were vested but not yet issued, of which 35,574 vested during the six months ended June 30, 2015. 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 June 30, 2015, there was \$35 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 2.0 years. The value of share awards that vested during the six months ended June 30, 2015 and 2014 was \$20 million and \$19 million, respectively.

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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 an individual 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. These conclusions require significant judgment. In evaluating the objective evidence that historical results provide, we consider the cyclical nature of our 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 three months ended June 30, 2015 and 2014, for unrecognized tax benefits that impact tax expense, we recorded a net decrease in unrecognized tax benefits and a corresponding income tax benefit of \$6 million, primarily in Asia, and a net increase in unrecognized benefits and a corresponding income tax expense of \$4 million, respectively. Additional increases and decreases in unrecognized tax benefits were offset by cash settlements or decreases in net deferred tax assets and, therefore, did not affect income tax expense.

Huntsman Corporation

We recorded income tax expense of \$36 million and \$79 million for the six months ended June 30, 2015 and 2014, respectively. Our tax expense is significantly 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. Notably, we continue to earn a significant portion of our pre-tax income in the United States with an approximate 35% federal and state blended effective tax rate.

Huntsman International

Huntsman International recorded income tax expense of \$37 million and \$80 million for the three months ended June 30, 2015 and 2014, respectively. Our tax expense is significantly 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. Notably, we continue to earn a significant portion of our pre-tax income in the United States with an approximate 35% federal and state blended effective tax rate.

17. NET INCOME PER SHARE

Basic income per share excludes dilution and is computed by dividing net income 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.

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****17. NET INCOME PER SHARE (Continued)**

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Numerator:				
Basic and diluted income from continuing operations:				
Income from continuing operations attributable to Huntsman Corporation	\$ 31	\$ 119	\$ 38	\$ 180
Basic and diluted net income:				
Net income attributable to Huntsman Corporation	\$ 29	\$ 119	\$ 34	\$ 173
Shares (denominator):				
Weighted average shares outstanding	244.1	241.8	244.0	241.3
Dilutive securities:				
Stock-based awards	3.4	3.9	3.3	3.7
Total weighted average shares outstanding, including dilutive shares	247.5	245.7	247.3	245.0

Additional stock-based awards of 2.2 million and 1.1 million weighted average equivalent shares of stock were outstanding during the three months ended June 30, 2015 and 2014, respectively, and additional stock-based awards of 2.7 million and 1.1 million weighted average equivalent shares of stock were outstanding during the six months ended June 30, 2015 and 2014, respectively. However, these stock-based awards were not included in the computation of diluted earnings per share for the six months ended June 30, 2015 and 2014 because the effect would be anti-dilutive.

18. OPERATING SEGMENT INFORMATION

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

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	basic liquid and solid epoxy resins; specialty resin compounds; cross- linking, matting and curing agents; epoxy, acrylic and polyurethane-based formulations
Textile Effects	textile chemicals and dyes
Pigments and Additives	titanium dioxide, functional additives, color pigments, timber treatment and water treatment chemicals

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****18. OPERATING SEGMENT INFORMATION (Continued)**

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenues:				
Polyurethanes	\$ 995	\$ 1,310	\$ 1,885	\$ 2,510
Performance Products	675	833	1,331	1,598
Advanced Materials	282	324	572	643
Textile Effects	216	248	422	472
Pigments and Additives	592	340	1,164	658
Eliminations	(20)	(67)	(45)	(138)
Total	\$ 2,740	\$ 2,988	\$ 5,329	\$ 5,743

Huntsman Corporation:**Segment EBITDA(1):**

Polyurethanes	\$ 134	\$ 186	\$ 227	\$ 344
Performance Products	137	117	255	209
Advanced Materials	48	50	103	91
Textile Effects	13	14	24	22
Pigments and Additives	(64)	12	(139)	25
Corporate and other(2)	(51)	(50)	(93)	(94)
Subtotal	217	329	377	597
Discontinued Operations(3)	(1)	(2)	(2)	(9)
Total	216	327	375	588
Interest expense	(53)	(51)	(109)	(99)
Income tax expense continuing operations	(34)	(43)	(36)	(79)
Income tax (expense) benefit discontinued operations	(1)	2	(2)	2
Depreciation and amortization	(99)	(116)	(194)	(239)
Net income attributable to Huntsman Corporation	\$ 29	\$ 119	\$ 34	\$ 173

Table of Contents**HUNTSMAN CORPORATION AND SUBSIDIARIES****HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)****18. OPERATING SEGMENT INFORMATION (Continued)**

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Huntsman International:				
Segment EBITDA(1):				
Polyurethanes	\$ 134	\$ 186	\$ 227	\$ 344
Performance Products	137	117	255	209
Advanced Materials	48	50	103	91
Textile Effects	13	14	24	22
Pigments and Additives	(64)	12	(139)	25
Corporate and other(2)	(52)	(51)	(94)	(95)
Subtotal	216	328	376	596
Discontinued Operations(3)	(1)	(2)	(2)	(9)
Total	215	326	374	587
Interest expense	(56)	(52)	(114)	(103)
Income tax expense continuing operations	(34)	(43)	(37)	(80)
Income tax (expense) benefit discontinued operations	(1)	2	(2)	2
Depreciation and amortization	(95)	(113)	(187)	(229)
Net income attributable to Huntsman International LLC	\$ 29	\$ 120	\$ 34	\$ 177

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

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

19. 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 June 30, 2015 and December 31, 2014 and for the three and six months ended June 30, 2015 and 2014. 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, subject to certain customary release provisions, Huntsman International's outstanding notes on a joint and several basis.

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS (UNAUDITED)
AS OF JUNE 30, 2015
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 239	\$ 1	\$ 357	\$	\$ 597
Restricted cash			9		9
Accounts and notes receivable, net	42	120	1,552	7	1,721
Accounts receivable from affiliates	2,228	4,491	150	(6,525)	344
Inventories	116	380	1,446	(4)	1,938
Prepaid expenses	10	4	31		45
Deferred income taxes	12		65	(18)	59
Other current assets	673	8	187	(678)	190
Total current assets	3,320	5,004	3,797	(7,218)	4,903
Property, plant and equipment, net	453	1,311	2,521	1	4,286
Investment in unconsolidated affiliates	6,160	1,791	261	(7,862)	350
Intangible assets, net	34	5	54		93
Goodwill	(14)	82	51		119
Deferred income taxes	404		444	(404)	444
Notes receivable from affiliates	23	551		(574)	
Other noncurrent assets	141	271	239	(1)	650
Total assets	\$ 10,521	\$ 9,015	\$ 7,367	\$ (16,058)	\$ 10,845
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	\$ 47	\$ 272	\$ 853	\$ 7	\$ 1,179
Accounts payable to affiliates	3,713	856	2,008	(6,526)	51
Accrued liabilities	72	768	581	(679)	742
Deferred income taxes		51	18	(19)	50
Note payable to affiliate	100				100
Current portion of debt	74		53		127
Total current liabilities	4,006	1,947	3,513	(7,217)	2,249
Long-term debt	4,518		402		4,920
Notes payable to affiliates	795		581	(574)	802
Deferred income taxes	29	174	24	106	333
Other noncurrent liabilities	163	268	916		1,347
Total liabilities	9,511	2,389	5,436	(7,685)	9,651
Equity					

Edgar Filing: Huntsman CORP - Form 10-Q

Huntsman International LLC members' equity					
Members' equity	3,183	4,528	3,478	(8,006)	3,183
Accumulated (deficit) income	(983)	515	(541)	26	(983)
Accumulated other comprehensive (loss) income	(1,190)	1,583	(1,184)	(399)	(1,190)
Total Huntsman International LLC members' equity					
	1,010	6,626	1,753	(8,379)	1,010
Noncontrolling interests in subsidiaries			178	6	184
Total equity					
	1,010	6,626	1,931	(8,373)	1,194
Total liabilities and equity					
	\$ 10,521	\$ 9,015	\$ 7,367	\$ (16,058)	\$ 10,845

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC (UNAUDITED)
(Continued)HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 31, 2014
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 353	\$ 6	\$ 351	\$	\$ 710
Restricted cash			10		10
Accounts and notes receivable, net	57	127	1,476	5	1,665
Accounts receivable from affiliates	2,256	4,732	152	(6,794)	346
Inventories	120	350	1,558	(3)	2,025
Prepaid expenses	17	9	46	(11)	61
Deferred income taxes	12		68	(18)	62
Other current assets	697	7	208	(606)	306
Total current assets	3,512	5,231	3,869	(7,427)	5,185
Property, plant and equipment, net	431	1,251	2,692	1	4,375
Investment in unconsolidated affiliates	6,024	1,594	256	(7,524)	350
Intangible assets, net	35	5	56		96
Goodwill	(15)	82	55		122
Deferred income taxes	454		435	(454)	435
Notes receivable from affiliates	23	592		(615)	
Other noncurrent assets	127	203	212	(4)	538
Total assets	\$ 10,591	\$ 8,958	\$ 7,575	\$ (16,023)	\$ 11,101
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	\$ 55	\$ 290	\$ 868	\$ 5	\$ 1,218
Accounts payable to affiliates	3,696	974	2,198	(6,794)	74
Accrued liabilities	102	699	553	(618)	736
Deferred income taxes		51	20	(19)	52
Note payable to affiliate	100				100
Current portion of debt	40		227		267
Total current liabilities	3,993	2,014	3,866	(7,426)	2,447
Long-term debt	4,629		304		4,933
Notes payable to affiliates	650		621	(615)	656
Deferred income taxes	29	197	46	54	326
Other noncurrent liabilities	167	261	1,015		1,443
Total liabilities	9,468	2,472	5,852	(7,987)	9,805
Equity					

Edgar Filing: Huntsman CORP - Form 10-Q

Huntsman International LLC members' equity					
Members' equity	3,166	4,676	3,127	(7,803)	3,166
Accumulated (deficit) income	(956)	409	(501)	92	(956)
Accumulated other comprehensive (loss) income	(1,087)	1,401	(1,076)	(325)	(1,087)
Total Huntsman International LLC members' equity					
	1,123	6,486	1,550	(8,036)	1,123
Noncontrolling interests in subsidiaries			173		173
Total equity					
	1,123	6,486	1,723	(8,036)	1,296
Total liabilities and equity					
	\$ 10,591	\$ 8,958	\$ 7,575	\$ (16,023)	\$ 11,101

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE
INCOME (LOSS) (UNAUDITED)
THREE MONTHS ENDED JUNE 30, 2015
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	\$ 268	\$ 658	\$ 1,771	\$	\$ 2,697
Related party sales	71	137	290	(455)	43
Total revenues	339	795	2,061	(455)	2,740
Cost of goods sold	258	594	1,796	(457)	2,191
Gross profit	81	201	265	2	549
Selling, general and administrative	39	56	153		248
Research and development	11	12	18		41
Other operating (income) expense	(1)	(11)	10		(2)
Restructuring, impairment and plant closing costs	1	4	109		114
Operating income (loss)	31	140	(25)	2	148
Interest (expense) income	(56)	8	(8)		(56)
Equity in income (loss) of investment in affiliates and subsidiaries	73	(23)	3	(50)	3
Loss on early extinguishment of debt	(20)				(20)
Other (loss) income		(1)	2	(1)	
Income (loss) from continuing operations before income taxes	28	124	(28)	(49)	75
Income tax benefit (expense)	2	(49)	13		(34)
Income (loss) from continuing operations	30	75	(15)	(49)	41
Loss from discontinued operations, net of tax	(1)	(1)			(2)
Net income (loss)	29	74	(15)	(49)	39
Net income attributable to noncontrolling interests			(5)	(5)	(10)
Net income (loss) attributable to Huntsman International LLC	\$ 29	\$ 74	\$ (20)	\$ (54)	\$ 29
Net income (loss)	\$ 29	\$ 74	\$ (15)	\$ (49)	\$ 39
Other comprehensive income	58	109	55	(162)	60

Edgar Filing: Huntsman CORP - Form 10-Q

Comprehensive income attributable to noncontrolling interests					(7)	(5)	(12)
Comprehensive income attributable to Huntsman International LLC	\$	87	\$	183	\$	33	\$ (216) 87

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE
INCOME (UNAUDITED)
THREE MONTHS ENDED JUNE 30, 2014
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	\$ 311	\$ 850	\$ 1,760	\$	\$ 2,921
Related party sales	79	127	371	(510)	67
Total revenues	390	977	2,131	(510)	2,988
Cost of goods sold	321	765	1,908	(512)	2,482
Gross profit	69	212	223	2	506
Selling, general and administrative	52	40	151		243
Research and development	13	10	14		37
Other operating (income) expense	(7)	(2)	4		(5)
Restructuring, impairment and plant closing costs	4		9		13
Operating income	7	164	45	2	218
Interest (expense) income	(46)	10	(16)		(52)
Equity in income of investment in affiliates and subsidiaries	137	15	2	(152)	2
Other income	1			(1)	
Income from continuing operations before income taxes	99	189	31	(151)	168
Income tax benefit (expense)	19	(50)	(12)		(43)
Income from continuing operations	118	139	19	(151)	125
Income (loss) from discontinued operations, net of tax	2		(2)		
Net income	120	139	17	(151)	125
Net income attributable to noncontrolling interests			(4)	(1)	(5)
Net income attributable to Huntsman International LLC	\$ 120	\$ 139	\$ 13	\$ (152)	\$ 120
Net income	\$ 120	\$ 139	\$ 17	\$ (151)	\$ 125
Other comprehensive income	19	56	14	(76)	13

Edgar Filing: Huntsman CORP - Form 10-Q

Comprehensive income attributable to noncontrolling interests					3	(1)	2	
Comprehensive income attributable to Huntsman International LLC	\$	139	\$	195	\$	34	\$ (228)	\$ 140

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE
(LOSS) INCOME (UNAUDITED)
SIX MONTHS ENDED JUNE 30, 2015
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	\$ 525	\$ 1,237	\$ 3,495	\$	\$ 5,257
Related party sales	139	259	557	(883)	72
Total revenues	664	1,496	4,052	(883)	5,329
Cost of goods sold	519	1,173	3,519	(883)	4,328
Gross profit	145	323	533		1,001
Selling, general and administrative	84	96	312		492
Research and development	22	22	39		83
Other operating (income) expense	(29)	(10)	30		(9)
Restructuring, impairment and plant closing costs	1	4	202		207
Operating income (loss)	67	211	(50)		228
Interest (expense) income	(113)	16	(17)		(114)
Equity in income (loss) of investment in affiliates and subsidiaries	98	(39)	5	(59)	5
Loss on early extinguishment of debt	(23)				(23)
Other income (loss)	1	(8)	7	(1)	(1)
Income (loss) from continuing operations before income taxes	30	180	(55)	(60)	95
Income tax benefit (expense)	6	(72)	29		(37)
Income (loss) from continuing operations	36	108	(26)	(60)	58
Loss from discontinued operations, net of tax	(2)	(1)	(1)		(4)
Net income (loss)	34	107	(27)	(60)	54
Net income attributable to noncontrolling interests			(13)	(7)	(20)
Net income (loss) attributable to Huntsman International LLC	\$ 34	\$ 107	\$ (40)	\$ (67)	\$ 34
Net income (loss)	\$ 34	\$ 107	\$ (27)	\$ (60)	\$ 54
Other comprehensive (loss) income	(103)	182	(115)	(72)	(108)

Edgar Filing: Huntsman CORP - Form 10-Q

Comprehensive income attributable to noncontrolling interests				(7)	(8)	(15)		
Comprehensive (loss) income attributable to Huntsman International LLC				\$ (69)	\$ 289	\$ (149)	\$ (140)	\$ (69)

[Table of Contents](#)

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE
INCOME (LOSS) (UNAUDITED)
SIX MONTHS ENDED JUNE 30, 2014
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	\$ 571	\$ 1,616	\$ 3,427	\$	\$ 5,614
Related party sales	176	257	712	(1,016)	129
Total revenues	747	1,873	4,139	(1,016)	5,743
Cost of goods sold	621	1,474	3,704	(1,017)	4,782
Gross profit	126	399	435	1	961
Selling, general and administrative	83	78	309		470
Research and development	24	19	30		73
Other operating (income) expense	(10)	(7)	8		(9)
Restructuring, impairment and plant closing costs	2	2	48		52
Operating income	27	307	40	1	375
Interest (expense) income	(93)	18	(28)		(103)
Equity in income of investment in affiliates and subsidiaries	216	2	4	(218)	4
Other income	2			(1)	1
Income from continuing operations before income taxes	152	327	16	(218)	277
Income tax benefit (expense)	23	(106)	3		(80)
Income from continuing operations	175	221	19	(218)	197
Income (loss) from discontinued operations, net of tax	2		(9)		(7)
Net income	177	221	10	(218)	190
Net income attributable to noncontrolling interests			(10)	(3)	(13)
Net income attributable to Huntsman International LLC	\$ 177	\$ 221	\$	\$ (221)	\$ 177
Net income	\$ 177	\$ 221	\$ 10	\$ (218)	\$ 190
Other comprehensive income	23	153	19	(174)	21

Edgar Filing: Huntsman CORP - Form 10-Q

Comprehensive income attributable to noncontrolling interests						(7)	(3)	(10)
---	--	--	--	--	--	-----	-----	------

Comprehensive income attributable to Huntsman International LLC	\$	200	\$	374	\$	22	\$	(395)	\$	201
---	----	-----	----	-----	----	----	----	-------	----	-----

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)
SIX MONTHS ENDED JUNE 30, 2015
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Net cash (used in) provided by operating activities	\$ (112)	\$ 113	\$ 181	\$ (1)	\$ 181
Investing activities:					
Capital expenditures	(39)	(112)	(145)		(296)
Cash received from unconsolidated affiliates		25			25
Investment in affiliate	(59)			59	
Investment in unconsolidated affiliates		(20)	(12)		(32)
Acquisition of businesses, net of cash acquired			(15)		(15)
Cash received from purchase price adjustment for business acquired	18				18
Proceeds from sale of businesses/assets			1		1
Increase in receivable from affiliate	(4)				(4)
Cash received from termination of cross-currency interest rate contracts	66				66
Net cash (used in) provided by investing activities	(18)	(107)	(171)	59	(237)
Financing activities:					
Net repayments on overdraft facilities			(2)		(2)
Repayments of short-term debt			(17)		(17)
Repayments of long-term debt	(346)		(42)		(388)
Proceeds from issuance of long-term debt	326				326
Repayments of notes payable to affiliate	(50)				(50)
Proceeds from issuance of notes payable from affiliate	195				195
Repayments of notes payable	(14)		(1)		(15)
Borrowings on notes payable			1		1
Debt issuance costs paid	(5)				(5)
Call premiums related to early extinguishment of debt	(26)				(26)
Contingent consideration paid for acquisition	(4)				(4)
Contribution from parent		4	73	(77)	
Distribution to parent		(14)	(7)	21	
Dividends paid to noncontrolling interests				(4)	(4)
Dividends paid to parent	(61)	(1)		1	(61)
Excess tax benefit related to stock-based compensation	1				1
Other, net			(2)	1	(1)
Net cash provided by (used in) financing activities	16	(11)	3	(58)	(50)
Effect of exchange rate changes on cash			(7)		(7)
(Decrease) increase in cash and cash equivalents	(114)	(5)	6		(113)
Cash and cash equivalents at beginning of period	353	6	351		710
Cash and cash equivalents at end of period	\$ 239	\$ 1	\$ 357	\$	\$ 597

During the six months ended June 30, 2015, we made a noncash capital contribution of approximately \$284 million between guarantor and nonguarantor entities and a noncash capital contribution of approximately \$123 million between parent and guarantor entities.

Table of Contents

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

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

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (UNAUDITED)
SIX MONTHS ENDED JUNE 30, 2014
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Net cash (used in) provided by operating activities	\$ (128)	\$ 74	\$ 38	\$ (1)	\$ (17)
Investing activities:					
Capital expenditures	(30)	(68)	(116)		(214)
Cash received from unconsolidated affiliates		30			30
Investment in affiliate	(122)	(6)		128	
Investment in unconsolidated affiliates		(17)	(12)		(29)
Proceeds from sale of businesses/assets	3		11		14
Increase in receivable from affiliate	(5)				(5)
Other, net	(1)		(2)		(3)
Net cash used in investing activities	(155)	(61)	(119)	128	(207)
Financing activities:					
Net repayments under revolving loan facilities			(1)		(1)
Net borrowings on overdraft facilities			8		8
Repayments of short-term debt			(8)		(8)
Borrowings on short-term debt			5		5
Repayments of long-term debt	(13)		(22)		(35)
Proceeds from issuance of long-term debt	204				204
Repayments of notes payable to affiliate	(65)				(65)
Repayments of notes payable	(15)		(1)		(16)
Borrowings on notes payable			1		1
Debt issuance costs paid	(4)				(4)
Contingent consideration paid for acquisition	(6)				(6)
Contribution from parent		6	139	(145)	
Distribution to parent		(17)		17	
Dividends paid to noncontrolling interests			(4)		(4)
Dividends paid to parent	(60)	(1)		1	(60)
Excess tax expense related to stock-based compensation	(1)				(1)
Other, net	(1)	(1)	2		
Net cash provided by (used in) financing activities	39	(13)	119	(127)	18
Effect of exchange rate changes on cash			(1)		(1)
(Decrease) increase in cash and cash equivalents	(244)		37		(207)

Edgar Filing: Huntsman CORP - Form 10-Q

Cash and cash equivalents at beginning of period	308		207		515
Cash and cash equivalents at end of period	\$ 64	\$	\$ 244	\$	\$ 308

Table of Contents

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, 2014.

OVERVIEW

Business

We operate in five segments: Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments and Additives. 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, titanium dioxide and color pigments. Our revenues for the six months ended June 30, 2015 and 2014 were \$5,329 million and \$5,743 million, respectively.

OUTLOOK

We have seen improvements in our Performance Products and Advanced Materials segments, with stronger margins and low earnings volatility. We expect additional improvements in these segments with growth projects in place. In addition, we expect synergy and restructuring savings from within our Pigments and Additives segment.

Following the completion of planned maintenance at our PO/MTBE facility in Port Neches, Texas during the first quarter of 2015, we experienced some delays in the restart of the facility in April, which

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

resulted in an approximate EBITDA impact of \$35 million and \$95 million during the second quarter and first six months of 2015, respectively.

Our earnings are subject to fluctuations due to exchange rate movements. Our revenues and expenses are denominated in various currencies, including the primary European currencies which have recently been volatile, while our reporting currency is the U.S. dollar. Generally, a decline in the value of the Euro relative to the U.S. dollar will reduce the reported profitability of our Polyurethanes, Performance Products, Advanced Materials and Pigments and Additives segments. A decline in the value of the Pound Sterling relative to the U.S. dollar will increase the reported profitability of our Pigments and Additives segment and an increase in the value of the Swiss Franc relative to the U.S. dollar will reduce the reported profitability of our Advanced Materials and Textile Effects segments. We are also exposed to other foreign currencies including the Chinese Renminbi, the Indian Rupiah, the Brazilian Real and the Thai Baht. In general, a decline in the value of these currencies as compared to the U.S. dollar will reduce our reported profitability. We estimate a negative EBITDA impact from changes in exchange rates of approximately \$49 million and \$66 million during the second quarter and first six months of 2015 compared to the same periods in 2014, respectively.

The following is a summary of the key trends expected in our business segments:

Polyurethanes:

MDI demand improving in Europe, slowing demand in China

2016 benefit of MDI expansion in the U.S.

Favorable PO/MTBE margins

Negative foreign currency exchange impact

Performance Products:

Benefits of European surfactants restructuring in 2015

Improving downstream product margins

2016 benefits of growth projects, such as ethylene oxide expansion in the U.S. and polyetheramines expansion in Singapore

Lower oil prices reduce U.S. Gulf Coast manufacturing advantage

Negative foreign currency exchange impact

Advanced Materials:

Strong aerospace market

Textile Effects:

Selective growth above underlying market demand

Edgar Filing: Huntsman CORP - Form 10-Q

Slowing Chinese economy

Progressive environmental regulations impacting raw material costs

Pigments and Additives:

Approximately \$140 million of synergies from integration of former Rockwood businesses

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

Approximately \$35 million of cost savings from the planned 'black end' titanium dioxide capacity rationalization in Calais, France

2016 benefits from new color pigments facility in the U.S.

Weak titanium dioxide business conditions

We expect to spend approximately \$625 million in 2015 on capital expenditures, net of reimbursements.

We expect our full year 2015 adjusted effective income tax rate to be in the range of 30%. We believe our long-term effective income tax rate will be approximately 30%.

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 June 30,		Percent Change	Six months ended June 30,		Percent Change
	2015	2014		2015	2014	
Revenues	\$ 2,740	\$ 2,988	(8)%	\$ 5,329	\$ 5,743	(7)%
Cost of goods sold	2,191	2,483	(12)%	4,330	4,788	(10)%
Gross profit	549	505	9%	999	955	5%
Operating expenses	289	276	5%	569	537	6%
Restructuring, impairment and plant closing costs	114	13	777%	207	52	298%
Operating income	146	216	(32)%	223	366	(39)%
Interest expense	(53)	(51)	4%	(109)	(99)	10%
Equity in income of investment in unconsolidated affiliates	3	2	50%	5	4	25%
Loss on early extinguishment of debt	(20)		NM	(23)		NM
Other (loss) income	(1)		NM	(2)	1	NM
Income from continuing operations before income taxes	75	167	(55)%	94	272	(65)%
Income tax expense	(34)	(43)	(21)%	(36)	(79)	(54)%
Income from continuing operations	41	124	(67)%	58	193	(70)%
Loss from discontinued operations, net of tax	(2)		NM	(4)	(7)	(43)%
Net income	39	124	(69)%	54	186	(71)%
Net income attributable to noncontrolling interests	(10)	(5)	100%	(20)	(13)	54%
Net income attributable to Huntsman Corporation	29	119	(76)%	34	173	(80)%
Interest expense	53	51	4%	109	99	10%
Income tax expense from continuing operations	34	43	(21)%	36	79	(54)%
Income tax expense (benefit) from discontinued operations	1	(2)	NM	2	(2)	NM
Depreciation and amortization	99	116	(15)%	194	239	(19)%
EBITDA(1)	\$ 216	\$ 327	(34)%	\$ 375	\$ 588	(36)%

Table of Contents

	Three months ended June 30,		Six months ended June 30,		Percent Change
	2015	2014	2015	2014	
Reconciliation of EBITDA to adjusted EBITDA:					
EBITDA(1)	\$ 216	\$ 327	\$ 375	\$ 588	
Acquisition and integration expenses and purchase accounting adjustments	12	9	21	17	
EBITDA from discontinued operations	1	2	2	9	
Loss (gain) on disposition of businesses/assets	1	(2)	1	(2)	
Loss on early extinguishment of debt	20		23		
Certain legal settlements and related expenses	1	2	2	2	
Amortization of pension and postretirement actuarial losses	19	12	37	25	
Restructuring, impairment and plant closing and transition costs (credits)(3):					
Polyurethanes	13	1	15	2	
Performance Products		(1)	1	23	
Advanced Materials	6	1	6	5	
Textile Effects	9	7	13	14	
Pigments and Additives	85		170	3	
Corporate and other	2	5	4	6	
Total restructuring, impairment and plant closing and transition costs (credits)(3)	115	13	209	53	
Adjusted EBITDA(1)	\$ 385	\$ 363	\$ 670	\$ 692	
Net cash provided by (used in) operating activities			\$ 181	\$ (17)	NM
Net cash used in investing activities			(233)	(202)	15%
Net cash (used in) provided by financing activities			(202)	103	NM
Capital expenditures			(296)	(214)	38%

Table of Contents**Huntsman International**

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	Percent Change	2015	2014	Percent Change
Revenues	\$ 2,740	\$ 2,988	(8)%	\$ 5,329	\$ 5,743	(7)%
Cost of goods sold	2,191	2,482	(12)%	4,328	4,782	(9)%
Gross profit	549	506	8%	1,001	961	4%
Operating expenses	287	275	4%	566	534	6%
Restructuring, impairment and plant closing costs	114	13	777%	207	52	298%
Operating income	148	218	(32)%	228	375	(39)%
Interest expense	(56)	(52)	8%	(114)	(103)	11%
Equity in income of investment in unconsolidated affiliates	3	2	50%	5	4	25%
Loss on early extinguishment of debt	(20)		NM	(23)		NM
Other (loss) income			NM	(1)	1	NM
Income from continuing operations before income taxes	75	168	(55)%	95	277	(66)%
Income tax expense	(34)	(43)	(21)%	(37)	(80)	(54)%
Income from continuing operations	41	125	(67)%	58	197	(71)%
Loss from discontinued operations, net of tax	(2)		NM	(4)	(7)	(43)%
Net income	39	125	(69)%	54	190	(72)%
Net income attributable to noncontrolling interests	(10)	(5)	100%	(20)	(13)	54%
Net income attributable to Huntsman International LLC	29	120	(76)%	34	177	(81)%
Interest expense	56	52	8%	114	103	11%
Income tax expense from continuing operations	34	43	(21)%	37	80	(54)%
Income tax expense (benefit) from discontinued operations	1	(2)	NM	2	(2)	NM
Depreciation and amortization	95	113	(16)%	187	229	(18)%
EBITDA(1)	\$ 215	\$ 326	(34)%	\$ 374	\$ 587	(36)%

Table of Contents

	Three months ended June 30,		Six months ended June 30,		Percent Change
	2015	2014	2015	2014	
Reconciliation of EBITDA to adjusted EBITDA:					
EBITDA(1)	\$ 215	\$ 326	\$ 374	\$ 587	
Acquisition and integration expenses and purchase accounting adjustments	12	9	21	17	
EBITDA from discontinued operations	1	2	2	9	
Loss (gain) on disposition of businesses/assets	1	(2)	1	(2)	
Loss on early extinguishment of debt	20		23		
Certain legal settlements and related expenses	1	2	2	2	
Amortization of pension and postretirement actuarial losses	21	14	41	29	
Restructuring, impairment and plant closing and transition costs (credits)(3):					
Polyurethanes	13	1	15	2	
Performance Products		(1)	1	23	
Advanced Materials	6	1	6	5	
Textile Effects	9	7	13	14	
Pigments and Additives	85		170	3	
Corporate and other	2	5	4	6	
Total restructuring, impairment and plant closing and transition costs (credits)(3)	115	13	209	53	
Adjusted EBITDA(1)	\$ 386	\$ 364	\$ 673	\$ 695	
Net cash provided by (used in) operating activities			\$ 181	\$ (17)	NM
Net cash used in investing activities			(237)	(207)	14%
Net cash (used in) provided by financing activities			(50)	18	NM
Capital expenditures			(296)	(214)	38%

Table of Contents**Huntsman Corporation**

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Reconciliation of net income to adjusted net income:				
Net income attributable to Huntsman Corporation	\$ 29	\$ 119	\$ 34	\$ 173
Acquisition and integration expenses and purchase accounting adjustments net of tax of \$(3) and \$(2) for the three months ended, respectively, and \$(5) and \$(4) for the six months ended, respectively	9	7	16	13
Loss from discontinued operations, net of tax of \$1 and \$(2) for the three months ended, respectively, and \$2 and \$(2) for the six months ended, respectively	2		4	7
Loss (gain) on disposition of businesses/assets, net of tax of nil and \$1 for the three months ended, respectively, and nil and \$1 for the six months ended, respectively	1	(1)	1	(1)
Loss on early extinguishment of debt, net of tax of \$(7) and nil for the three months ended, respectively, and \$(8) and nil for the six months ended, respectively	13		15	
Certain legal settlements and related expenses, net of tax of \$(1) and nil for the three months ended, respectively, and \$(1) and nil for the six months ended, respectively		2	1	2
Amortization of pension and postretirement actuarial losses, net of tax of \$(5) and \$(4) for the three months ended, respectively, and \$(10) and \$(8) for the six months ended, respectively	14	8	27	17
Restructuring, impairment and plant closing and transition costs(3), net of tax of \$(28) and \$(3) for the three months ended, respectively, and \$(54) and \$(14) for the six months ended, respectively	87	10	155	39
Adjusted net income(2)	\$ 155	\$ 145	\$ 253	\$ 250
Weighted average shares-basic	244.1	241.8	244.0	241.3
Weighted average shares-diluted	247.5	245.7	247.3	245.0
Weighted average shares for adjusted income per share-diluted	247.5	245.7	247.3	245.0
Net income per share:				
Basic	\$ 0.12	\$ 0.49	\$ 0.14	\$ 0.72
Diluted	0.12	0.48	0.14	0.71
Other non-GAAP measures:				
Adjusted income per share(2):				
Basic	\$ 0.63	\$ 0.60	\$ 1.04	\$ 1.04
Diluted	0.63	0.59	1.02	1.02
Capital expenditures, net of reimbursements(4)			(286)	(212)

Table of Contents**Huntsman International**

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Reconciliation of net income to adjusted net income:				
Net income attributable to Huntsman International	\$ 29	\$ 120	\$ 34	\$ 177
Acquisition and integration expenses and purchase accounting adjustments net of tax of \$(3) and \$(2) for the three months ended, respectively, and \$(5) and \$(4) for the six months ended, respectively	9	7	16	13
Loss from discontinued operations, net of tax of \$1 and \$(2) for the three months ended, respectively, and \$2 and \$(2) for the six months ended, respectively	2		4	7
Loss (gain) on disposition of businesses/assets, net of tax of nil and \$1 for the three months ended, respectively, and nil and \$1 for the six months ended, respectively	1	(1)	1	(1)
Loss on early extinguishment of debt, net of tax of \$(7) and nil for the three months ended, respectively, and \$(8) and nil for the six months ended, respectively	13		15	
Certain legal settlements and related expenses, net of tax of \$(1) and nil for the three months ended, respectively, and \$(1) and nil for the six months ended, respectively		2	1	2
Amortization of pension and postretirement actuarial losses, net of tax of \$(5) and \$(4) for the three months ended, respectively, and \$(10) and \$(8) for the six months ended, respectively	16	10	31	21
Restructuring, impairment and plant closing and transition costs(3), net of tax of \$(28) and \$(3) for the three months ended, respectively, and \$(54) and \$(14) for the six months ended, respectively	87	10	155	39
Adjusted net income(2)	\$ 157	\$ 148	\$ 257	\$ 258

Capital expenditures, net of reimbursements(4) (286) (212)

NM Not Meaningful

- (1) Our management uses EBITDA and adjusted EBITDA to assess financial performance. EBITDA is defined as net income (loss) 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: (a) acquisition and integration expenses and purchase accounting adjustments; (b) EBITDA from discontinued operations; (c) loss (gain) on disposition of businesses/assets; (d) loss on early extinguishment of debt; (e) certain legal settlements and related expenses; (f) amortization of pension and postretirement actuarial losses; and (g) restructuring, impairment and plant closing and transition costs (credits).

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.

- (2) Adjusted net income is computed by eliminating the after-tax amounts related to the following from net income attributable to Huntsman Corporation or Huntsman International, as appropriate: (a) acquisition and integration expenses and purchase accounting adjustments; (b) loss from discontinued operations; (c) loss (gain) on disposition of businesses/assets; (d) loss on early extinguishment of debt; (e) certain legal settlements and related expenses; (f) amortization of pension and postretirement actuarial losses; and (g) restructuring, impairment and plant closing and transition costs. The income tax impacts, if any, of each adjusting item represent a ratable allocation of the total difference between the unadjusted tax expense and the total adjusted tax expense, computed without consideration of any adjusting items using a with and without approach. We do not adjust for changes in tax valuation allowances because we do not believe it provides more meaningful information than is provided under GAAP. Basic adjusted 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

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

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 income per share amounts are presented solely as supplemental information.

- (3) Includes costs associated with transition activities relating to the migration of our information system data centers and the transition of our Textile Effects segment's production from Basel, Switzerland to a tolling facility. These transition costs were included in either selling, general and administrative expenses or cost of sales on our condensed consolidated statements of operations (unaudited).
- (4) Capital expenditures, net of reimbursements, represent cash paid for capital expenditures less payments received as reimbursements from customers and joint venture partners. During the six months ended June 30, 2015 and 2014, capital expenditures of \$296 million and \$214 million, respectively, were reimbursed in part by \$10 million and \$2 million, respectively.

Three Months Ended June 30, 2015 Compared with Three Months Ended June 30, 2014

For the three months ended June 30, 2015, net income attributable to Huntsman Corporation was \$29 million on revenues of \$2,740 million, compared with net income attributable to Huntsman Corporation of \$119 million on revenues of \$2,988 million for the same period of 2014. For the three months ended June 30, 2015, net income attributable to Huntsman International was \$29 million on revenues of \$2,740 million, compared with net income attributable to Huntsman International of \$120 million on revenues of \$2,988 million for the same period of 2014. The decrease of \$90 million in net income attributable to Huntsman Corporation and the decrease of \$91 million in net income attributable to Huntsman International was the result of the following items:

Revenues for the three months ended June 30, 2015 decreased by \$248 million, or 8%, as compared with the 2014 period. The decrease was due principally to lower sales volumes in all our segments and lower average selling prices in local currencies in all our segments, except for our Advanced Materials segment. See " Segment Analysis" below.

Our gross profit and the gross profit of Huntsman International for the three months ended June 30, 2015 increased by \$44 million and \$43 million, respectively, or 9% and 8%, respectively, as compared with the 2014 period. The increase resulted from higher gross margins in our Performance Products, Advanced Materials and Pigments and Additives segments. See " Segment Analysis" below.

Our operating expenses and the operating expenses of Huntsman International for the three months ended June 30, 2015 increased by \$13 million and \$12 million, respectively, or 5% and 4%, respectively, as compared with the 2014 period, primarily related to the consolidated expenses of the acquired Rockwood businesses.

Restructuring, impairment and plant closing costs for the three months ended June 30, 2015 increased to \$114 million from \$13 million in the 2014 period. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Our interest expense and the interest expense of Huntsman International for the three months ended June 30, 2015 increased by \$2 million and \$4 million, respectively, or 4% and 8%, respectively, as compared with the 2014 period. The increase was due primarily to increased borrowings related to the Rockwood Acquisition.

Loss on early extinguishment of debt for the three months ended June 30, 2015 increased to \$20 million from nil in the 2014 period. During the three months ended June 30, 2015, we recorded a loss on early extinguishment of debt of \$20 million related to the redemption of our 2021 Senior Subordinated Notes. For more information, see "Note 7. Debt Direct and

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

Subsidiary Debt Redemption of Notes and Loss on Early Extinguishment of Debt" to our condensed consolidated financial statements (unaudited).

Income tax expense for the three months ended June 30, 2015 decreased by \$9 million, or 21%, as compared with the same period in 2014 primarily due to decreased pre-tax income. Our tax expense is significantly 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. For further information concerning taxes, see "Note 16. Income Taxes" to our condensed consolidated financial statements (unaudited).

	Three months ended June 30,		Percent Change Favorable (Unfavorable)
	2015	2014	
Revenues			
Polyurethanes	\$ 995	\$ 1,310	(24)%
Performance Products	675	833	(19)%
Advanced Materials	282	324	(13)%
Textile Effects	216	248	(13)%
Pigments and Additives	592	340	74%
Eliminations	(20)	(67)	70%
Total	\$ 2,740	\$ 2,988	(8)%

Huntsman Corporation			
Segment EBITDA			
Polyurethanes	\$ 134	\$ 186	(28)%
Performance Products	137	117	17%
Advanced Materials	48	50	(4)%
Textile Effects	13	14	(7)%
Pigments and Additives	(64)	12	NM
Corporate and other	(51)	(50)	(2)%
Subtotal	217	329	(34)%
Discontinued Operations	(1)	(2)	50%
Total	\$ 216	\$ 327	(34)%

Huntsman International			
Segment EBITDA			
Polyurethanes	\$ 134	\$ 186	(28)%
Performance Products	137	117	17%
Advanced Materials	48	50	(4)%
Textile Effects	13	14	(7)%
Pigments and Additives	(64)	12	NM
Corporate and other	(52)	(51)	(2)%
Subtotal	216	328	(34)%
Discontinued Operations	(1)	(2)	50%
Total	\$ 215	\$ 326	(34)%

NM Not meaningful

(1) For more information, including reconciliation of segment EBITDA to net income attributable to Huntsman Corporation or Huntsman International, as appropriate, see

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

"Note 18. Operating Segment Information" to our condensed consolidated financial statements (unaudited).

Three months ended June 30, 2015 vs 2014

Period-Over-Period Increase (Decrease)	Average Selling Price(1)		Mix & Other	Sales Volumes(2)
	Local Currency	Foreign Currency Translation Impact		
Polyurethanes	(9)%	(7)%	8%	(16)%
Performance Products	(6)%	(6)%	(4)%	(3)%
Advanced Materials	2%	(9)%	(2)%	(4)%
Textile Effects	(3)%	(6)%	3%	(7)%
Pigments and Additives	(10)%	(10)%	99%	(5)%
Total Company	(5)%	(8)%	15%	(10)%

Three months ended June 30, 2015 vs March 31, 2015

Period-Over-Period Increase (Decrease)	Average Selling Price(1)		Mix & Other	Sales Volumes(2)
	Local Currency	Foreign Currency Translation Impact		
Polyurethanes	(3)%	(2)%		17%
Performance Products	(4)%	(1)%	(4)%	12%
Advanced Materials	(1)%	(3)%	(1)%	2%
Textile Effects	3%	(2)%		4%
Pigments and Additives	(1)%	(3)%		7%
Total Company	(1)%	(2)%	(2)%	11%

(1) Excludes revenues from tolling arrangements, byproducts and raw materials.

(2) Excludes sales volumes of byproducts and raw materials.

Polyurethanes

The decrease in revenues in our Polyurethanes segment for the three months ended June 30, 2015 compared to the same period of 2014 was primarily due a planned maintenance outage at our PO/MTBE facility in Port Neches, Texas that extended into the second quarter of 2015 and lower average selling prices. PO/MTBE sales volumes decreased due to the planned maintenance outage at our PO/MTBE facility in Port Neches, Texas. MDI sales volumes increased due to improved demand in the European region, primarily due to improved demand within the insulation, composite wood products and automotive markets. PO/MTBE average selling prices decreased following lower pricing for high octane gasoline. MDI average selling prices decreased in response to lower raw material costs and the foreign currency exchange impact of a stronger U.S. dollar against major European currencies. The decrease in segment EBITDA was primarily due to lower PO/MTBE earnings and higher restructuring, impairment and plant closing costs, partially offset by higher MDI margins. We estimate the reduction to segment EBITDA resulting from the planned PO/MTBE maintenance outage to be approximately \$30 million in the second quarter of 2015. During the three months ended June 30, 2015 and 2014, our Polyurethanes segment recorded restructuring, impairment and plant closing costs of \$13 million and \$1 million, 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 June 30, 2015 compared to the same period of 2014 was due to lower average selling prices and lower sales volumes. Average selling prices decreased primarily in response to lower raw material costs and

Table of Contents

the foreign currency exchange impact of a stronger U.S. dollar against major European currencies. Sales volumes decreased primarily due to the sale of our European commodity surfactants business on June 25, 2014. The increase in segment EBITDA was primarily due to higher margins in our amines and upstream intermediate business.

Advanced Materials

The decrease in revenues in our Advanced Materials segment for the three months ended June 30, 2015 compared to the same period of 2014 was primarily due to lower sales volumes. Sales volumes decreased primarily due to the de-selection of certain less profitable business and our restructuring efforts. Average selling prices increased on a local currency basis, offset by the foreign currency exchange impact of a stronger U.S. dollar against major European currencies. The decrease in segment EBITDA was primarily due to higher restructuring, impairment and plant closing costs, partially offset by higher margins from our focus on higher value business and lower fixed costs. During the three months ended June 30, 2015 and 2014, our Advanced Materials segment recorded restructuring, impairment and plant closing costs of \$6 million and \$1 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 decrease in revenues in our Textile Effects segment for the three months ended June 30, 2015 compared to the same period of 2014 was due to lower average selling prices and lower sales volumes. Average selling prices decreased primarily due to the impact of a stronger U.S. dollar against major international currencies. Sales volumes decreased primarily due to the de-selection of certain less profitable business and destocking within the fibers and dyes supply chain. The decrease in segment EBITDA was primarily due to higher restructuring, impairment and plant closing and transition costs, offset in part by higher margins from our focus on higher value business and lower fixed costs. During the three months ended June 30, 2015 and 2014, our Textile Effects segment recorded restructuring, impairment and plant closing and transition costs of \$9 million and \$7 million, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Pigments and Additives

The increase in revenues in our Pigments and Additives segment for three months ended June 30, 2015 compared to the same period in 2014 was primarily due to the impact of the Rockwood Acquisition. Other than the impact of the Rockwood Acquisition, sales volumes decreased as a result of lower end-use demand in Europe and North America. Average selling prices decreased primarily as a result of high titanium dioxide industry inventory levels and the foreign currency exchange impact of a stronger U.S. dollar against major European currencies. The decrease in segment EBITDA was primarily due to lower margins, higher acquisition expenses and integration costs and higher restructuring, impairment and plant closing costs. During the three months ended June 30, 2015 and 2014, our Pigments and Additives segment recorded acquisition expenses and integration costs of \$9 million and \$6 million, respectively. During the three months ended June 30, 2015 and 2014, our Pigments and Additives segment recorded restructuring, impairment and plant closing costs of \$85 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).

Table of Contents

Corporate and other

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 June 30, 2015, EBITDA from Corporate and other for Huntsman Corporation decreased by \$1 million to a loss of \$51 million from a loss of \$50 million for the same period in 2014. For the three months ended June 30, 2015, EBITDA from Corporate and other for Huntsman International decreased by \$1 million to a loss of \$52 million from a loss of \$51 million for the same period in 2014. The decrease in EBITDA from Corporate and other resulted primarily from an increase in loss on early extinguishment of debt of \$20 million (\$20 million of loss in 2015 compared to nil in 2014). 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 decrease in EBITDA was partially offset by a \$9 million increase in LIFO inventory valuation income (\$9 million of income in 2015 compared to nil in 2014), a \$5 million increase in EBITDA from benzene sales (\$4 million of income in 2015 compared to \$1 million of loss in 2014), and a \$3 million decrease in restructuring, impairment and plant closing costs (\$2 million of expense in 2015 compared to \$5 million of expense in 2014). For more information concerning restructuring activities, see "Note 6. Restructuring Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

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.

Six Months Ended June 30, 2015 Compared with Six Months Ended June 30, 2014

For the six months ended June 30, 2015, net income attributable to Huntsman Corporation was \$34 million on revenues of \$5,329 million, compared with net income attributable to Huntsman Corporation of \$173 million on revenues of \$5,743 million for the same period of 2014. For the six months ended June 30, 2015, net income attributable to Huntsman International was \$34 million on revenues of \$5,329 million, compared with net income attributable to Huntsman International of \$177 million on revenues of \$5,743 million for the same period of 2014. The decrease of \$139 million in net income attributable to Huntsman Corporation and the decrease of \$143 million in net income attributable to Huntsman International was the result of the following items:

Revenues for the six months ended June 30, 2015 decreased by \$414 million, or 7%, as compared with the 2014 period. The decrease was due principally to lower sales volumes in all our segments and lower average selling prices in local currencies in all our segments, except for our Advanced Materials and Textile Effects segments. See " Segment Analysis" below.

Our gross profit and the gross profit of Huntsman International for the six months ended June 30, 2015 increased by \$44 million and \$40 million, respectively, or 5% and 4%, respectively, as compared with the 2014 period. The increase resulted from higher gross margins in our Performance Products, Advanced Materials and Pigments and Additives segments. See " Segment Analysis" below.

Table of Contents

Operating expenses for the six months ended June 30, 2015 increased by \$32 million, or 6%, as compared with the 2014 period, primarily related to the consolidated expenses of the acquired Rockwood businesses.

Restructuring, impairment and plant closing costs for the six months ended June 30, 2015 increased to \$207 million from \$52 million in the 2014 period. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Our interest expense and the interest expense of Huntsman International for the six months ended June 30, 2015 increased by \$10 million and \$11 million, respectively, or 10% and 11%, respectively, as compared with the 2014 period. The increase was due primarily to increased borrowings related to the Rockwood Acquisition.

Loss on early extinguishment of debt for the six months ended June 30, 2015 increased to \$23 million from nil in the 2014 period. During the six months ended June 30, 2015, we recorded a loss on early extinguishment of debt of \$20 million primarily from the redemption of our 2021 Senior Subordinated Notes. For more information, 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).

Income tax expense for the six months ended June 30, 2015 decreased by \$43 million, or 54%, as compared with the same period in 2014 primarily due to decreased pre-tax income. Our tax expense is significantly 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. For further information concerning taxes, see "Note 16. Income Taxes" to our condensed consolidated financial statements (unaudited).

Table of Contents
Segment Analysis

	Six months ended June 30,		Percent Change Favorable (Unfavorable)
	2015	2014	
Revenues			
Polyurethanes	\$ 1,885	\$ 2,510	(25)%
Performance Products	1,331	1,598	(17)%
Advanced Materials	572	643	(11)%
Textile Effects	422	472	(11)%
Pigments and Additives	1,164	658	77%
Eliminations	(45)	(138)	67%
Total	\$ 5,329	\$ 5,743	(7)%

Huntsman Corporation
Segment EBITDA

Polyurethanes	\$ 227	\$ 344	(34)%
Performance Products	255	209	22%
Advanced Materials	103	91	13%
Textile Effects	24	22	9%
Pigments and Additives	(139)	25	NM
Corporate and other	(93)	(94)	1%
Subtotal	377	597	(37)%
Discontinued Operations	(2)	(9)	78%
Total	\$ 375	\$ 588	(36)%

Huntsman International
Segment EBITDA

Polyurethanes	\$ 227	\$ 344	(34)%
Performance Products	255	209	22%
Advanced Materials	103	91	13%
Textile Effects	24	22	9%
Pigments and Additives	(139)	25	NM
Corporate and other	(94)	(95)	1%
Subtotal	376	596	(37)%
Discontinued Operations	(2)	(9)	78%
Total	\$ 374	\$ 587	(36)%

NM Not meaningful

(1)

Edgar Filing: Huntsman CORP - Form 10-Q

For more information, including reconciliation of segment EBITDA to net income attributable to Huntsman Corporation or Huntsman International, as appropriate, see "Note 18. Operating Segment Information" to our condensed consolidated financial statements (unaudited).

Table of Contents

Six months ended June 30, 2015 vs 2014
Average Selling
Price(1)

	Local	Foreign	Mix &	Sales
	Currency	Currency	Other	Volumes(2)
Period-Over-Period Increase (Decrease)		Translation		
		Impact		
Polyurethanes	(7)%	(6)%	7%	(19)%
Performance Products	(4)%	(5)%	(2)%	(6)%
Advanced Materials	3%	(8)%	(1)%	(5)%
Textile Effects	3%	(6)%	1%	(9)%
Pigments and Additives	(9)%	(9)%	102%	(7)%
Total Company	(4)%	(7)%	16%	(12)%

(1) Excludes revenues from tolling arrangements, byproducts and raw materials.

(2) Excludes sales volumes of byproducts and raw materials.

Polyurethanes

The decrease in revenues in our Polyurethanes segment for the six months ended June 30, 2015 compared to the same period of 2014 was primarily due to a planned maintenance outage at our PO/MTBE facility in Port Neches, Texas that commenced in the first quarter of 2015 and extended into the second quarter of 2015. PO/MTBE sales volumes decreased due to the planned maintenance outage at our PO/MTBE facility in Port Neches, Texas. MDI sales volumes increased due to improved demand in the European region and across most major markets. PO/MTBE average selling prices decreased following lower pricing for high octane gasoline. MDI average selling prices decreased in response to lower raw material costs and the foreign currency exchange impact of a stronger U.S. dollar against major European currencies. The decrease in segment EBITDA was due to lower PO/MTBE earnings and higher restructuring, impairment and plant closing costs, partially offset by higher MDI margins. We estimate the reduction to segment EBITDA resulting from the planned PO/MTBE maintenance outage to be approximately \$90 million in the first half of 2015. During the six months ended June 30, 2015 and 2014, our Polyurethanes segment recorded restructuring, impairment and plant closing costs of \$15 million and \$2 million, 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 six months ended June 30, 2015 compared to the same period of 2014 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 foreign currency exchange impact of a stronger U.S. dollar against major European currencies. Sales volumes decreased primarily due to the sale of our European commodity surfactants business in the second quarter of 2014. The increase in segment EBITDA was primarily due to higher margins in our amines business and lower restructuring, impairment and plant closing costs. During the six months ended June 30, 2015 and 2014, our Performance Products segment recorded restructuring, impairment and plant closing costs of \$1 million and \$23 million, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Table of Contents

Advanced Materials

The decrease in revenues in our Advanced Materials segment for the six months ended June 30, 2015 compared to the same period of 2014 was due primarily to lower sales volumes. Sales volumes decreased primarily due to the de-selection of certain less profitable business and our restructuring efforts. Average selling prices increased on a local currency basis, offset by the foreign currency exchange impact of a stronger U.S. dollar against major European currencies. The increase in segment EBITDA was primarily due to higher margins, resulting from lower raw material costs, and our focus on higher value business as well as lower fixed costs. During the six months ended June 30, 2015 and 2014, our Advanced Materials segment recorded restructuring, impairment and plant closing costs of \$6 million and \$5 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 decrease in revenues in our Textile Effects segment for the six months ended June 30, 2015 compared to the same period of 2014 was due to lower sales volumes. Sales volumes decreased primarily due to the de-selection of certain less profitable business and destocking within the fibers and dyes supply chain. Average selling prices increased on a local currency basis due to the implementation of price increases, offset by the foreign currency exchange impact of a stronger U.S. dollar against major international currencies. The increase in segment EBITDA was primarily due to higher margins from our focus on higher value business and lower fixed costs and lower restructuring, impairment and plant closing and transition costs. During the six months ended June 30, 2015 and 2014, our Textile Effects segment recorded restructuring, impairment and plant closing and transition costs of \$13 million and \$14 million, respectively. For more information concerning restructuring activities, see "Note 6. Restructuring, Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited).

Pigments and Additives

The increase in revenues in our Pigments and Additives segment for six months ended June 30, 2015 compared to the same period in 2014 was primarily due to the impact of the Rockwood Acquisition. Other than the impact of the Rockwood Acquisition, sales volumes decreased as a result of lower end-use demand in Europe and North America. Average selling prices decreased primarily as a result of high titanium dioxide industry inventory levels and the foreign currency exchange impact of a stronger U.S. dollar against major European currencies. The decrease in segment EBITDA was primarily due to lower margins, higher acquisition expenses and integration costs and higher restructuring, impairment and plant closing costs. During the six months ended June 30, 2015 and 2014, our Pigments and Additives segment recorded acquisition expenses and integration costs of \$16 million and \$12 million, respectively. During the six months ended June 30, 2015 and 2014, our Pigments and Additives segment recorded restructuring, impairment and plant closing costs of \$170 million and \$3 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

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 six months ended June 30, 2015, EBITDA from Corporate and other for Huntsman Corporation increased by \$1 million

Table of Contents

to a loss of \$93 million from a loss of \$94 million for the same period in 2014. For the six months ended June 30, 2015, EBITDA from Corporate and other for Huntsman International increased by \$1 million to a loss of \$94 million from a loss of \$95 million for the same period in 2014. The increase in EBITDA from Corporate and other resulted primarily from a \$28 million increase in LIFO inventory valuation income (\$23 million of income in 2015 compared to \$5 million of expense in 2014) and a \$2 million decrease in restructuring, impairment and plant closing costs (\$4 million expense in 2015 compared to \$6 million expense in 2014). For more information concerning restructuring activities, see "Note 6. Restructuring Impairment and Plant Closing Costs" to our condensed consolidated financial statements (unaudited). The increase in EBITDA was partially offset by an increase in loss on early extinguishment of debt of \$23 million (\$23 million loss in 2015 compared to nil in 2014). For more information concerning 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 also partially offset by an \$8 million decrease in EBITDA from benzene sales (\$4 million loss in 2015 compared to \$4 million gain in 2014).

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.

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 (used in) operating activities for the six months ended June 30, 2015 and 2014 was \$181 million and \$(17) million, respectively. The increase in net cash provided by operating activities during the six months ended June 30, 2015 compared with the same period in 2014 was primarily attributable to a \$299 million favorable variance in operating assets and liabilities for the six months ended June 30, 2015 as compared with the same period of 2014, despite an increase of \$81 million in other noncurrent assets, primarily attributable to turnaround costs, offset in part by a decrease in operating income as described in " Results of Operations" above.

Net cash used in investing activities for the six months ended June 30, 2015 and 2014 was \$233 million and \$202 million, respectively. During the six months ended June 30, 2015 and 2014, we paid \$296 million and \$214 million, respectively, for capital expenditures. During the six months ended June 30, 2015 and 2014, we paid \$15 million and nil, respectively, for the acquisition of businesses and we received proceeds from a purchase price adjustment of \$18 million and nil, respectively, related to the Rockwood Acquisition. For further information, see "Note 3. Business Combinations" to our condensed consolidated financial statements (unaudited). During the six months ended June 30, 2015 and 2014, we made investments in Louisiana Pigment Company, L.P. of \$20 million and \$17 million, respectively, in Nanjing Jinling Huntsman New Materials Co., Ltd. of nil and \$12 million, respectively, and in our BASF Huntsman Shanghai Isocyanate Investment B.V. joint venture of \$12 million and nil, respectively, and we received dividends from Louisiana Pigment Company, L.P. of \$25 million and \$30 million, respectively. During the six months ended June 30, 2015 and 2014, we received \$1 million and

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

\$14 million, respectively, from the sale of businesses and assets. During the six months ended June 30, 2015 and 2014, we received \$66 million and nil, respectively, from the termination of cross-currency interest rate contracts.

Net cash (used in) provided by financing activities for the six months ended June 30, 2015 and 2014 was \$(202) million and \$103 million, respectively. The increase in net cash used in financing activities was primarily due to an increase in repayments of long-term debt, partially offset by an increase in proceeds from the issuance of long-term debt during the 2015 period as compared to the 2014. On March 31, 2015, we issued €300 million (approximately \$326 million) aggregate principal amount of 2025 Senior Notes. On April 17, 2015, we used the net proceeds of this offering to redeem \$289 million (\$294 carrying value) of our 2021 Senior Subordinated Notes.

Changes in Financial Condition

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

	June 30, 2015	December 31, 2014	Increase (Decrease)	Percent Change
Cash and cash equivalents	\$ 599	\$ 860	\$ (261)	(30)%
Restricted cash	9	10	(1)	(10)%
Accounts and notes receivable, net	1,754	1,707	47	3%
Inventories	1,938	2,025	(87)	(4)%
Prepaid expenses	46	62	(16)	(26)%
Deferred income taxes	59	62	(3)	(5)%
Other current assets	190	313	(123)	(39)%
 Total current assets	 4,595	 5,039	 (444)	 (9)%
Accounts payable	1,209	1,275	(66)	(5)%
Accrued liabilities	737	739	(2)	
Deferred income taxes	49	51	(2)	(4)%
Current portion of debt	127	267	(140)	(52)%
 Total current liabilities	 2,122	 2,332	 (210)	 (9)%
 Working capital	 \$ 2,473	 \$ 2,707	 \$ (234)	 (9)%

Our working capital decreased by \$234 million as a result of the net impact of the following significant changes:

The decrease in cash and cash equivalents of \$261 million resulted from the matters identified on our condensed consolidated statements of cash flows (unaudited).

Accounts and notes receivable increased by \$47 million mainly due to higher revenues in June 2015 compared to December 2014.

Inventories decreased by \$87 million mainly due to lower raw material costs and the appreciation in value of the U.S. dollar.

Other current assets decreased by \$123 million mainly due to the termination and settlement of certain cross-currency interest rate contracts during the first quarter of 2015 and decreases in income taxes receivable.

The decrease in accounts payable of \$66 million was primarily due to lower purchases consistent with the lower inventory balances noted above.

Table of Contents

Current portion of debt decreased by \$140 million due to the reclassification of loan commitments of Arabian Amines Company, our 50%-owned joint venture, as long-term debt upon becoming compliant with certain financial covenants.

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.

Certain of our subsidiaries are designated as nonguarantor subsidiaries and have third-party debt agreements. These debt agreements contain certain restrictions with regard to dividends, distributions, loans or advances. In certain circumstances, the consent of a third party would be required prior to the transfer of any cash or assets from these subsidiaries to us.

Senior Credit Facilities

As of June 30, 2015, our Senior Credit Facilities consisted of our Revolving Facility, Extended Term Loan B, our Extended Term Loan B Series 2, our 2014 Term Loan and our Term Loan C as follows (dollars in millions):

Facility	Committed Amount	Principal Outstanding	Carrying Value	Interest Rate(3)	Maturity
Revolving Facility	\$ 625	\$ (1)	(1)	USD LIBOR plus 2.50%	2017
Extended Term Loan B	NA	943	942	USD LIBOR plus 2.50%	2017
Extended Term Loan B Series 2	NA	335	335	USD LIBOR plus 3.00%	2017
2014 Term Loan	NA	1,194	1,183	USD LIBOR plus 3.00%(2)	2021
Term Loan C	NA	50	49	USD LIBOR plus 2.25%	2016

- (1) We had no borrowings outstanding under our Revolving Facility; we had approximately \$16 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility.
- (2) The 2014 Term Loan is subject to a 0.75% LIBOR floor.
- (3) The applicable interest rate of the Senior Credit Facilities is subject to certain secured leverage ratio thresholds. As of June 30, 2015, the weighted average interest rate on our outstanding balances under the Senior Credit Facilities was approximately 3%.

Our obligations under the Senior Credit Facilities are guaranteed by our Guarantors, 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.

We are launching an offer to certain of our Term Loan B holders to extend the maturity of their loans to 2019 in exchange for an upfront fee and a higher interest margin. If a significant aggregate amount of the Term Loan B holders accept this offer, the modifications to the maturity and interest margin would become effective in the third quarter of 2015.

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

A/R Programs

Our A/R Programs are structured so that we transfer certain of our trade receivables to the U.S. SPE and the EU SPE in transactions intended to be true sales or true contributions. The receivables collateralize debt incurred by the U.S. SPE and the EU SPE. Information regarding our A/R Programs as of June 30, 2015 was as follows (monetary amounts in millions):

Facility(5)	Maturity	Maximum Funding Availability(1)	Amount Outstanding	Interest Rate(2)(3)
U.S. A/R Program	March 2018	\$250	\$90(4)	Applicable rate plus 0.95%
EU A/R Program	March 2018	€225 (approximately \$252)	€114 (approximately \$127))	Applicable rate plus 1.10%

- (1) The amount of actual availability under our A/R Programs may be lower based on the level of eligible receivables sold, changes in the credit ratings of our customers, customer concentration levels and certain characteristics of the accounts receivable being transferred, as defined in the applicable agreements.
- (2) Each interest rate is defined in the applicable agreements. In addition, the U.S. SPE and the EU SPE are obligated to pay unused commitment fees to the lenders based on the amount of each lender's commitment.
- (3) Applicable rate for our U.S. A/R Program is defined by the lender as either USD LIBOR or CP rate. Applicable rate for our EU A/R Program is either GBP LIBOR, USD LIBOR or EURIBOR.
- (4) As of June 30, 2015, we had approximately \$7 million (U.S. dollar equivalents) of letters of credit issued and outstanding under our U.S. A/R Program.
- (5) During the three months ended March 31, 2015, we entered into amendments to our A/R Programs that, among other things, extend the scheduled commitment termination dates and reduce the applicable borrowing margins.

As of June 30, 2015 and December 31, 2014, \$519 million and \$472 million, respectively, of accounts receivable were pledged as collateral under our A/R Programs.

Notes

As of June 30, 2015, we had outstanding the following notes (monetary amounts in millions):

Notes	Maturity	Interest Rate	Amount Outstanding
2020 Senior Notes	November 2020	4.875%	\$650 (\$647 carrying value)
2021 Senior Notes	April 2021	5.125%	€445 (€449 carrying value (\$502))
2022 Senior Notes	November 2022	5.125%	\$400
2025 Senior Notes	April 2025	4.25%	€300 (\$335)
2021 Senior Subordinated Notes	March 2021	8.625%	\$195 (\$198 carrying value)

On March 31, 2015, Huntsman International completed a €300 million (approximately \$326 million) offering of 2025 Senior Notes. On April 17, 2015, Huntsman International applied the net proceeds of this offering to redeem \$289 million (\$294 million carrying value) of its 2021 Senior Subordinated Notes.

Edgar Filing: Huntsman CORP - Form 10-Q

The 2025 Senior Notes bear interest at 4.25% per year, payable semi-annually on April 1 and October 1, and are due on April 1, 2025. Huntsman International may redeem the 2025 Senior Notes

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

in whole or in part at any time prior to January 1, 2025 at a price equal to 100% of the principal amount thereof plus a "make-whole" premium and accrued and unpaid interest.

The 2020, 2021, 2022 and 2025 Senior Notes are general unsecured senior obligations of Huntsman International and are guaranteed on a general unsecured senior basis by the Guarantors. The indentures impose certain limitations on the ability of Huntsman International and its subsidiaries to, among other things, incur additional indebtedness secured by any principal properties, incur indebtedness of nonguarantor subsidiaries, enter into sale and leaseback transactions with respect to any principal properties and consolidate or merge with or into any other person or lease, sell or transfer all or substantially all of its properties and assets. Upon the occurrence of certain change of control events, holders of the 2020, 2021, 2022 and 2025 Senior Notes will have the right to require that Huntsman International purchase all or a portion of such holder's notes in cash at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase.

Redemption of Notes and Loss on Early Extinguishment of Debt

During the six months ended June 30, 2015, 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
January 2015	2021 Senior Subordinated Notes	\$ 37	\$ 40	\$ 3
April 2015	2021 Senior Subordinated Notes	\$ 289	\$ 311	\$ 20

Approximately \$195 million (\$198 carrying value) amount of our 8⁵/₈% Senior Subordinated Notes due 2021 remain outstanding. By their terms, these remaining notes can be redeemed at 104.3125% of par beginning on September 15, 2015. It is our current intention to exercise our right to redeem these notes.

Variable Interest Entity Debt

As of June 30, 2015, Arabian Amines Company, our consolidated 50%-owned joint venture, had \$156 million outstanding under its loan commitments and debt financing arrangements. On April 29, 2015, Arabian Amines Company obtained a waiver of certain financial covenants from the lender as well as a waiver of prior noncompliance under the debt financing agreements. As of June 30, 2015, Arabian Amines Company is in compliance with its debt financing arrangements and we have classified \$16 million as current debt and \$140 million as long-term debt on our condensed consolidated balance sheets (unaudited). We do not guarantee these loan commitments and Arabian Amines Company is not a guarantor of any of our other debt obligations.

Other Debt

On July 24, 2015, HPS, our consolidated splitting joint venture, entered into a financing arrangement to fund the construction of our MDI plant in China. As part of the financing, HPS has secured commitments of a RMB 669 million (approximately \$110 million) term loan and a RMB 423 million (approximately \$69 million) working capital facility. These facilities are unsecured, and we do not provide a guarantee of these loan commitments. We expect to begin drawing down on these facilities in the coming quarters.

Table of Contents

Note Payable from Huntsman International to Huntsman Corporation

As of June 30, 2015, we have a loan of \$895 million to our subsidiary, Huntsman International. The Intercompany Note is unsecured and \$100 million of the outstanding amount is classified as current as of June 30, 2015 on our condensed consolidated balance sheets (unaudited). As of June 30, 2015, 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 10 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 calculated 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.

Table of Contents

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 June 30, 2015, we had \$1,418 million of combined cash and unused borrowing capacity, consisting of \$608 million in cash and restricted cash, \$609 million in availability under our Revolving Facility, and \$201 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 \$123 million for the six months ended June 30, 2015, as reflected in our condensed consolidated statements of cash flows (unaudited). We expect volatility in our working capital components to continue.

During 2015, we expect to spend approximately \$625 million on capital expenditures, net of reimbursements, including approximately \$100 million combined for our new MDI facility, the completion of the Augusta, Georgia color pigments facility and replacement of Rockwood computer systems. Our future expenditures include certain EHS maintenance and upgrades; periodic maintenance and repairs applicable to major units of manufacturing facilities; expansions of our existing facilities or construction of new facilities; certain cost reduction projects; and certain information technology expenditures. We expect to fund this spending with cash provided by operations.

During the six months ended June 30, 2015, we made contributions to our pension and postretirement benefit plans of \$55 million. During 2015, we expect to contribute an additional amount of approximately \$45 million to these plans.

We are also involved in a number of cost reduction programs for which we have established restructuring accruals. As of June 30, 2015, we had \$207 million of accrued restructuring costs from continuing operations, and we expect to incur and pay additional restructuring and plant closing costs of up to approximately \$65 million in 2015. 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).

As of June 30, 2015, we had \$127 million classified as current portion of debt, including \$49 million of our Term Loan C facility due June 2016, debt at our variable interest entities of \$18 million, a short term borrowing facility in China totaling \$19 million, our scheduled Senior Credit Facilities amortization payments totaling \$26 million and certain other short-term facilities and scheduled amortization payments totaling \$15 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 June 30, 2015, we had approximately \$356 million of cash and cash equivalents, including restricted cash, held by our foreign subsidiaries, including our variable interest entities. 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 US federal and state income taxes without any offsetting foreign tax credit relief. 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 cash to the U.S. as dividends. Cash held by certain foreign subsidiaries, including our variable interest entities, may also be subject to legal restrictions, including those arising from the interests of our partners, which could limit the amounts available for repatriation.

Table of Contents

RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS

Since the Rockwood Acquisition, our Pigments and Additives segment has been involved in a cost reduction program expected to reduce costs by approximately \$140 million and improve its global competitiveness. In addition, we have announced a capacity reduction at our titanium dioxide manufacturing facility in Calais, France expected to generate approximately \$35 million of annual savings. These cost savings are expected to be achieved by the middle of 2016.

For further discussion of these and other restructuring 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" and "Note 14. Environmental, Health and Safety Matters" 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, 2014.

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 as an unrealized currency translation adjustment 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

Edgar Filing: Huntsman CORP - Form 10-Q

Table of Contents

currency rates. Where practicable, we generally net multicurrency 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 June 30, 2015, we had approximately \$223 million in notional amount (in U.S. dollar equivalents) outstanding in forward foreign currency contracts.

Huntsman International has entered into several interest rate contracts to hedge the variability caused by monthly changes in cash flow due to associated changes in LIBOR under our Senior Credit Facilities. These swaps are designated as cash flow hedges and the effective portion of the changes in the fair value of the swaps are recorded in other comprehensive income (loss) (dollars in millions):

June 30, 2015				
Notional Value	Effective Date	Maturity	Fixed Rate	Fair Value
\$ 50	December 2014	April 2017	2.5%	\$2 noncurrent liability
50	January 2015	April 2017	2.5%	2 noncurrent liability

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 June 30, 2015 was \$26 million, and the interest rate contract is not designated as a cash flow hedge. As of June 30, 2015, the fair value of the swap was \$3 million and was recorded as a liability on our condensed consolidated balance sheets (unaudited). For the three and six months ended June 30, 2015, we recorded a reduction of interest expense of nil each due to changes in fair value of the swap.

In November 2014, we entered into two five year cross-currency interest rate contracts and one eight year cross-currency interest rate contract to swap an aggregate notional \$200 million for an aggregate notional €161 million. This swap is designated as a hedge of net investment for financial reporting purposes. Under the cross-currency interest rate contract, we will receive fixed USD payments of \$5 million semiannually on May 15 and November 15 (equivalent to an annual rate of 5.125%) and make interest payments of approximately €3 million (equivalent to an annual rate of approximately 3.6%). As of June 30, 2015, the fair value of this swap was \$25 million and was recorded in noncurrent assets.

On March 17, 2010, we entered into three five year cross-currency interest rate contracts to swap an aggregate notional \$350 million for an aggregate notional €255 million. This swap was designated as a hedge of net investment for financial reporting purposes. During the three months ended March 31, 2015, we terminated these cross-currency interest rate contracts and received \$66 million in payments from the counterparties.

We 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 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

Table of Contents

intercompany loans that are designated as permanent loans are recorded in other comprehensive income. From time to time, we review such designation of intercompany loans.

We review our non-U.S. dollar denominated debt and derivative instruments to determine the appropriate amounts designated as hedges. As of June 30, 2015, we have designated approximately €526 million (approximately \$588 million) of euro-denominated debt and cross-currency interest rate contracts as a hedge of our net investment. For the three and six months ended June 30, 2015, the amount of (loss) gain recognized on the hedge of our net investment was \$(19) million and \$57 million, respectively, and was recorded in other comprehensive income (loss) on our condensed consolidated statements of comprehensive income (loss) (unaudited). As of June 30, 2015, we had approximately €1,369 million (approximately \$1,531 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 June 30, 2015. Based on this evaluation, our chief executive officer and chief financial officer have concluded that, as of June 30, 2015, 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 June 30, 2015 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.

Table of Contents**PART II. OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

During the three months ended June 30, 2015, there have been no material developments with respect to material legal proceedings referenced in Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2014.

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, 2014.

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 six months ended June 30, 2015.

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
April		\$		
May				
June	1,707	22.90		
Total	1,707	\$ 22.90		

Table of Contents

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

Table of Contents

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: July 29, 2015

HUNTSMAN CORPORATION
HUNTSMAN INTERNATIONAL LLC

By: /s/ J. KIMO ESPLIN

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

By: /s/ RANDY W. WRIGHT

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

Table of Contents

EXHIBIT INDEX

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
