Huntsman CORP
Form 10-Q
October 28, 2016

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

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from to

Commission File Number	Exact Name of Registrant as Specified in its Charter, Principal Office Address and Telephone Number	State of Incorporation or Organization	I.R.S. Employer Identification No.
001-32427	Huntsman Corporation 10003 Woodloch Forest Drive The Woodlands, Texas 77380 (281) 719-6000	Delaware	42-1648585
333-85141	Huntsman International LLC 10003 Woodloch Forest Drive The Woodlands, Texas 77380 (281) 719-6000	Delaware	87-0630358

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

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

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

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

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

Huntsman Corporation	Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o
Huntsman International LLC	Large accelerated filer o	Accelerated filer o	Non-accelerated filer ý (Do not check if a smaller reporting company)	Smaller reporting company o

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

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

On October 19, 2016, 238,156,779 shares of common stock of Huntsman Corporation were outstanding and 2,728 units of membership interests of Huntsman International LLC were outstanding. There is no trading market for Huntsman International LLC's units of membership interests. All of Huntsman International LLC's units of membership interests are held by Huntsman Corporation.

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

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QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD
ENDED SEPTEMBER 30, 2016

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Millions, Except Share and Per Share Amounts)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents(a)	$ 439	$ 257
Restricted cash(a)	11	12
Accounts and notes receivable (net of allowance for doubtful accounts of $29 and $26, respectively), ($473 and $438 pledged as collateral, respectively)(a)	1,456	1,420
Accounts receivable from affiliates	10	29
Inventories(a)	1,444	1,692
Prepaid expenses	75	112
Current assets held for sale	31	
Other current assets(a)	317	312
Total current assets	3,783	3,834
Property, plant and equipment, net(a)	4,298	4,446
Investment in unconsolidated affiliates	337	347
Intangible assets, net(a)	97	86
Goodwill	123	116
Deferred income taxes	404	418
Noncurrent assets held for sale	90	
Other noncurrent assets(a)	575	573
Total assets	$ 9,707	$ 9,820

LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	$ 999	$ 1,034
Accounts payable to affiliates	27	27
Accrued liabilities(a)	655	686
Current portion of debt(a)	88	170
Current liabilities held for sale	20	
Total current liabilities	1,789	1,917
Long-term debt(a)	4,468	4,625
Notes payable to affiliates	1	1
Deferred income taxes	471	422
Noncurrent liabilities held for sale	10	
Other noncurrent liabilities(a)	1,197	1,226
Total liabilities	7,936	8,191
Commitments and contingencies (Notes 12 and 13)		
Equity		
Huntsman Corporation stockholders' equity:		
	3	3

Common stock $0.01 par value, 1,200,000,000 shares authorized, 250,764,002 and 249,483,541 shares issued and 236,316,932 and 237,080,026 shares outstanding, respectively				
Additional paid-in capital		3,445		3,407
Treasury stock, 12,607,223 and 11,162,454 shares, respectively		(150)		(135)
Unearned stock-based compensation		(21)		(17)
Accumulated deficit		(423)		(528)
Accumulated other comprehensive loss		(1,266)		(1,288)
Total Huntsman Corporation stockholders' equity		1,588		1,442
Noncontrolling interests in subsidiaries		183		187
Total equity		1,771		1,629
Total liabilities and equity	$	9,707	$	9,820

(a)

At September 30, 2016 and December 31, 2015, respectively, $25 and $34 of cash and cash equivalents, $10 and $12 of restricted cash, $28 and $26 of accounts and notes receivable (net), $42 and $54 of inventories, $6 and $5 of other current assets, $291 and $307 of property, plant and equipment (net), $32 and $36 of intangible assets (net), $38 each of other noncurrent assets, $69 and $82 of accounts payable, $30 and $27 of accrued liabilities, $20 and $15 of current portion of debt, $114 and $137 of long-term debt, and $56 and $54 of other noncurrent liabilities from consolidated variable interest entities are included in the respective balance sheet captions above. See "Note 4. Variable Interest Entities."

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Millions, Except Per Share Amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Revenues:				
Trade sales, services and fees, net	$ 2,334	$ 2,605	$ 7,167	$ 7,862
Related party sales	29	33	95	105
Total revenues	2,363	2,638	7,262	7,967
Cost of goods sold	1,965	2,165	5,991	6,495
Gross profit	398	473	1,271	1,472
Operating expenses:				
Selling, general and administrative	221	232	678	727
Research and development	38	41	114	124
Other operating (income) expense, net	(24)	17	(40)	8
Restructuring, impairment and plant closing costs	45	14	87	221
Total expenses	280	304	839	1,080
Operating income	118	169	432	392
Interest expense	(52)	(49)	(152)	(158)
Equity in income of investment in unconsolidated affiliates	1		4	5
Loss on early extinguishment of debt	(1)	(8)	(3)	(31)
Other loss	(2)			(2)
Income from continuing operations before income taxes	64	112	281	206
Income tax benefit (expense)	1	(49)	(58)	(85)
Income from continuing operations	65	63	223	121
Loss from discontinued operations	(1)		(3)	(4)
Net income	64	63	220	117
Net income attributable to noncontrolling interests	(9)	(8)	(22)	(28)
Net income attributable to Huntsman Corporation	$ 55	$ 55	$ 198	$ 89
Basic income (loss) per share:				
Income from continuing operations attributable to Huntsman Corporation common stockholders	$ 0.23	$ 0.23	$ 0.85	$ 0.38
Loss from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax			(0.01)	(0.02)
Net income attributable to Huntsman Corporation common stockholders	$ 0.23	$ 0.23	$ 0.84	$ 0.36

Weighted average shares		236.3		244.2		236.2		244.1
Diluted income (loss) per share:								
Income from continuing operations attributable to Huntsman Corporation common stockholders	$	0.23	$	0.22	$	0.84	$	0.38
Loss from discontinued operations attributable to Huntsman Corporation common stockholders, net of tax						(0.01)		(0.02)
Net income attributable to Huntsman Corporation common stockholders	$	0.23	$	0.22	$	0.83	$	0.36
Weighted average shares		240.1		246.6		239.1		247.0
Income from continuing operations	$	56	$	55	$	201	$	93
Loss from discontinued operations, net of tax		(1)				(3)		(4)
Net income	$	55	$	55	$	198	$	89
Dividends per share	$	0.125	$	0.125	$	0.375	$	0.375

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In Millions)

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Net income	$ 64	$ 63	$ 220	$ 117
Other comprehensive income (loss), net of tax:				
Foreign currency translations adjustments	15	(96)	(11)	(238)
Pension and other postretirement benefits adjustments	11	14	35	36
Other, net	4	(6)	(2)	3
Other comprehensive income (loss), net of tax	30	(88)	22	(199)
Comprehensive income (loss)	94	(25)	242	(82)
Comprehensive income attributable to noncontrolling interests	(9)	(6)	(22)	(21)
Comprehensive income (loss) attributable to Huntsman Corporation	$ 85	$ (31)	$ 220	$ (103)

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(In Millions, Except Share Amounts)

	Huntsman Corporation Stockholders' Equity								
	Shares								
	Common stock	**Common stock**	**Additional paid-in capital**	**Treasury stock**	**Unearned stock-based compensation**	**Accumulated deficit**	**Accumulated other comprehensive loss**	**Noncontrolling interests in subsidiaries**	**Total equity**
Balance, January 1, 2016	237,080,026	$ 3	$ 3,407	$ (135)	$ (17)	$ (528)	$ (1,288)	$ 187	$ 1,629
Net income						198		22	220
Other comprehensive income							22		22
Issuance of nonvested stock awards			17		(17)				
Vesting of stock awards	895,660		2						2
Recognition of stock-based compensation			7		13				20
Repurchase and cancellation of stock awards	(249,155)					(3)			(3)
Stock options exercised	35,170								
Dividends paid to noncontrolling interests								(26)	(26)
Treasury stock repurchased	(1,444,769)		15	(15)					
Excess tax shortfall related to stock-based compensation			(3)						(3)
Dividends declared on common stock						(90)			(90)
Balance, September 30, 2016	236,316,932	$ 3	$ 3,445	$ (150)	$ (21)	$ (423)	$ (1,266)	$ 183	$ 1,771
Balance, January 1, 2015	243,416,979	$ 3	$ 3,385	$ (50)	$ (14)	$ (493)	$ (1,053)	$ 173	$ 1,951
Net income						89		28	117
Other comprehensive loss							(192)	(7)	(199)
Issuance of nonvested stock awards			19		(19)				
Vesting of stock awards	1,037,743		6						6
Recognition of stock-based compensation			7		12				19
Repurchase and cancellation of stock awards	(304,340)					(7)			(7)
Stock options exercised	48,572		1						1
Dividends paid to noncontrolling interests								(6)	(6)
Excess tax benefit related to stock-based compensation			1						1
Dividends declared on common stock						(92)			(92)
Balance, September 30, 2015	244,198,954	$ 3	$ 3,419	$ (50)	$ (21)	$ (503)	$ (1,245)	$ 188	$ 1,791

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions)

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Operating Activities:		
Net income	$ 220	$ 117
Adjustments to reconcile net income to net cash provided by operating activities: Equity in income of investment in unconsolidated affiliates	(4)	(5)
Depreciation and amortization	322	297
Gain on disposal of businesses/assets, net	(22)	
Loss on early extinguishment of debt	3	31
Noncash interest expense	11	9
Noncash restructuring and impairment charges	11	87
Deferred income taxes	65	(51)
Noncash (gain) loss on foreign currency transactions	(3)	12
Stock-based compensation	25	21
Portion of insurance proceeds representing cash provided by investing activities	(8)	
Other, net	2	2
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts and notes receivable	(6)	(53)
Inventories	246	46
Prepaid expenses	(7)	(13)
Other current assets	(12)	50
Other noncurrent assets	(20)	(92)
Accounts payable	(16)	(111)
Accrued liabilities	39	74
Other noncurrent liabilities	2	(34)
Net cash provided by operating activities	848	387
Investing Activities:		
Capital expenditures	(290)	(454)
Insurance proceeds for recovery of property damage	8	
Cash received from unconsolidated affiliates	25	33
Investment in unconsolidated affiliates	(23)	(38)
Acquisition of business, net of cash acquired		(14)
Cash received from purchase price adjustment for business acquired		18
Proceeds from sale of businesses/assets	9	1
Cash received from termination of cross-currency interest rate contracts		66
Change in restricted cash	1	5
Net cash used in investing activities	(270)	(383)

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HUNTSMAN CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(In Millions)

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Financing Activities:		
Net repayments on overdraft facilities	$ (1)	$ (3)
Repayments of short-term debt	(41)	(17)
Borrowings on short-term debt	8	11
Repayments of long-term debt	(795)	(594)
Proceeds from issuance of long-term debt	552	326
Repayments of notes payable	(25)	(24)
Borrowings on notes payable	31	33
Debt issuance costs paid	(8)	(8)
Call premiums related to early extinguishment of debt		(34)
Contingent consideration paid for acquisition		(4)
Dividends paid to noncontrolling interests	(26)	(6)
Dividends paid to common stockholders	(90)	(92)
Repurchase and cancellation of stock awards	(3)	(7)
Proceeds from issuance of common stock		1
Excess tax benefit related to stock-based compensation		1
Other, net	1	(1)
Net cash used in financing activities	(397)	(418)
Effect of exchange rate changes on cash	1	(13)
Increase (decrease) in cash and cash equivalents	182	(427)
Cash and cash equivalents at beginning of period	257	860
Cash and cash equivalents at end of period	$ 439	$ 433

	2016	2015
Supplemental cash flow information:		
Cash paid for interest	$ 139	$ 158
Cash paid for income taxes	29	81

As of September 30, 2016 and 2015, the amount of capital expenditures in accounts payable was $59 million and $49 million, respectively.

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Millions)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents(a)	$ 439	$ 257
Restricted cash(a)	11	12
Accounts and notes receivable (net of allowance for doubtful accounts of $29 and $26, respectively), ($473 and $438 pledged as collateral, respectively)(a)	1,456	1,420
Accounts receivable from affiliates	325	340
Inventories(a)	1,444	1,692
Prepaid expenses	74	111
Current assets held for sale	31	
Other current assets(a)	313	306
Total current assets	4,093	4,138
Property, plant and equipment, net(a)	4,271	4,410
Investment in unconsolidated affiliates	337	347
Intangible assets, net(a)	97	86
Goodwill	123	116
Deferred income taxes	404	418
Noncurrent assets held for sale	90	
Other noncurrent assets(a)	575	573
Total assets	$ 9,990	$ 10,088

LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	$ 999	$ 1,034
Accounts payable to affiliates	59	52
Accrued liabilities(a)	652	683
Notes payable to affiliates	100	100
Current portion of debt(a)	88	170
Current liabilities held for sale	20	
Total current liabilities	1,918	2,039
Long-term debt(a)	4,468	4,625
Notes payable to affiliates	697	698
Deferred income taxes	468	418
Noncurrent liabilities held for sale	10	
Other noncurrent liabilities(a)	1,195	1,224
Total liabilities	8,756	9,004
Commitments and contingencies (Notes 12 and 13)		
Equity		
Huntsman International LLC members' equity:		
Members' equity, 2,728 units issued and outstanding	3,217	3,196
Accumulated deficit	(877)	(983)
Accumulated other comprehensive loss	(1,289)	(1,316)
Total Huntsman International LLC members' equity	1,051	897
Noncontrolling interests in subsidiaries	183	187

Total equity		1,234		1,084
Total liabilities and equity	$	9,990	$	10,088

(a) At September 30, 2016 and December 31, 2015, respectively, $25 and $34 of cash and cash equivalents, $10 and $12 of restricted cash, $28 and $26 of accounts and notes receivable (net), $42 and $54 of inventories, $6 and $5 of other current assets, $291 and $307 of property, plant and equipment (net), $32 and $36 of intangible assets (net), $38 each of other noncurrent assets, $69 and $82 of accounts payable, $30 and $27 of accrued liabilities, $20 and $15 of current portion of debt, $114 and $137 of long-term debt, and $56 and $54 of other noncurrent liabilities from consolidated variable interest entities are included in the respective balance sheet captions above. See "Note 4. Variable Interest Entities."

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Millions)

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Revenues:				
Trade sales, services and fees, net	$ 2,334	$ 2,605	$ 7,167	$ 7,862
Related party sales	29	33	95	105
Total revenues	2,363	2,638	7,262	7,967
Cost of goods sold	1,964	2,164	5,988	6,492
Gross profit	399	474	1,274	1,475
Operating expenses:				
Selling, general and administrative	220	231	675	723
Research and development	38	41	114	124
Other operating (income) expense, net	(24)	17	(40)	8
Restructuring, impairment and plant closing costs	45	14	87	221
Total expenses	279	303	836	1,076
Operating income	120	171	438	399
Interest expense	(55)	(51)	(161)	(165)
Equity in income of investment in unconsolidated affiliates	1		4	5
Loss on early extinguishment of debt	(1)	(8)	(3)	(31)
Other (loss) income	(1)		1	(1)
Income from continuing operations before income taxes	64	112	279	207
Income tax expense		(48)	(58)	(85)
Income from continuing operations	64	64	221	122
Loss from discontinued operations, net of tax	(1)		(3)	(4)
Net income	63	64	218	118
Net income attributable to noncontrolling interests	(9)	(8)	(22)	(28)
Net income attributable to Huntsman International LLC	$ 54	$ 56	$ 196	$ 90

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In Millions)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net income	$ 63	$ 64	$ 218	$ 118
Other comprehensive income (loss), net of tax:				
Foreign currency translations adjustment	15	(95)	(11)	(238)
Pension and other postretirement benefits adjustments	14	15	40	41
Other, net	3	(6)	(2)	3
Other comprehensive income (loss), net of tax	32	(86)	27	(194)
Comprehensive income (loss)	95	(22)	245	(76)
Comprehensive income attributable to noncontrolling interests	(9)	(6)	(22)	(21)
Comprehensive income (loss) attributable to Huntsman International LLC	$ 86	$ (28)	$ 223	$ (97)

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(In Millions, Except Unit Amounts)

	Huntsman International LLC Members					
	Members' equity					
	Units	Amount	Accumulated deficit	Accumulated other comprehensive loss	Noncontrolling interests in subsidiaries	Total equity
Balance, January 1, 2016	2,728	$ 3,196	$ (983)	$ (1,316)	$ 187	$ 1,084
Net income			196		22	218
Dividends paid to parent			(90)			(90)
Other comprehensive income				27		27
Contribution from parent		24				24
Dividends paid to noncontrolling interests					(26)	(26)
Excess tax shortfall related to stock-based compensation		(3)				(3)
Balance, September 30, 2016	2,728	$ 3,217	$ (877)	$ (1,289)	$ 183	$ 1,234
Balance, January 1, 2015	2,728	$ 3,166	$ (956)	$ (1,087)	$ 173	$ 1,296
Net income			90		28	118
Dividends paid to parent			(92)			(92)
Other comprehensive loss				(187)	(7)	(194)
Contribution from parent		20				20
Dividends paid to noncontrolling interests					(6)	(6)
Excess tax benefit related to stock-based compensation		1				1
Balance, September 30, 2015	2,728	$ 3,187	$ (958)	$ (1,274)	$ 188	$ 1,143

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions)

	Nine months ended September 30,	
	2016	**2015**
Operating Activities:		
Net income	$ 218	$ 118
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of investment in unconsolidated affiliates	(4)	(5)
Depreciation and amortization	312	287
Gain on disposal of businesses/assets, net	(22)	
Loss on early extinguishment of debt	3	31
Noncash interest expense	19	15
Noncash restructuring and impairment charges	11	87
Deferred income taxes	65	(51)
Noncash (gain) loss on foreign currency transactions	(3)	12
Noncash compensation	24	20
Portion of insurance proceeds representing cash provided by investing activities	(8)	
Other, net	5	3
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts and notes receivable	(6)	(53)
Inventories	246	46
Prepaid expenses	(6)	(13)
Other current assets	(13)	43
Other noncurrent assets	(20)	(92)
Accounts payable	(25)	(118)
Accrued liabilities	39	80
Other noncurrent liabilities	8	(27)
Net cash provided by operating activities	843	383
Investing Activities:		
Capital expenditures	(290)	(454)
Insurance proceeds for recovery of property damage	8	
Cash received from unconsolidated affiliates	25	33
Investment in unconsolidated affiliates	(23)	(38)
Acquisition of business, net of cash acquired		(14)
Cash received from purchase price adjustment for business acquired		18
Proceeds from sale of businesses/assets	9	1
Decrease (increase) in receivable from affiliate	3	(1)
Cash received from termination of cross-currency interest rate contracts		66
Change in restricted cash	1	5
Net cash used in investing activities	(267)	(384)

(continued)

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(In Millions)

	Nine months ended September 30,	
	2016	**2015**
Financing Activities:		
Net repayments on overdraft facilities	$ (1)	$ (3)
Repayments of short-term debt	(41)	(17)
Borrowings on short-term debt	8	11
Repayments of long-term debt	(795)	(594)
Proceeds from issuance of long-term debt	552	326
Repayments of notes payable to affiliate	(1)	(50)
Proceeds from issuance of notes payable from affiliate		195
Repayments of notes payable	(25)	(24)
Borrowings on notes payable	31	33
Debt issuance costs paid	(8)	(8)
Call premiums related to early extinguishment of debt		(34)
Contingent consideration paid for acquisition		(4)
Dividends paid to noncontrolling interests	(26)	(6)
Dividends paid to parent	(90)	(92)
Excess tax benefit related to stock-based compensation		1
Other	1	
Net cash used in financing activities	(395)	(266)
Effect of exchange rate changes on cash	1	(13)
Increase (decrease) in cash and cash equivalents	182	(280)
Cash and cash equivalents at beginning of period	257	710
Cash and cash equivalents at end of period	$ 439	$ 430

Supplemental cash flow information:		
Cash paid for interest	$ 139	$ 158
Cash paid for income taxes	29	81

As of September 30, 2016 and 2015, the amount of capital expenditures in accounts payable was $59 million and $49 million, respectively. During each of the nine months ended September 30, 2016 and 2015, Huntsman Corporation contributed $24 million and $20 million, respectively, related to stock-based compensation.

See accompanying notes to condensed consolidated financial statements.

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 wholly-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 unaudited interim condensed consolidated financial statements and Huntsman International's unaudited interim condensed consolidated financial statements 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 unaudited condensed consolidated financial statements 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, 2015 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, digital inks, electronics, medical, packaging, paints and coatings, power generation, refining, synthetic fiber, textile chemicals and dyes 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (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 wholly-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 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 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.

RECENT DEVELOPMENTS

Separation of our Pigments and Additives and Textile Effects Businesses

In connection with our previously announced plans to separate our Pigments and Additives and Textile Effects businesses through a U.S. tax-free spin-off to our stockholders, on October 28, 2016, Huntsman Spin Corporation ("SpinCo") filed an initial registration statement on Form 10 with the U.S. Securities and Exchange Commission ("SEC"). Subject to market conditions, we expect the spin-off to be completed in the first half of 2017.

Sale of European Surfactants Manufacturing Facilities

On August 3, 2016, we announced that Innospec Inc. ("Innospec") had committed to purchase our European surfactants business for an enterprise value of $225 million pursuant to the terms of an Exclusivity and Put Option Agreement under which we could, by notice to Innospec, exercise an option to enter into an agreed form Share and Asset Purchase Agreement (the "SAPA") with Innospec. We have provided that notice and, as of October 25, 2016, we and Innospec have each signed the SAPA and an amendment thereto. Under the terms of the transaction, Innospec will acquire our manufacturing facilities located in Saint-Mihiel, France; Castiglione delle Stiviere, Italy; and Barcelona, Spain. The $225 million enterprise value includes our related trade receivables and payables, which we will retain. The purchase price will be subject to additional working capital and other adjustments. Closing is expected to occur by the end of the fourth quarter of 2016 and is subject to customary

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. GENERAL (Continued)

conditions. We expect to use the net proceeds from the sale to repay debt. The assets and liabilities of this business are included in our Performance Products segment and are classified as held for sale on the accompanying balance sheets.

Upon consummating the planned transaction, we will enter into supply and long-term tolling arrangements with Innospec in order to continue marketing certain core products strategic to our global agrochemicals, lubes and certain other businesses.

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 2016

In January 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 U.S. 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. We adopted the amendments in this ASU effective January 1, 2016, and the initial adoption of the amendments in this ASU did not have a significant impact on our condensed consolidated financial statements.

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 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. We adopted the amendments in this ASU effective January 1, 2016, and the initial adoption of the amendments in this ASU did not have a significant impact on our condensed consolidated financial statements.

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

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HUNTSMAN CORPORATION AND SUBSIDIARIES

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

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. We adopted the amendments in this ASU effective January 1, 2016, and the initial adoption of the amendments in this ASU did not have a significant impact on our condensed consolidated financial statements.

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. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, deferring the effective date of ASU No. 2014-09 for all entities by one year. Further, in March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, clarifying the implementation guidance on principal versus agent considerations, in April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, clarifying the implementation guidance on identifying performance obligations in a contract and determining whether an entity's promise to grant a license provides a customer with either a right to use the entity's intellectual property (which is satisfied at a point in time) or a right to access the entity's intellectual property (which is satisfied over time), and in May 2016, the FASB issued ASU No. 2016-12, *Revenue from Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, providing clarifications and practical expedients for certain narrow aspects in Topic 606. The amendments in these ASUs are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The amendments in ASU No. 2014-09, ASU No. 2016-08, ASU No. 2016-10 and ASU No. 2016-12 should be applied retrospectively, and early application is permitted. We are currently evaluating the impact of the adoption of the amendments in ASU No. 2014-09, ASU No. 2016-08, ASU No. 2016-10 and ASU No. 2016-12 on our condensed consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *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 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 amendments in this ASU to have a significant impact on our condensed consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this ASU will increase transparency and comparability among entities by recognizing lease assets and lease

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU will require lessees to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early application of the amendments in this ASU is permitted for all entities. Reporting entities are required to recognize and measure leases under these amendments at the beginning of the earliest period presented using a modified retrospective approach. We are currently evaluating the impact of the adoption of the amendments in this ASU on our condensed consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The amendments in this ASU simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption of the amendments in this ASU is permitted in any interim or annual period. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this ASU clarify and include specific guidance to address diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. The amendments in this ASU should be applied using a retrospective transition method to each period presented. We do not expect the adoption of the amendments in this ASU to have a significant impact on our condensed consolidated financial statements.

3. INVENTORIES

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

	September 30, 2016	December 31, 2015
Raw materials and supplies	$ 344	$ 389
Work in progress	104	125
Finished goods	1,044	1,221
Total	1,492	1,735
LIFO reserves	(48)	(43)
Net inventories	$ 1,444	$ 1,692

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. INVENTORIES (Continued)

For both September 30, 2016 and December 31, 2015, approximately 9% of inventories were recorded using the LIFO cost method. As of September 30, 2016, there was $18 million of inventories included in current assets held for sale on our condensed consolidated balance sheets.

4. 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 is our 50%-owned joint venture with Chemtura that 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 is our 50%-owned joint venture with Coogee Chemicals that 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 risk related to the fluctuation of raw material pricing.

Arabian Amines Company is our 50%-owned joint venture with Zamil group that 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. 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.

Creditors of these entities have no recourse to our general credit. See "Note 6. Debt Direct and Subsidiary Debt." As the primary beneficiary of these variable interest entities at September 30, 2016, the joint ventures' assets, liabilities and results of operations are included in our condensed consolidated financial statements.

The following table summarizes the carrying amount of our variable interest entities' assets and liabilities included in our condensed consolidated balance sheets, before intercompany eliminations, as

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. VARIABLE INTEREST ENTITIES (Continued)

of September 30, 2016 and our consolidated balance sheets as of December 31, 2015 (dollars in millions):

	September 30, 2016	December 31, 2015
Current assets	$ 100	$ 121
Property, plant and equipment, net	291	307
Other noncurrent assets	101	95
Deferred income taxes	35	35
Intangible assets	32	36
Goodwill	13	13
Total assets	$ 572	$ 607
Current liabilities	$ 155	$ 159
Long-term debt	116	140
Deferred income taxes	11	11
Other noncurrent liabilities	56	54
Total liabilities	$ 338	$ 364

5. RESTRUCTURING, IMPAIRMENT AND PLANT CLOSING COSTS

As of September 30, 2016 and December 31, 2015, 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, 2016	$ 109	$ 16	$ 38	$ 5	$ 168
2016 charges for 2015 and prior initiatives	6	28	8	30	72
2016 charges for 2016 initiatives	6			3	9
Reversal of reserves no longer required	(1)				(1)
Distribution of prefunded restructuring costs	(40)	(5)		(1)	(46)
2016 payments for 2015 and prior initiatives	(37)	(13)	(3)	(29)	(82)
2016 payments for 2016 initiatives	(1)			(2)	(3)
Foreign currency effect on liability balance	1	1	1	(1)	2

Accrued liabilities as of September 30, 2016	$	43	$	27	$	44	$	5	$	119

(1) The workforce reduction reserves relate to the termination of 489 positions, of which 436 positions had not been terminated as of September 30, 2016.

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	September 30, 2016	December 31, 2015
2014 and prior initiatives	$ 102	$ 143
2015 initiatives	11	25
2016 initiatives	6	
Total	$ 119	$ 168

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

	Polyurethanes	Performance Products	Advanced Materials	Textile Effects	Pigments	Discontinued Operations	Corporate and other	Total
Accrued liabilities as of January 1, 2016	$ 5	$ 9	$ 4	$ 55	$ 90	$ 1	$ 4	$ 168
2016 charges for 2015 and prior initiatives		16		37	16		3	72
2016 charges for 2016 initiatives	3			1	5			9
Reversal of reserves no longer required				(1)				(1)
Distribution of prefunded restructuring costs		(5)		(5)	(36)			(46)
2016 payments for 2015 and prior initiatives	(2)	(18)		(15)	(43)		(4)	(82)
2016 payments for 2016 initiatives	(2)			(1)				(3)
Foreign currency effect on liability balance				1	1			2
Accrued liabilities as of September 30, 2016	$ 4	$ 2	$ 4	$ 72	$ 33	$ 1	$ 3	$ 119
Current portion of restructuring reserves	$ 3	$ 2	$ 2	$ 32	$ 26	$ 1	$ 3	$ 69
Long-term portion of restructuring reserves	1		2	40	7			50

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Details with respect to cash and noncash restructuring charges for the three and nine months ended September 30, 2016 and 2015 by initiative are provided below (dollars in millions):

	Three months ended September 30, 2016	Nine months ended September 30, 2016
Cash charges:		
2016 charges for 2015 and prior initiatives	$ 44	$ 72
2016 charges for 2016 initiatives	3	9
Reversal of reserves no longer required		(1)
Gain on sale of land	(3)	(3)
Accelerated depreciation	1	8
Non-cash charges		2
Total 2016 Restructuring, Impairment and Plant Closing Costs	$ 45	$ 87

	Three months ended September 30, 2015	Nine months ended September 30, 2015
Cash charges:		
2015 charges for 2014 and prior initiatives	$ 11	$ 87
2015 charges for 2015 initiatives	1	45
Pension related charges		3
Reversal of reserves no longer required		(1)
Accelerated depreciation	2	77
Non-cash charges		10
Total 2015 Restructuring, Impairment and Plant Closing Costs	$ 14	$ 221

2016 RESTRUCTURING ACTIVITIES

In December 2015, our Performance Products segment announced plans for a reorganization of its commercial and technical functions and a refocused divisional business strategy to better position the segment for growth in coming years. In addition, a program was launched to capture growth opportunities, improve manufacturing cost efficiency and reduce inventories. In connection with this restructuring program, we recorded restructuring expense of $16 million in the nine months ended September 30, 2016.

In September 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 and in connection with revised estimates of site closure costs, during the nine months ended September 30, 2016, our Textile Effects segment

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

recorded charges of $8 million for non-cancelable long-term contract termination costs and $28 million for decommissioning associated with this initiative.

In December 2014, we announced a comprehensive restructuring program to improve the global competitiveness of our Pigments and Additives segment. As part of the program, we are reducing our workforce by approximately 900 positions. In connection with this restructuring program, we recorded restructuring expense of $4 million in the nine months ended September 30, 2016.

In March 2015, we announced plans to restructure our color pigments business, another step in our comprehensive restructuring program in our Pigments and Additives segment, and recorded restructuring expense of approximately $12 million in the nine months ended September 30, 2016.

In July 2016, we announced plans to close our Pigments and Additives segment's South African titanium dioxide manufacturing facility. As part of the program, we recorded restructuring expense of approximately $5 million in the nine months ended September 30, 2016. Additionally, we recorded an impairment charge of $1 million during the second quarter of 2016. The majority of the long-lived assets associated with this manufacturing facility were impaired in the fourth quarter of 2015.

In connection with planned restructuring activities, our Pigments and Additives segment recorded accelerated depreciation as restructuring expense of $8 million during the nine months ended September 30, 2016.

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 $14 million in the nine months ended September 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 nine months ended September 30, 2015 related primarily to workforce reductions and accelerated depreciation recorded as restructuring, impairment and plant closing costs.

In September 2011, we announced plans to implement a significant restructuring of our Textile Effects segment, including the closure of our production facilities and business support offices in Basel, Switzerland, as part of an ongoing strategic program aimed at improving the Textile Effects segment's long-term global competitiveness. In connection with this plan, during the nine months ended September 30, 2015, our Textile Effects segment recorded charges of $6 million for non-cancelable long-term contract termination costs, $4 million for decommissioning and $2 million in other restructuring costs associated with this initiative. In addition, we recorded charges of $5 million associated with other initiatives.

In December 2014, we announced that we were 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 nine months ended September 30, 2015, our Pigments and Additives segment recorded charges of $51 million for workforce reductions, $3 million for pension related charges and $12 million in other restructuring costs associated with this initiative.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

In February 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 nine months ended September 30, 2015 of $73 million as restructuring, impairment and plant closing costs. In addition, during the nine months ended September 30, 2015, we recorded charges of $21 million for workforce reductions and non-cash charges of $10 million.

In March 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 $5 million in the nine months ended September 30, 2015 primarily related to workforce reductions.

6. DEBT

Outstanding debt, net of debt issuance costs, consisted of the following (dollars in millions):

Huntsman Corporation

	September 30, 2016	December 31, 2015
Senior Credit Facilities:		
Term loans	$ 2,234	$ 2,454
Amounts outstanding under A/R programs	218	215
Senior notes	1,873	1,850
Variable interest entities	134	151
Other	97	125
Total debt excluding debt to affiliates	$ 4,556	$ 4,795
Total current portion of debt	$ 88	$ 170
Long-term portion	4,468	4,625
Total debt excluding debt to affiliates	$ 4,556	$ 4,795
Total debt excluding debt to affiliates	$ 4,556	$ 4,795
Notes payable to affiliates noncurrent	1	1
Total debt	$ 4,557	$ 4,796

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. DEBT (Continued)

Huntsman International

	September 30, 2016	December 31, 2015
Senior Credit Facilities:		
Term loans	$ 2,234	$ 2,454
Amounts outstanding under A/R programs	218	215
Senior notes	1,873	1,850
Variable interest entities	134	151
Other	97	125
Total debt excluding debt to affiliates	$ 4,556	$ 4,795
Total current portion of debt	$ 88	$ 170
Long-term portion	4,468	4,625
Total debt excluding debt to affiliates	$ 4,556	$ 4,795
Total debt excluding debt to affiliates	$ 4,556	$ 4,795
Notes payable to affiliates current	100	100
Notes payable to affiliates noncurrent	697	698
Total debt	$ 5,353	$ 5,593

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 ("Nonguarantors") 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.

Debt Issuance Costs

We record debt issuance costs related to a debt liability on the balance sheet as a reduction in the face amount of that debt liability. As of September 30, 2016 and December 31, 2015, the amount of debt issuance costs directly reducing the debt liability was $60 million and $67 million, respectively. We record the amortization of debt issuance costs as interest expense.

Senior Credit Facilities

As of September 30, 2016, our senior credit facilities ("Senior Credit Facilities") consisted of our revolving credit facility ("Revolving Facility"), our 2015 extended term loan B facility due 2019 ("2015

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. DEBT (Continued)

Extended Term Loan B"), our 2014 term loan B facility due 2021 ("2014 Term Loan B"), and our 2016 term loan B facility due 2023 ("2016 Term Loan B") (dollars in millions):

Facility	Committed Amount	Principal Outstanding	Unamortized Discounts and Debt Issuance Costs	Carrying Value	Interest Rate(3)	Maturity
Revolving Facility(1)	$ 650	$	$	$	USD LIBOR plus 3.00%	2021
2015 Extended Term Loan B	N/A	566	(3)	563	USD LIBOR plus 3.00%	2019
2014 Term Loan B	N/A	1,179	(48)	1,131	USD LIBOR plus 3.00%(2)	2021
2016 Term Loan B	N/A	547	(7)	540	USD LIBOR plus 3.50%(2)	2023

(1) We had no borrowings outstanding under our Revolving Facility; we had approximately $17 million (U.S. dollar equivalents) of letters of credit and bank guarantees issued and outstanding under our Revolving Facility.

(2) The 2014 Term Loan B and the 2016 Term Loan B are 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 September 30, 2016, the weighted average interest rate on our outstanding balances under the Senior Credit Facilities was approximately 4%.

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.

On both July 22, 2016 and September 30, 2016, Huntsman International prepaid $100 million of its 2015 Extended Term Loan B. In connection with the $200 million prepayments on our term loan, we recognized a loss on early extinguishment of debt of $1 million in the third quarter of 2016.

Amendment to the Credit Agreement

On April 1, 2016, Huntsman International entered into a fifteenth amendment to the agreement governing the Senior Credit Facilities (the "Credit Agreement"). The amendment provides for a new term loan facility, the 2016 Term Loan B, to refinance existing term loans pursuant to the Credit Agreement in an aggregate principal amount of $550 million. The net proceeds of the 2016 Term Loan B were used to repay in full Huntsman International's extended term loan B due 2017, our extended term loan B series 2 due 2017 and our term loan C due 2016 ("Term Loan C"). In connection with these repayments, we recorded a loss on early extinguishment of debt of approximately $2 million in the second quarter of 2016.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. DEBT (Continued)

The 2016 Term Loan B matures on April 1, 2023, provided that the maturity date will accelerate if we do not repay, refinance or have a minimum level of liquidity available to enable us to repay certain of our senior notes upon maturity. The 2016 Term Loan B is subject to the same terms and conditions as our existing senior secured term loan facilities.

The 2016 Term Loan B bears interest at an interest rate margin of LIBOR plus 3.50% (subject to a 0.75% floor) and amortizes in annual amounts equal to 1% of the principal amount of the 2016 Term Loan B, payable quarterly commencing on June 30, 2016.

The amendment also extends the stated termination date of our Revolving Facility from March 20, 2017 to March 20, 2021, provided that the maturity date will accelerate if we do not repay, refinance or have a minimum level of liquidity available to enable us to repay our 2015 Extended Term Loan B due 2019 or our senior notes upon their maturity. The amendment further increased the committed amount of our Revolving Facility by $25 million (from $625 million to $650 million). Borrowings under the Revolving Facility bear interest at the same rate as the existing revolving commitments. As of September 30, 2016 we had no borrowings under our Revolving Facility.

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 September 30, 2016 was as follows (monetary amounts in millions):

Facility	Maturity	Maximum Funding Availability(1)	Amount Outstanding	Interest Rate(2)
U.S. A/R Program	March 2018	$250	$90(3)	Applicable rate plus 0.95%
EU A/R Program	March 2018	€225 (approximately $253)	€114 (approximately $128)	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) The applicable rate for our U.S. A/R Program is defined by the lender as either USD LIBOR or CP rate. The applicable rate for our EU A/R Program is either GBP LIBOR, USD LIBOR or EURIBOR. 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) As of September 30, 2016, we had approximately $7 million (U.S. dollar equivalents) of letters of credit issued and outstanding under our U.S. A/R Program.

HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. DEBT (Continued)

As of September 30, 2016 and December 31, 2015, $473 million and $438 million, respectively, of accounts receivable were pledged as collateral under our A/R Programs.

Redemption of Notes and Loss on Early Extinguishment of Debt

During the nine months ended September 30, 2015, we redeemed or repurchased the following notes (dollars in millions):

Date of Redemption	Notes	Principal Amount of Notes Redeemed	Amount Paid (Excluding Accrued Interest)	Loss on Early Extinguishment of Debt
September 2015	2021 Senior Subordinated Notes	$ 195	$ 204	$ 7
April 2015	2021 Senior Subordinated Notes	289	311	20
January 2015	2021 Senior Subordinated Notes	37	40	3

Note Payable from Huntsman International to Huntsman Corporation

As of September 30, 2016, we had a loan of $796 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 September 30, 2016 on our condensed consolidated balance sheets. As of September 30, 2016, 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 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

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6. DEBT (Continued)

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.

7. 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 as 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 revenues and expenses are denominated in various foreign currencies, and our cash flows and earnings are thus subject to fluctuations due to exchange rate variations. 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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

hedge our foreign currency exposures in a manner that would eliminate the effect of changes in exchange rates on our cash flows and earnings. As of September 30, 2016, we had approximately $176 million in notional amount (in U.S. dollar equivalents) outstanding in forward foreign currency contracts.

Huntsman International has entered into two 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):

September 30, 2016				
Notional Value	Effective Date	Maturity	Fixed Rate	Fair Value
$ 50	December 2014	April 2017	2.5%	$1 current liability
50	January 2015	April 2017	2.5%	1 current 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 4. Variable Interest Entities." The notional amount of the swap as of September 30, 2016 was $20 million, and the interest rate contract is not designated as a cash flow hedge. As of September 30, 2016, the fair value of the swap was $2 million and was recorded in noncurrent liabilities on our condensed consolidated balance sheets. For each of the three and nine months ended September 30, 2016, we recorded a reduction of interest expense of nil 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 U.S. dollar 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 September 30, 2016, the fair value of this swap was $21 million and was recorded in noncurrent assets on our condensed consolidated balance sheets.

In March 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.

A portion of our debt is denominated in euros. We also finance certain of our non-U.S. subsidiaries with intercompany loans that are, in many cases, denominated in currencies other than the entities' functional currency. We manage the net foreign currency exposure created by this debt through various means, including cross-currency swaps, the designation of certain intercompany loans as

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

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 (loss) on our condensed statements of comprehensive income (loss). 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 September 30, 2016, we have designated approximately €671 million (approximately $754 million) of euro-denominated debt and cross-currency interest rate contracts as a hedge of our net investment. For the three and nine months ended September 30, 2016, the amount of loss recognized on the hedge of our net investment was $11 million and $18 million, respectively, and was recorded in other comprehensive income (loss) on our condensed consolidated statements of comprehensive income (loss).

8. FAIR VALUE

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

	September 30, 2016		December 31, 2015	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Non-qualified employee benefit plan investments	$ 25	$ 25	$ 26	$ 26
Investments in equity securities	21	21	18	18
Cross-currency interest rate contracts	21	21	28	28
Interest rate contracts	(3)	(3)	(4)	(4)
Long-term debt (including current portion)	(4,556)	(4,704)	(4,795)	(4,647)

The carrying amounts reported in our condensed consolidated balance sheets 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 based on quoted market prices for the identical liability when traded as an asset in an active market (Level 1).

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2016 and December 31, 2015. The estimated fair value amounts have not been comprehensively revalued for purposes of these financial statements since September 30, 2016 and current estimates of fair value may differ significantly from the amounts presented herein.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. FAIR VALUE (Continued)

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

		Fair Value Amounts Using		
Description	**September 30, 2016**	**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)	21			21
Total assets	$ 67	$ 46	$	$ 21
Liabilities:				
Derivatives:				
Interest rate contracts(3)	$ (3)	$	$ (3)	$

		Fair Value Amounts Using		
Description	**December 31, 2015**	**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	$ 26	$ 26	$	$
Investments in equity securities(1)	18	18		
Derivatives:				
Cross-currency interest rate contracts(2)	28			28
Total assets	$ 72	$ 44	$	$ 28
Liabilities:				
Derivatives:				

Interest rate contracts(3)	$	(4) $	$	(4) $

(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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. FAIR VALUE (Continued)

(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 nine months ended September 30, 2016 and the year ended December 31, 2015.

The following table shows a reconciliation of beginning and ending balances for the three and nine months ended September 30, 2016 and 2015 for instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (dollars in millions).

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	**Three months ended September 30, 2016 Cross-Currency Interest Rate Contracts**	**Nine months ended September 30, 2016 Cross-Currency Interest Rate Contracts**
Beginning balance	$ 26	$ 28
Transfers into Level 3		
Transfers out of Level 3		
Total (losses) gains:		
Included in earnings		
Included in other comprehensive income (loss)	(5)	(7)
Purchases, sales, issuances and settlements		
Ending balance, September 30, 2016	$ 21	$ 21
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at September 30, 2016	$	$

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. FAIR VALUE (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	**Three months ended September 30, 2015 Cross-Currency Interest Rate Contracts**	**Nine months ended September 30, 2015 Cross-Currency Interest Rate Contracts**
Beginning balance	$ 25	$ 5
Transfers into Level 3		
Transfers out of Level 3		
Total gains:		
Included in earnings		
Included in other comprehensive income (loss)	3	23
Purchases, sales, issuances and settlements		
Ending balance, September 30, 2015	$ 28	$ 28
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at September 30, 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):

	Three months ended September 30, 2016		**Nine months ended September 30, 2016**	
	Interest expense	**Other comprehensive income (loss)**	**Interest expense**	**Other comprehensive income (loss)**
Total net gains included in earnings	$	$	$	$
Changes in unrealized losses relating to assets still held at September 30, 2016		(5)		(7)

	Three months ended September 30, 2015		**Nine months ended September 30, 2015**	
	Interest expense	**Other comprehensive income (loss)**	**Interest expense**	**Other comprehensive income (loss)**
Total net gains included in earnings	$	$	$	$
Changes in unrealized gains relating to assets still held at September 30, 2015		3		23

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 nine months ended September 30, 2016 and 2015, we recorded charges of $1 million and nil, respectively, for the impairment of long-lived assets.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE BENEFIT PLANS

Components of the net periodic benefit costs for the three and nine months ended September 30, 2016 and 2015 were as follows (dollars in millions):

Huntsman Corporation

	Defined Benefit Plans Three months ended September 30,		Other Postretirement Benefit Plans Three months ended September 30,	
	2016	2015	2016	2015
Service cost	$ 16	$ 18	$ 1	$ 1
Interest cost	30	31	1	1
Expected return on assets	(46)	(50)		
Amortization of prior service benefit	(2)	(2)	(2)	(1)
Amortization of actuarial loss	17	20		
Net periodic benefit cost	$ 15	$ 17	$	$ 1

	Defined Benefit Plans Nine months ended September 30,		Other Postretirement Benefit Plans Nine months ended September 30,	
	2016	2015	2016	2015
Service cost	$ 48	$ 54	$ 2	$ 3
Interest cost	91	92	3	4
Expected return on assets	(141)	(150)		
Amortization of prior service benefit	(7)	(4)	(5)	(3)
Amortization of actuarial loss	51	57	1	2
Special termination benefits		3		
Net periodic benefit cost	$ 42	$ 52	$ 1	$ 6

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE BENEFIT PLANS (Continued)

Huntsman International

	Defined Benefit Plans Three months ended September 30,		Other Postretirement Benefit Plans Three months ended September 30,	
	2016	2015	2016	2015
Service cost	$ 16	$ 18	$ 1	$ 1
Interest cost	30	31	1	1
Expected return on assets	(46)	(50)		
Amortization of prior service benefit	2	(2)	(2)	(1)
Amortization of actuarial loss	20	22		
Net periodic benefit cost	$ 22	$ 19	$	$ 1

	Defined Benefit Plans Nine months ended September 30,		Other Postretirement Benefit Plans Nine months ended September 30,	
	2016	2015	2016	2015
Service cost	$ 48	$ 54	$ 2	$ 3
Interest cost	91	92	3	4
Expected return on assets	(141)	(150)		
Amortization of prior service benefit	(7)	(4)	(5)	(3)
Amortization of actuarial loss	57	63	1	2
Special termination benefits		3		
Net periodic benefit cost	$ 48	$ 58	$ 1	$ 6

During the nine months ended September 30, 2016 and 2015, we made contributions to our pension and other postretirement benefit plans of $54 million and $83 million, respectively. During the remainder of 2016, we expect to contribute an additional amount of approximately $20 million to these plans.

10. HUNTSMAN CORPORATION STOCKHOLDERS' EQUITY

SHARE REPURCHASE PROGRAM

On September 29, 2015, our Board of Directors authorized our Company to repurchase up to $150 million in shares of Huntsman Corporation common stock. Repurchases under this program may be made through open market transactions, in privately negotiated transactions, through accelerated share repurchase programs or by other means. The timing and actual number of shares repurchased depends on a variety of factors, including market conditions. The share repurchase authorization does not have an expiration date and repurchases may be commenced, suspended or discontinued from time

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. HUNTSMAN CORPORATION STOCKHOLDERS' EQUITY (Continued)

to time without prior notice. On October 27, 2015, we entered into and funded an accelerated share repurchase agreement to repurchase $100 million of our common stock that was completed in January 2016 with the purchase of 8.6 million shares. During the three months ended September 30, 2016, we did not repurchase any shares of our outstanding common stock under the repurchase program. As of September 30, 2016, there remained approximately $50 million of the amount authorized under the program that can be used for repurchases.

COMMON STOCK DIVIDENDS

During each of the quarters ended September 30, 2016, June 30, 2016 and March 31, 2016, we paid dividends of $30 million, or $0.125 per share, to common stockholders and during each of the quarters ended September 30, 2015, June 30, 2015 and March 31, 2015, we paid cash dividends of $31 million, or $0.125 per share, to common stockholders.

11. 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(b)	Other comprehensive income of unconsolidated affiliates	Other, net	Total	Amounts attributable to noncontrolling interests	Amounts attributable to Huntsman Corporation
Beginning balance, January 1, 2016	$ (288)	$ (1,056)	$ 11	$ 17	$ (1,316)	$ 28	$ (1,288)
Other comprehensive (loss) income before reclassifications, gross	(18)		(8)	6	(20)		(20)
Tax benefit	7				7		7
Amounts reclassified from accumulated other comprehensive loss, gross(c)		40			40		40
Tax expense		(5)			(5)		(5)
Net current-period other comprehensive (loss) income	(11)	35	(8)	6	22		22
Ending balance, September 30, 2016	$ (299)	$ (1,021)	$ 3	$ 23	$ (1,294)	$ 28	$ (1,266)

(a) Amounts are net of tax of $83 and $90 as of September 30, 2016 and January 1, 2016, respectively.

(b) Amounts are net of tax of $130 and $135 as of September 30, 2016 and January 1, 2016, respectively.

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

	Foreign currency translation adjustment(a)	Pension and other postretirement benefits adjustments(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, gross	(219)	(5)	(1)	4	(221)	7	(214)
Tax expense	(19)				(19)		(19)
Amounts reclassified from accumulated other comprehensive loss, gross(c)		52			52		52
Tax expense		(11)			(11)		(11)
Net current-period other comprehensive (loss) income	(238)	36	(1)	4	(199)	7	(192)
Ending balance, September 30, 2015	$ (213)	$ (1,086)	$ 9	$ 15	$ (1,275)	$ 30	$ (1,245)

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

(b) Amounts are net of tax of $171 and $182 as of September 30, 2015 and January 1, 2015, respectively.

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

Details about Accumulated Other Comprehensive Loss Components(a):	Three months ended September 30, 2016 Amounts reclassified from accumulated other comprehensive loss	Nine months ended September 30, 2016 Amounts reclassified from accumulated other comprehensive loss	Affected line item in the statement where net income is presented
Amortization of pension and other postretirement benefits:			
Prior service credit	$ (4)	$ (12)	(b)
Actuarial loss	17	52	(b)(c)
	13	40	Total before tax
	(2)	(5)	Income tax expense
Total reclassifications for the period	$ 11	$ 35	Net of tax

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

Details about Accumulated Other Comprehensive Loss Components(a):	Three months ended September 30, 2015 Amounts reclassified from accumulated other comprehensive loss	Nine months ended September 30, 2015 Amounts reclassified from accumulated other comprehensive loss	Affected line item in the statement where net income is presented
Amortization of pension and other postretirement benefits:			
Prior service credit	$ (3)	$ (7)	(b)
Actuarial loss	20	59	(b)(c)
Settlement loss	17	52	Total before tax
	(3)	(11)	Income tax expense
Total reclassifications for the period	$ 14	$ 41	Net of tax

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

(b) These accumulated other comprehensive loss components are included in the computation of net periodic pension costs. See "Note 9. Employee Benefit Plans."

(c) Amounts contain approximately nil and $2 million of actuarial losses related to discontinued operations for each of the three months ended September 30, 2016 and 2015, respectively, and $2 million and $4 million of actuarial losses related to discontinued operations for each of the nine months ended September 30, 2016 and 2015, respectively.

Huntsman International

	Foreign currency translation adjustment(a)	Pension and other postretirement benefits adjustments(b)	Other comprehensive income of unconsolidated affiliates	Other, net	Total	Amounts attributable to noncontrolling interests	Amounts attributable to Huntsman International
Beginning balance, January 1, 2016	$ (292)	$ (1,074)	$ 11	$ 11	$ (1,344)	$ 28	$ (1,316)
Other comprehensive (loss) income before reclassifications, gross	(18)		(8)	6	(20)		(20)
Tax benefit	7				7		7
Amounts reclassified from accumulated other comprehensive loss, gross(c)		46			46		46
Tax expense		(6)			(6)		(6)

Net current-period other comprehensive (loss) income		(11)		40		(8)		6		27			27
Ending balance, September 30, 2016	$	(303)	$	(1,034)	$	3	$	17	$	(1,317)	$	28	$ (1,289)

(a) Amounts are net of tax of $69 and $76 as of September 30, 2016 and January 1, 2016, respectively.

(b) Amounts are net of tax of $157 and $163 as of September 30, 2016 and January 1, 2016, respectively.

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

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

	Foreign currency translation adjustment(a)	Pension and other postretirement benefits adjustments(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, gross	(219)	(5)	(1)	4	(221)	7	(214)
Tax expense	(19)				(19)		(19)
Amounts reclassified from accumulated other comprehensive loss, gross(c)		58			58		58
Tax expense		(12)			(12)		(12)
Net current-period other comprehensive (loss) income	(238)	41	(1)	4	(194)	7	(187)
Ending balance, September 30, 2015	$ (216)	$ (1,106)	$ 9	$ 9	$ (1,304)	$ 30	$ (1,274)

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

(b) Amounts are net of tax of $200 and $211 as of September 30, 2015 and January 1, 2015, respectively.

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

Details about Accumulated Other Comprehensive Loss Components(a):	**Three months ended September 30, 2016 Amounts reclassified from accumulated other comprehensive loss**	**Nine months ended September 30, 2016 Amounts reclassified from accumulated other comprehensive loss**	**Affected line item in the statement where net income is presented**
Amortization of pension and other postretirement benefits:			
Prior service credit	$ (4)	$ (12)	(b)
Actuarial loss	20	58	(b)(c)
	16	46	Total before tax
	(2)	(6)	Income tax expense
Total reclassifications for the period	$ 14	$ 40	Net of tax

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. OTHER COMPREHENSIVE INCOME (LOSS) (Continued)

Details about Accumulated Other Comprehensive Loss Components(a):	**Three months ended September 30, 2015 Amounts reclassified from accumulated other comprehensive loss**	**Nine months ended September 30, 2015 Amounts reclassified from accumulated other comprehensive loss**	**Affected line item in the statement where net income is presented**
Amortization of pension and other postretirement benefits:			
Prior service credit	$ (3)	$ (7)	(b)
Actuarial loss	22	65	(b)(c)
	19	58	Total before tax
	(4)	(12)	Income tax expense
Total reclassifications for the period	$ 15	$ 46	Net of tax

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

(b) These accumulated other comprehensive loss components are included in the computation of net periodic pension costs. See "Note 9. Employee Benefit Plans."

(c) Amounts contain approximately nil and $2 million of actuarial losses related to discontinued operations for each of the three months ended September 30, 2016 and 2015, respectively, and $2 million and $4 million of actuarial losses related to discontinued operations for each of the nine months ended September 30, 2016 and 2015, respectively.

12. 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, our co-defendants and other alleged co-conspirators conspired to fix prices of TiO_2 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 TiO_2 directly from the defendants (the "Direct Purchasers") since February 1, 2003. On December 13, 2013, we and all other defendants settled the Direct Purchasers litigation and the court approved the settlement. We paid the settlement in an amount immaterial to our financial statements.

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 sued 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. On February 26, 2016, we reached an agreement to settle the Opt-Out Litigation and subsequently paid the settlement in an amount immaterial to our financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. COMMITMENTS AND CONTINGENCIES (Continued)

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 TiO_2 (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 TiO_2. On August 11, 2015, the court granted our motion to dismiss the Indirect Purchasers litigation with leave to amend the complaint. A Third Amended Class Action Complaint was filed on September 29, 2015 further limiting the class to consumers of architectural paints. Plaintiffs have raised state antitrust claims under the laws of 15 states, consumer protection claims under the laws of nine states, and unjust enrichment claims under the laws of 16 states. On November 4, 2015, we and our co-defendants filed another motion to dismiss. On June 13, 2016, the court substantially denied the motion to dismiss except as to consumer protection claims in one state.

On August 23, 2016, we were named as a defendant in a fourth civil antitrust suit filed in the U.S. District Court for the Northern District of California by an Indirect Purchaser, Home Depot. Home Depot is an Indirect Purchaser primarily through paints it purchasers from various manufacturers. Home Depot makes the same claims as the Direct and Indirect Purchasers.

The plaintiffs in the Indirect Purchasers claims 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 and we have made no accrual 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 $172 million) relating to 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 $127 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 $127 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 ("the Banks") 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").

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12. COMMITMENTS AND CONTINGENCIES (Continued)

These claims allegedly arose from the failed acquisition by and merger with Hexion. The Texas Litigation was dismissed, which was upheld by the Ninth Court of Appeals and the Texas Supreme Court denied review by final order entered January 7, 2016.

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 factual 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 June 30, 2016, the plaintiffs voluntarily dismissed the Apollo defendants and filed responses to the Banks' previously filed motions to dismiss, which remain pending. 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 the outcome of any of these matters will have a material effect on our financial condition, results of operations or liquidity.

13. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

EHS CAPITAL EXPENDITURES

We may incur future costs for capital improvements and general compliance under EHS laws, including costs to acquire, maintain and repair pollution control equipment. For the nine months ended September 30, 2016 and 2015, our capital expenditures for EHS matters totaled $40 million and $92 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.

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 $37 million and $38 million for environmental liabilities as of September 30, 2016 and December 31, 2015, respectively. Of these amounts, $2 million and $6 million were classified as accrued liabilities in our consolidated

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

balance sheets as of September 30, 2016 and December 31, 2015, respectively, and $35 million and $32 million were classified as other noncurrent liabilities in our consolidated balance sheets for September 30, 2016 and December 31, 2015, 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.

ENVIRONMENTAL MATTERS

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 condensed consolidated financial statements.

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.

West Footscray Remediation

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 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 September 30, 2016, we had an accrued liability of approximately $17 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS (Continued)

North Maybe Mine Remediation

The North Maybe Canyon Mine site is a CERCLA site and 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.

Port Neches Flaring Matter

As part of the Environmental Protection Agency's (the "EPA") 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 Clear Air Act ("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 and has sought to collect civil penalties in excess of $100,000. 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 any potential penalty or injunctive relief that may be incurred in resolving this matter.

14. STOCK-BASED COMPENSATION PLANS

On May 5, 2016, our stockholders approved a new Huntsman Corporation 2016 Stock Incentive Plan (the "2016 Stock Incentive Plan"), which reserved 8.2 million shares for issuance. The Huntsman Corporation Stock Incentive Plan, as amended and restated (the "Prior Plan"), remains in effect for outstanding awards granted pursuant to the Prior Plan, but no further awards may be granted under the Prior Plan. Under the 2016 Stock Incentive Plan we may grant nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, phantom stock, performance share units 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 under both the 2016 Stock Incentive Plan and the Prior Plan are fixed at the grant date. As of September 30, 2016, we were authorized to grant up to 8.2 million shares under the 2016 Stock Incentive Plan. As of September 30, 2016, we had approximately 8 million shares remaining under the 2016 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. Outstanding stock-based awards generally vest over a three-year period; certain performance share unit awards vest over a two-year period.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. STOCK-BASED COMPENSATION PLANS (Continued)

The compensation cost from continuing operations under the 2016 Stock Incentive Plan and the Prior Plan for our Company and Huntsman International were as follows (dollars in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Huntsman Corporation compensation cost	$ 8	$ 4	$ 25	$ 21
Huntsman International compensation cost	8	4	24	20

The total income tax benefit recognized in the statements of operations for us and Huntsman International for stock-based compensation arrangements was $5 million each for the nine months ended September 30, 2016 and 2015.

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 September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Dividend yield	3.3%	3.3%	5.6%	2.3%
Expected volatility	57.6%	56.7%	57.9%	57.9%
Risk-free interest rate	1.1%	1.7%	1.4%	1.4%
Expected life of stock options granted during the period	5.9 years	5.9 years	5.9 years	5.9 years

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. STOCK-BASED COMPENSATION PLANS (Continued)

A summary of stock option activity under the 2016 Stock Incentive Plan and the Prior Plan as of September 30, 2016 and changes during the nine months then ended is presented below:

Option Awards	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(years)	(in millions)
Outstanding at January 1, 2016	9,544	$ 15.51		
Granted	3,024	9.04		
Exercised	(43)	7.09		
Forfeited	(1,110)	19.61		
Outstanding at September 30, 2016	11,415	13.43	5.7	$ 51
Exercisable at September 30, 2016	7,505	14.09	3.9	30

The weighted-average grant-date fair value of stock options granted during the nine months ended September 30, 2016 was $3.03 per option. As of September 30, 2016, there was $12 million of total unrecognized compensation cost related to nonvested stock option arrangements granted under the 2016 Stock Incentive Plan and the Prior Plan. That cost is expected to be recognized over a weighted-average period of approximately 1.9 years.

The total intrinsic value of stock options exercised during the nine months ended both September 30, 2016 and 2015 was approximately nil.

NONVESTED SHARES

Nonvested shares granted under the 2016 Stock Incentive Plan and the Prior Plan consist of restricted stock and performance share unit 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.

The fair value of each performance share unit 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 nine months ended September 30, 2016 and 2015, the weighted-average expected volatility rate was 39.3% and 30.0%, respectively and the weighted average risk-free interest rate was 0.9% and 0.7%, respectively. For the performance share unit awards granted in the nine months ended September 30, 2016 and 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. STOCK-BASED COMPENSATION PLANS (Continued)

A summary of the status of our nonvested shares as of September 30, 2016 and changes during the nine months then ended is presented below:

	Equity Awards		Liability Awards	
	Shares (in thousands)	Weighted Average Grant-Date Fair Value	Shares (in thousands)	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2016	1,854	$ 19.97	475	$ 21.37
Granted	1,889	9.28	715	9.09
Vested	(666)(1)	19.80	(230)	20.64
Forfeited	(66)	17.10	(26)	16.55
Nonvested at September 30, 2016	3,011	13.36	934	12.29

(1) As of September 30, 2016, a total of 454,900 restricted stock units were vested but not yet issued, of which 60,948 vested during the nine months ended September 30, 2016. These shares have not been reflected as vested shares in this table because, in accordance with the restricted stock unit agreements, shares of common stock are not issued for vested restricted stock units until termination of employment.

As of September 30, 2016, there was $32 million of total unrecognized compensation cost related to nonvested share compensation arrangements granted under the 2016 Stock Incentive Plan and the Prior 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 nine months ended September 30, 2016 and 2015 was $15 million and $20 million, respectively.

15. 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 cyclicality 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 nine months ended September 30, 2016 and 2015, 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 and a net decrease in unrecognized benefits and a corresponding income tax benefit of $5 million, respectively. Additional increases and decreases in unrecognized tax

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. INCOME TAXES (Continued)

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 $58 million and $85 million for the nine months ended September 30, 2016 and 2015, 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. Our MTBE earnings are taxed at the U.S. statutory rate of 35%. Variability in our MTBE earnings has a meaningful impact on our effective tax rate. The combination of significantly lower MTBE earnings, weather related and other production outages in the U.S., and higher earnings in countries with valuation allowances, resulted in an unusually low effective tax rate in the third quarter of 2016.

Huntsman International

Huntsman International recorded income tax expense of $58 million and $85 million for the nine months ended September 30, 2016 and 2015, 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. Our MTBE earnings are taxed at the U.S. statutory rate of 35%. Variability in our MTBE earnings has a meaningful impact on our effective tax rate. The combination of significantly lower MTBE earnings, weather related and other production outages in the U.S., and higher earnings in countries with valuation allowances, resulted in an unusually low effective tax rate in the third quarter of 2016.

16. 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. NET INCOME PER SHARE (Continued)

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Numerator:				
Basic and diluted income from continuing operations:				
Income from continuing operations attributable to Huntsman Corporation	$ 56	$ 55	$ 201	$ 93
Basic and diluted net income:				
Net income attributable to Huntsman Corporation	$ 55	$ 55	$ 198	$ 89
Denominator:				
Weighted average shares outstanding	236.3	244.2	236.2	244.1
Dilutive shares:				
Stock-based awards	3.8	2.4	2.9	2.9
Total weighted average shares outstanding, including dilutive shares	240.1	246.6	239.1	247.0

Additional stock-based awards of 5.5 million and 7.0 million weighted average equivalent shares of stock were outstanding during the three months ended September 30, 2016 and 2015, respectively, and 5.9 million and 2.7 million weighted average equivalent shares of stock were outstanding during the nine months ended September 30, 2016 and 2015, respectively. However, these stock-based awards were not included in the computation of diluted earnings per share for the three and nine months ended September 30, 2016 and 2015 because the effect would be anti-dilutive.

17. 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. OPERATING SEGMENT INFORMATION (Continued)

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

Segment	Products
Polyurethanes	MDI, PO, polyols, PG, TPU, aniline and MTBE
Performance Products	amines, surfactants, LAB, maleic anhydride, other performance chemicals, EG, olefins and technology licenses
Advanced Materials	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, dyes and digital inks
Pigments and Additives	titanium dioxide, functional additives, color pigments, timber treatment and water treatment chemicals

Sales between segments are generally recognized at external market prices and are eliminated in consolidation. Adjusted EBITDA is presented as a measure of the financial performance of our global business units and for reporting the results of our operating segments. The adjusted EBITDA of

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. OPERATING SEGMENT INFORMATION (Continued)

operating segments excludes items that principally apply to our Company as a whole. The revenues and adjusted EBITDA for each of our reportable operating segments are as follows (dollars in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenues:				
Polyurethanes	$ 891	$ 1,017	$ 2,703	$ 2,902
Performance Products	509	618	1,611	1,949
Advanced Materials	247	275	774	847
Textile Effects	184	196	567	618
Pigments and Additives	532	543	1,648	1,707
Corporate and eliminations		(11)	(41)	(56)
Total	$ 2,363	$ 2,638	$ 7,262	$ 7,967

Huntsman Corporation:				
Segment adjusted EBITDA(1):				
Polyurethanes	$ 137	$ 168	$ 439	$ 432
Performance Products	70	122	248	384
Advanced Materials	55	56	173	172
Textile Effects	17	10	59	50
Pigments and Additives	38	5	84	61
Corporate and other(2)	(45)	(50)	(132)	(118)
Total	272	311	871	981
Reconciliation of adjusted EBITDA to net income:				
Interest expense, net	(52)	(49)	(152)	(158)
Income tax benefit (expense) continuing operations	1	(49)	(58)	(85)
Income tax benefit (expense) discontinued operations		1	1	(1)
Depreciation and amortization	(113)	(103)	(322)	(297)
Net income attributable to noncontrolling interests	9	8	22	28
Other adjustments:				
Business acquisition, integration and separation expenses	(8)	(10)	(21)	(31)
EBITDA of discontinued operations	(1)	(1)	(4)	(3)
Gain (loss) on disposition of business/assets	22		22	(1)
Loss on early extinguishment of debt	(1)	(8)	(3)	(31)
Certain legal settlements and related expenses		(1)	(1)	(3)
Amortization of pension and postretirement actuarial losses	(16)	(19)	(49)	(56)
Net plant incident remediation (costs) credits	(4)	(3)	2	(3)
Restructuring, impairment and plant closing and transition costs	(45)	(14)	(88)	(223)
Net income	$ 64	$ 63	$ 220	$ 117

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. OPERATING SEGMENT INFORMATION (Continued)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Huntsman International:				
Segment adjusted EBITDA(1):				
Polyurethanes	$ 137	$ 168	$ 439	$ 432
Performance Products	70	122	248	384
Advanced Materials	55	56	173	172
Textile Effects	17	10	59	50
Pigments and Additives	38	5	84	61
Corporate and other(2)	(44)	(49)	(129)	(114)
Total	273	312	874	985
Reconciliation of adjusted EBITDA to net income:				
Interest expense, net	(55)	(51)	(161)	(165)
Income tax expense continuing operations		(48)	(58)	(85)
Income tax benefit (expense) discontinued operations		1	1	(1)
Depreciation and amortization	(109)	(100)	(312)	(287)
Net income attributable to noncontrolling interests	9	8	22	28
Other adjustments:				
Business acquisition, integration and separation expenses	(8)	(10)	(21)	(31)
EBITDA of discontinued operations	(1)	(1)	(4)	(3)
Gain (loss) on disposition of business/assets	22		22	(1)
Loss on early extinguishment of debt	(1)	(8)	(3)	(31)
Certain legal settlements and related expenses		(1)	(1)	(3)
Amortization of pension and postretirement actuarial losses	(18)	(21)	(55)	(62)
Net plant incident remediation (costs) credits	(4)	(3)	2	(3)
Restructuring, impairment and plant closing and transition costs	(45)	(14)	(88)	(223)
Net income	$ 63	$ 64	$ 218	$ 118

(1)

Beginning in the second quarter of 2016, we use segment adjusted EBITDA as the measure of each segment's profit or loss. We believe that segment adjusted EBITDA more accurately reflects what management uses to make decisions about resources to be allocated to the segments and assess their financial performance. We have recasted the measure of each segment's profit or loss in the prior periods disclosed to reflect segment adjusted EBITDA.

Segment adjusted EBITDA is defined as net income of Huntsman Corporation or Huntsman International, as appropriate, before interest, income tax, depreciation and amortization, net income attributable to noncontrolling interests and certain Corporate and other items, as well as eliminating the following adjustments: (a) business acquisition, integration and separation expenses; (b) EBITDA from discontinued operations; (c) gain (loss) on disposition of businesses/assets; (d) loss on early extinguishment of debt; (e) certain legal settlements and related expenses;

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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. OPERATING SEGMENT INFORMATION (Continued)

(f) amortization of pension and postretirement actuarial losses; (g) net plant incident remediation (costs) credits; and (h) restructuring, impairment, plant closing and transition costs.

(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.

18. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF HUNTSMAN INTERNATIONAL LLC

The following unaudited condensed consolidating financial statements present, in separate columns, financial information for the following: Huntsman International (on a parent only basis), with its investment in subsidiaries recorded under the equity method; the Guarantors on a combined, and where appropriate, consolidated basis; and the Nonguarantors on a combined, and where appropriate, consolidated basis. Additional columns present eliminating adjustments and consolidated totals as of September 30, 2016 and December 31, 2015 and for the three and nine months ended September 30, 2016 and 2015. 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.

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF SEPTEMBER 30, 2016
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
ASSETS					
Current assets:					
Cash and cash equivalents	$ 99	$ 1	$ 339	$	$ 439
Restricted cash			11		11
Accounts and notes receivable, net	29	71	1,353	3	1,456
Accounts receivable from affiliates	1,667	4,660	190	(6,192)	325
Inventories	88	274	1,087	(5)	1,444
Prepaid expenses	14	15	59	(14)	74
Current assets held for sale			31		31
Other current assets	839	23	182	(731)	313
Total current assets	2,736	5,044	3,252	(6,939)	4,093
Property, plant and equipment, net	455	1,423	2,392	1	4,271
Investment in unconsolidated affiliates	6,132	1,796	255	(7,846)	337
Intangible assets, net	29	3	65		97
Goodwill	(13)	82	54		123
Deferred income taxes	477		416	(489)	404
Notes receivable from affiliates	37	551		(588)	
Noncurrent assets held for sale			90		90
Other noncurrent assets	64	203	308		575
Total assets	$ 9,917	$ 9,102	$ 6,832	$ (15,861)	$ 9,990
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 48	$ 181	$ 766	$ 4	$ 999
Accounts payable to affiliates	3,617	839	1,795	(6,192)	59
Accrued liabilities	92	822	484	(746)	652
Note payable to affiliate	100				100
Current portion of debt	38		50		88
Current liabilities held for sale			20		20
Total current liabilities	3,895	1,842	3,115	(6,934)	1,918
Long-term debt	4,091		377		4,468
Notes payable to affiliates	696		589	(588)	697
Deferred income taxes	24	318	48	78	468
Noncurrent liabilities held for sale			10		10
Other noncurrent liabilities	160	264	771		1,195
Total liabilities	8,866	2,424	4,910	(7,444)	8,756
Equity					

Huntsman International LLC members' equity					
Members' equity	3,217	4,499	3,417	(7,916)	3,217
Accumulated (deficit) income	(877)	731	(375)	(356)	(877)
Accumulated other comprehensive (loss) income	(1,289)	1,448	(1,279)	(169)	(1,289)
Total Huntsman International LLC members' equity	1,051	6,678	1,763	(8,441)	1,051
Noncontrolling interests in subsidiaries			159	24	183
Total equity	1,051	6,678	1,922	(8,417)	1,234
Total liabilities and equity	$ 9,917	$ 9,102	$ 6,832	$ (15,861)	$ 9,990

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 31, 2015
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
ASSETS					
Current assets:					
Cash and cash equivalents	$ 44	$ 1	$ 212	$	$ 257
Restricted cash			12		12
Accounts and notes receivable, net	21	96	1,298	5	1,420
Accounts receivable from affiliates	2,163	4,730	163	(6,716)	340
Inventories	101	322	1,275	(6)	1,692
Prepaid expenses	49	31	91	(60)	111
Other current assets	790	8	212	(704)	306
Total current assets	3,168	5,188	3,263	(7,481)	4,138
Property, plant and equipment, net	473	1,433	2,503	1	4,410
Investment in unconsolidated affiliates	5,991	1,558	263	(7,465)	347
Intangible assets, net	32	3	51		86
Goodwill	(13)	82	47		116
Deferred income taxes	473		430	(485)	418
Notes receivable from affiliates	36	539	6	(581)	
Other noncurrent assets	71	223	279		573
Total assets	$ 10,231	$ 9,026	$ 6,842	$ (16,011)	$ 10,088
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 50	$ 207	$ 772	$ 5	$ 1,034
Accounts payable to affiliates	3,905	973	1,891	(6,717)	52
Accrued liabilities	74	793	581	(765)	683
Note payable to affiliate	100				100
Current portion of debt	89		81		170
Total current liabilities	4,218	1,973	3,325	(7,477)	2,039
Long-term debt	4,229		396		4,625
Notes payable to affiliates	703		576	(581)	698
Deferred income taxes	24	276	36	82	418
Other noncurrent liabilities	160	241	819	4	1,224
Total liabilities	9,334	2,490	5,152	(7,972)	9,004
Equity					
Huntsman International LLC members' equity					
Members' equity	3,196	4,517	3,394	(7,911)	3,196
Accumulated (deficit) income	(983)	652	(557)	(95)	(983)

Accumulated other comprehensive (loss) income	(1,316)	1,367	(1,311)	(56)	(1,316)
Total Huntsman International LLC members' equity	897	6,536	1,526	(8,062)	897
Noncontrolling interests in subsidiaries			164	23	187
Total equity	897	6,536	1,690	(8,039)	1,084
Total liabilities and equity	$ 10,231	$ 9,026	$ 6,842	$ (16,011)	$ 10,088

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HUNTSMAN CORPORATION AND SUBSIDIARIES

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
THREE MONTHS ENDED SEPTEMBER 30, 2016
(In Millions)

	Parent Company	Guarantors	Nonguarantors	Eliminations	Consolidated Huntsman International LLC
Revenues:					
Trade sales, services and fees, net	$ 264	$ 528	$ 1,542	$	$ 2,334
Related party sales	45	37	263	(316)	29
Total revenues	309	565	1,805	(316)	2,363
Cost of goods sold	249	500	1,529	(314)	1,964
Gross profit	60	65	276	(2)	399
Selling, general and administrative	33	37	150		220
Research and development	13	11	14		38
Other operating expense (income), net	3	(8)	(19)		(24)
Restructuring, impairment and plant closing costs	2	11	32		45
Operating income	9	14	99	(2)	120
Interest (expense) income	(54)	6	(7)		(55)
Equity in income of investment in affiliates and subsidiaries	82	81	1	(163)	1
Loss on early extinguishment of debt	(1)				(1)
Dividend income	1			(1)	
Other (loss) income, net	(3)		2		(1)
Income from continuing operations before income taxes	34	101	95	(166)	64
Income tax benefit (expense)	20	(11)	(9)		
Income from continuing operations	54	90	86	(166)	64
Loss from discontinued operations, net of tax			(1)		(1)
Net income	54	90	85	(166)	63
Net income attributable to noncontrolling interests			(5)	(4)	(9)
Net income attributable to Huntsman International LLC	$ 54	$ 90	$ 80	$ (170)	$ 54